LIFETIME RETIREMENT PARTNERS

MACROECONOMIC FUNDAMENTALS

Revised 08/01/2026

LifetimeRetirementPartners

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MACROECONOMIC OVERVIEW

Macroeconomic conditions provide the broad backdrop in which markets, businesses, and consumers operate. While individual sectors may strengthen or weaken at different times, sustained economic expansions or slowdowns are ultimately driven by aggregate demand and economy-wide growth. Understanding these forces helps distinguish between temporary market volatility and more durable changes in the economic environment.

In our evaluation process, macroeconomic strength is assessed through a focused set of indicators that capture **real consumer demand and overall economic growth**. We examine multiple data points that reflect how spending, production, investment, and goods movement are evolving across the economy.

REAL CONSUMER DEMAND: Consumer spending is the largest component of the U.S. economy and remains a central driver of economic momentum. By tracking inflation-adjusted consumption, we evaluate whether households are continuing to expand real spending power after accounting for changes in prices. Sustained growth in real demand supports business revenues, employment, and investment, while slowing consumption often precedes broader economic deceleration.

ECONOMIC GROWTH & ACTIVITY: Beyond consumption, we monitor indicators that reflect the pace and breadth of economic activity—such as production, capital investment, and the physical movement of goods. These measures provide insight into business confidence, supply-chain throughput, and the underlying velocity of the economy.

As with our other analytical frameworks, we emphasize **forward-looking, momentum-based signals** rather than static levels. Economic turning points are often identified first through changes in direction—such as slowing growth rates or improving investment trends—before they become evident in headline GDP figures. By focusing on the trajectory of key macroeconomic indicators, we aim to identify emerging shifts in economic momentum and provide early context for changes in market conditions.

MACROECONOMIC OVERVIEW

Current Grade of Macro Overview:

SCORE: +2 (SCALE -2 TO +2)

POSITIVE

QUICK LOOK

Gross Domestic Product
1.50%

PCE Inflation
3.29%

ISM Services PMI
54.00

ISM Manufacturing PMI
55.60

KEY TAKEAWAYS

-- The most recent real GDP score of 1.5% was stronger in representing economic growth than it may seem because it was reduced by climbing inflation.

-- Gross Output, which captures total business-to-business activty beyond GDP, continues to reflect a steady economic expansion.

-- As measured by the Institute for Supply Management, both the Services and Manufacturing sectors of the U.S. economy continue to expand.

-- "Sticky" inflation remains a concern. Core PCE Inflation, most recently measured at 3.29%, has shown a year-over-year increase.

-- Leading measurements of production, such as Manufacturer's Value of Shipments, Industrial Production, and Truck Tonnage Shipped, have climbed year-over-year. All are above their five-year averages.

All data sourced from Bureau of Economic Analysis (FRED Database) unless otherwise stated.

MACROECONOMIC DASHBOARD

LIFETIME RETIREMENT PARTNERS

Our macroeconomic indicators provide a broad, high-level view of overall economic momentum across consumption, production, and investment. By combining measures of demand, business activity, capital spending, and goods movement, we assess whether economic growth is strengthening, stabilizing, or deteriorating. A healthy macro environment supports sustained earnings growth and risk-taking, while broad-based weakness often precedes shifts toward more defensive market conditions.

Real Gross Domestic Product (GDP)	
Current	**1.50%**
One Year Ago	-0.84%
Trend	Neutral
Five Year Average	2.52%
Ten Year Average	2.72%

Gross Output (GO)	
Current	**4.95%**
One Year Ago	4.69%
Trend	Positive
Five Year Average	7.71%
Ten Year Average	5.31%

PCE Inflation	
Current	**3.29%**
One Year Ago	2.81%
Trend	Neutral
Five Year Average	3.82%
Ten Year Average	2.78%

ISM Services PMI	
Current	**54.00**
One Year Ago	49.90
Trend	Neutral
Three Year Average	52.36
Five Year Average	53.91

>50 = growth, <50=contraction

ISM Manufacturing PMI	
Current	**55.60**
One Year Ago	47.70
Trend	Positive
Three Year Average	49.44
Five Year Average	50.84

+50 = growth, -50=contraction

New Housing Starts	
Current	**895.00**
One Year Ago	925.00
Trend	Negative
Five Year Average	987.88
Ten Year Average	950.42

Manufacturer's Value of Shipments	
Current	**9.25%**
One Year Ago	2.46%
Trend	Positive
Five Year Average	4.42%
Ten Year Average	2.54%

Industrial Production	
Current	**1.33%**
One Year Ago	0.52%
Trend	Neutral
Five Year Average	0.87%
Ten Year Average	0.29%

Truck Tonnage Shipped	
Current	**0.79%**
One Year Ago	-1.22%
Trend	Neutral
Five Year Average	0.32%
Ten Year Average	1.30%

All data sourced from Bureau of Economic Analysis (FRED Database) unless otherwise stated. ISM manufacturing & Services data obtained from ISM monthly public reports.

Gross Domestic Product (GDP)

DEFINITIONS

Real Gross Domestic Product (GDP) is the total value of all goods and services produced within a country, adjusted for inflation, reflecting the economy's actual growth in output (rather than a change in prices).

A positive read indicates that the economy is expanding, while a negative reading signifies contraction. Two consecutive quarters of negative real GDP growth indicate a recession.

The Federal Reserve Bank of Atlanta's **GDPNow forecast** aggregates available data to create a constantly-updated prediction of current GDP before the actual numbers are available.

CONTEXT

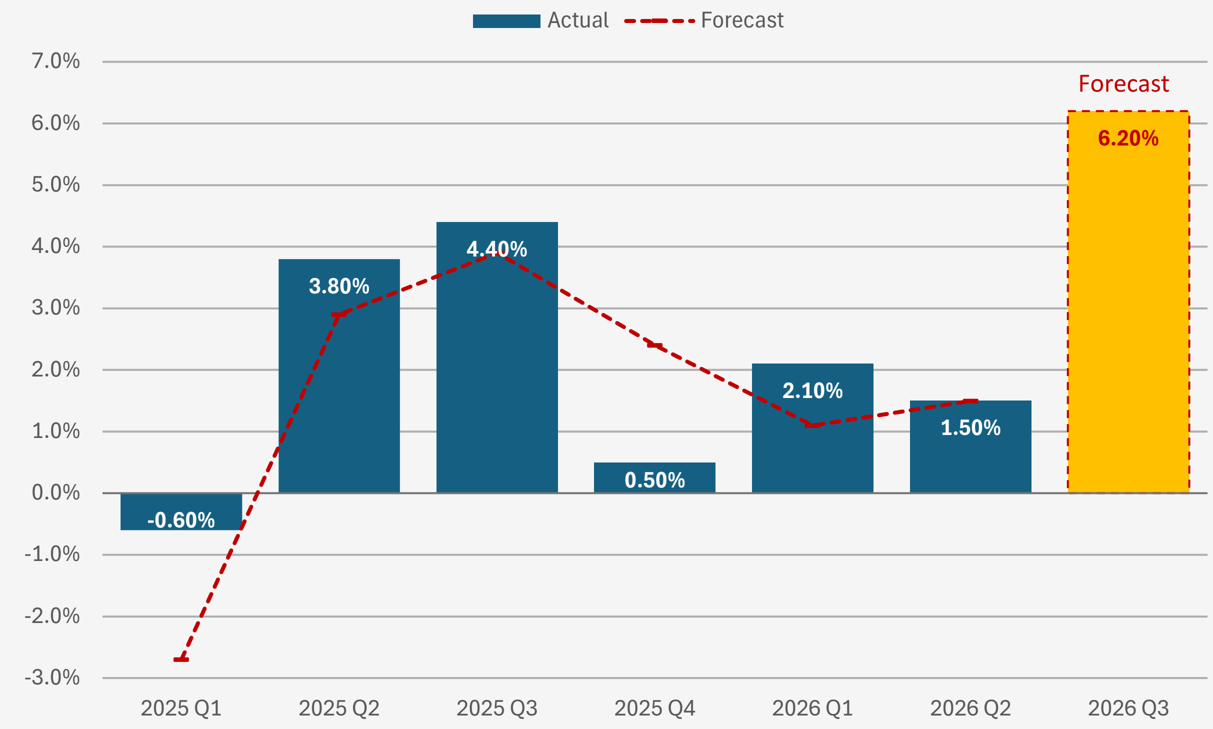
While GDP has been positive for the last four quarters, some results have been anemic.

Real GDP (growth less inflation) may obscure recent economic growth because it is reduced by inflation numbers which have been recently climbing.

The GDPNow forecast projects significant growth for Q3, though this may follow last quarter's pattern and decline as the quarter progresses.

Historical Data Source:
Bureau of Economic Analysis
SERIES: A191RL1Q225SBEA
Projection Source:
Federal Reserve Bank of Atlanta (GDPNow)

U.S. Real GDP Growth (Quarter)



Gross Output (GO)

DEFINITIONS

Instead of measuring only finished goods as GDP does, **Gross Output (GO)** measures the total sales or receipts of all industries in the economy. This includes both final goods and services and intermediate inputs used in production. The intention is to create a more complete picture of the economy. Government activity is diluted in Gross Output, representing about 10% of activity (as opposed to about 18% for GDP), thus potentially telling a more "real" story of the private sector.

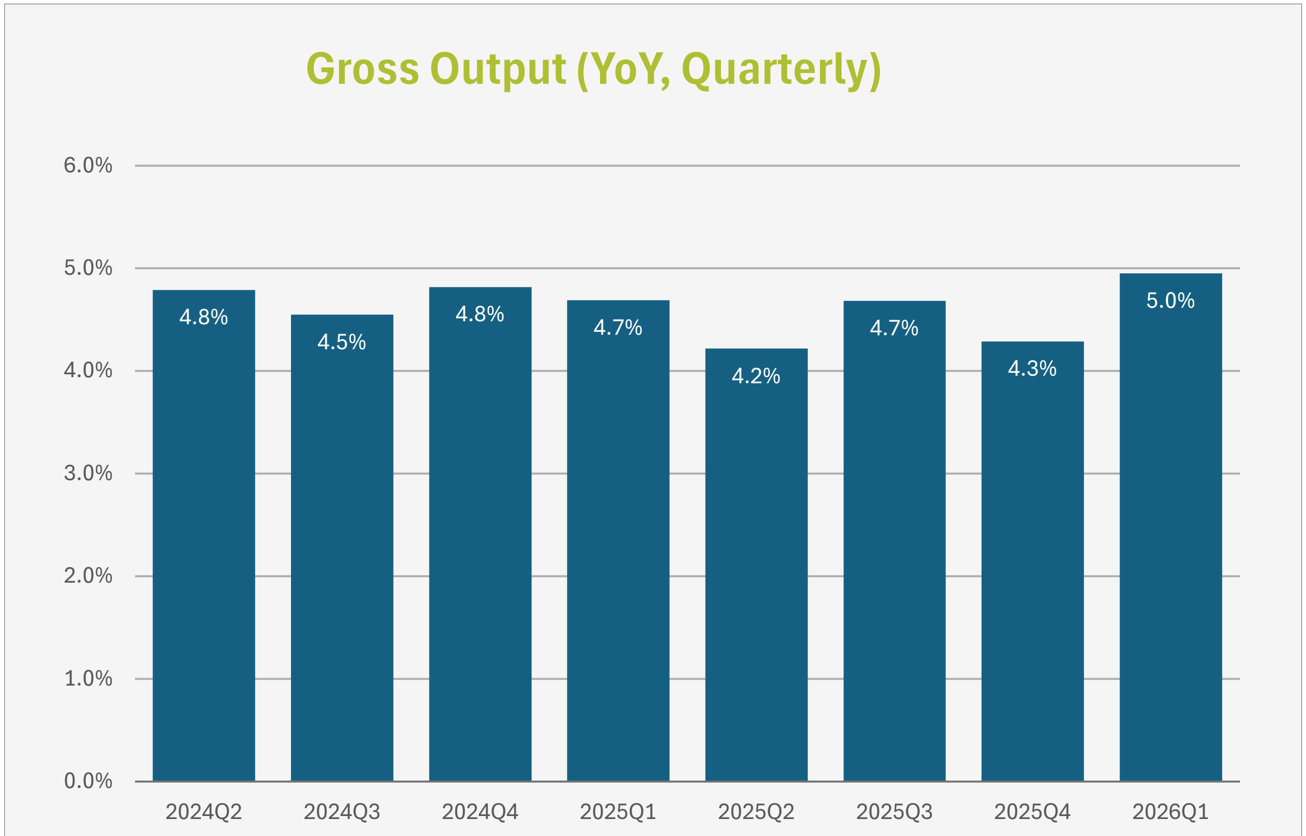
While Gross Output often tells the same story as GDP (they have a long-term correlation of over 90%), it is believed to provide a more sensitive and earlier signal to expansions and contractions.

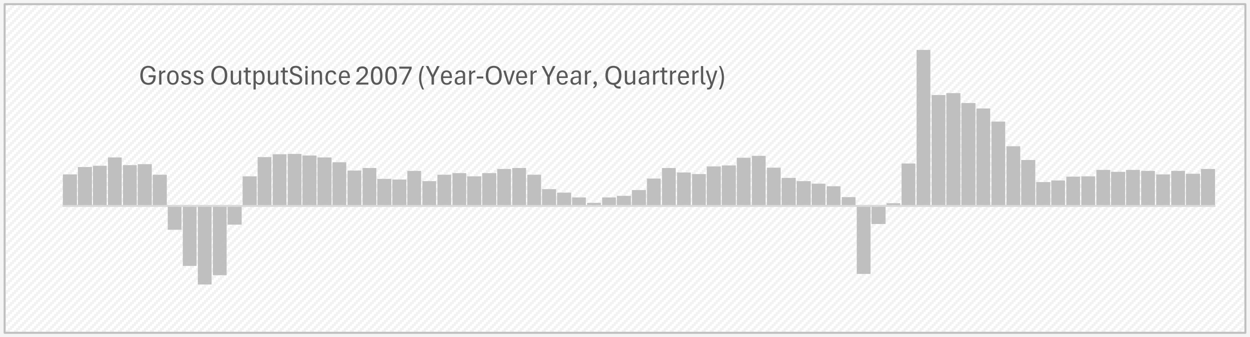
CONTEXT

Gross Output has told a more stable story of expansion than GDP over the last two years, as it is less affected by government activity or the accounting adjustments for imports and exports that can distort GDP readings

The most recent reading of 5.0% (real, inflation-adjusted) suggests steady economic expansion and reinforces the view that underlying business activity remains healthy, even as GDP has shown more volatility.

Historical Data Source:
Bureau of Economic Analysis (FRED Database)
SERIES: GOAI





Personal Consumption Expenditures (PCE)

DEFINITIONS

The **Core Personal Consumption Expenditures (Core PCE) price index** measures the average change over time in prices paid by U.S. consumers for goods and services, excluding food and energy. By removing these more volatile components, Core PCE provides a clearer view of underlying inflation trends. The Federal Reserve prefers PCE over CPI because it has broader coverage and adjusts for changes in consumer behavior (substitution effects).

The Federal Reserve's long-run inflation target is 2%, measured on a year-over-year basis using the PCE price index. While the official target is defined using headline PCE, policymakers closely monitor Core PCE as a more stable gauge of inflation pressures.

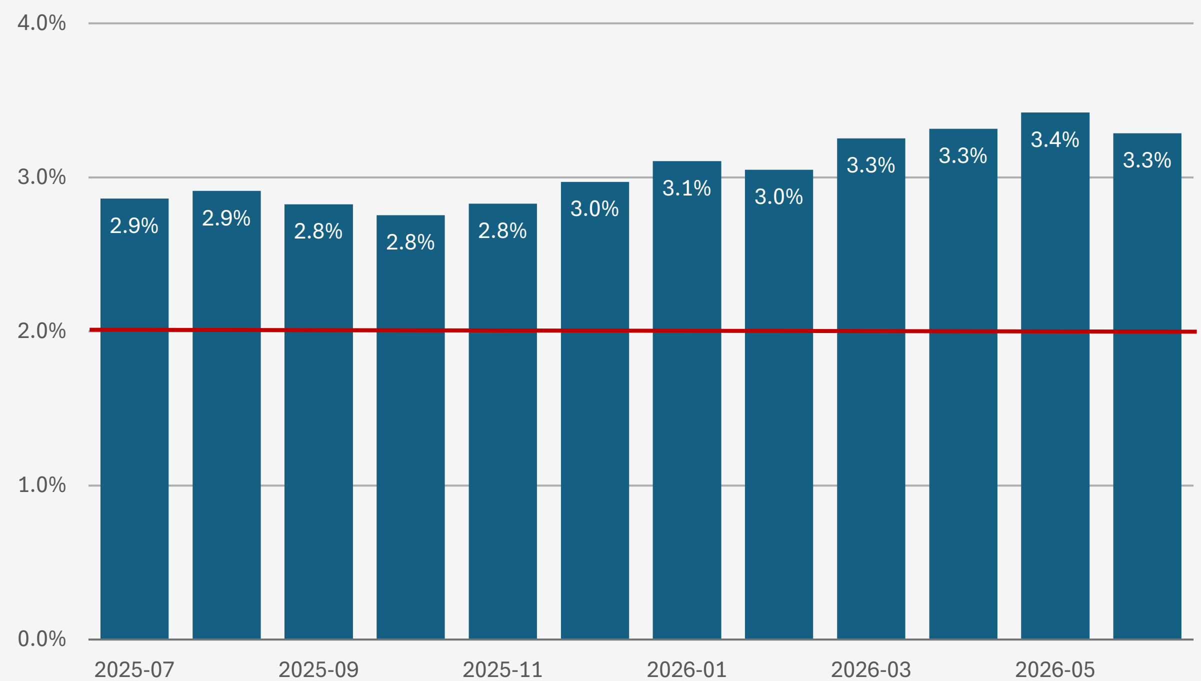
CONTEXT

Core CPE inflation has been on a general upswing over the last six months-- reversing previous declines-- and has increased year-over-year. The current read of 3.3% is among the highest since 2023. A similar reversal has been seen in more familiar Consumer Price Index (CPI) readings.

Persistent PCE inflation represents one of our largest economic concerns and is the chief argument against additional Fed Funds rate cuts.

Historical Data Source:
Bureau of Economic Analysis (FRED Database)
SERIES: PCEPILFE

Core PCE Inflation (YoY, Monthly)



Purchasing Manager's Index (PMI): Manufacturing

DEFINITIONS

The **Purchasing Managers' Index (PMI)**, compiled by the Institute for Supply Management (ISM), conducts surveys with purchasing managers regarding orders, production, and employment. They are a leading indicator of economic health. In this data, 50 is the watermark value. Under 50 indicates a contraction, while values over 50 indicate expansion.

The **Manufacturing** indicator measures the breadth of U.S. manufacturing activity.

CONTEXT

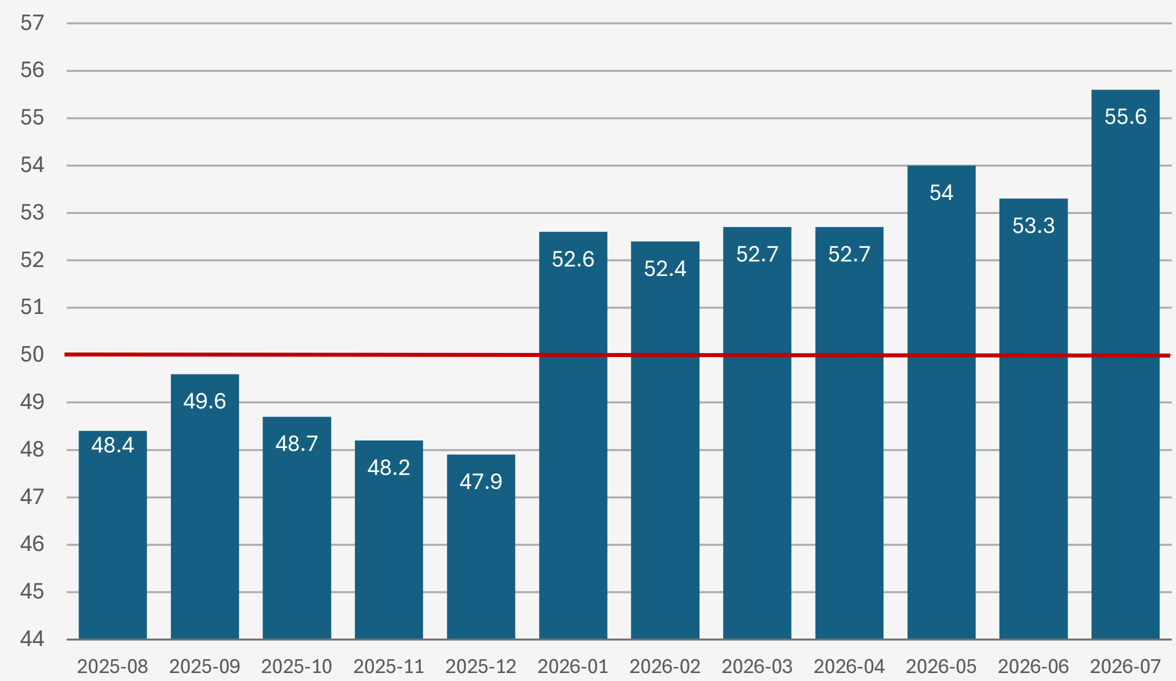
While they don't publish specific forecasts, in December of 2025 the **semiannual forecast from ISM respondents** predicted that manufacturing would return to expansion in 2026 (after contracting for most of 2024 and 2025).

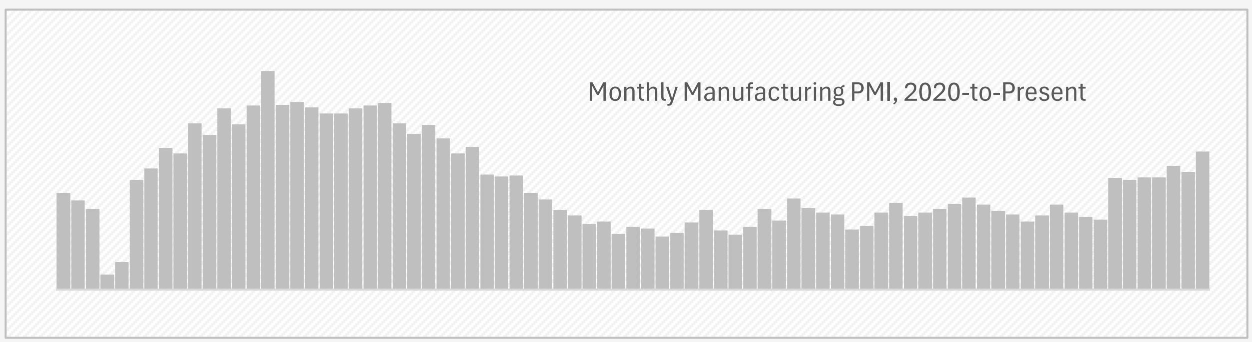
It has been surprising how sudden (and persistent) the U.S. Manufacturing rebound has been since the beginning of 2026. The July reading of 55.6 was the strongest since 2022 and marked the seventh straight months of expansion.

In the June 2026 "spring update", ISM members largely reaffirmed their optimism toward continued expansion and increasing employment.

Historical Data Source:
Institute for Supply Management

Manufacturing PMI (Value, Last 12 Months)





Purchasing Manager's Index (PMI): Services

DEFINITIONS

The **Purchasing Managers' Index (PMI)**, compiled by the Institute for Supply Management (ISM), conducts surveys with purchasing managers regarding orders, production, and employment. It is a leading indicator of economic health. In this data, 50 is the watermark value. Under 50 indicates a contraction, while values over 50 indicate expansion.

The **Services** indicator includes categories such as Finance, Healthcare, and Retail. It makes up 70-75% of the economy.

CONTEXT

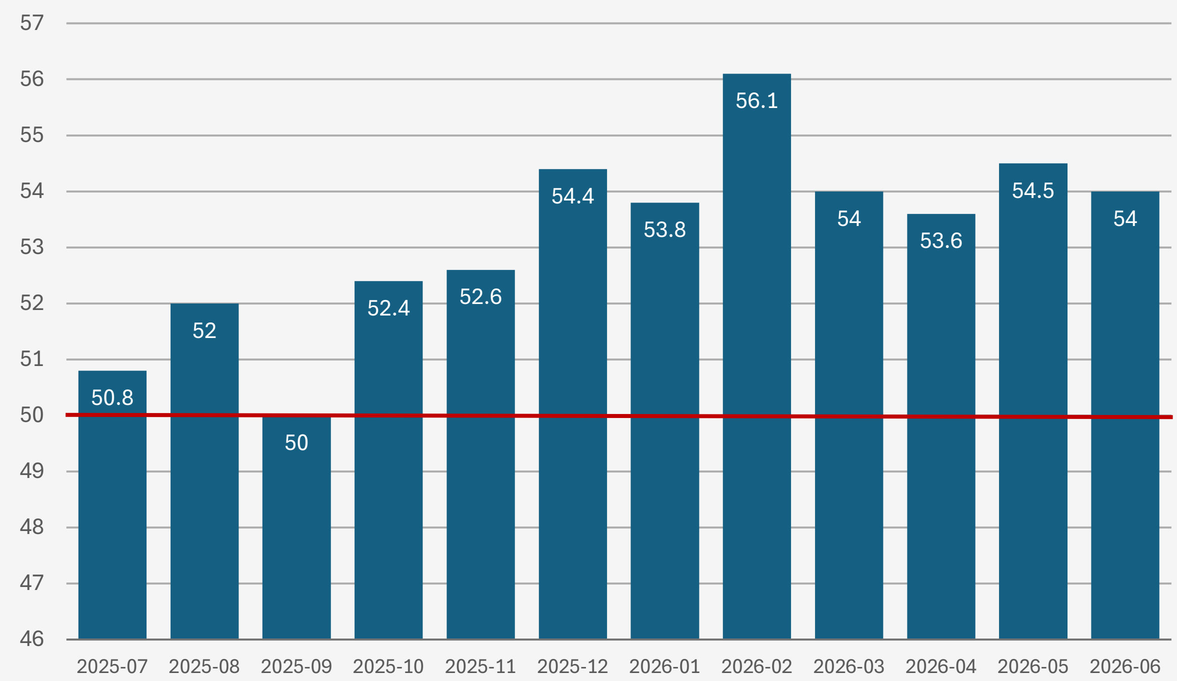
While the manufacturing sector of the economy spent most of 2024 and 2025 in contraction, the larger services sector has continued steady expansion. Only one month in the last two years has been below 50.

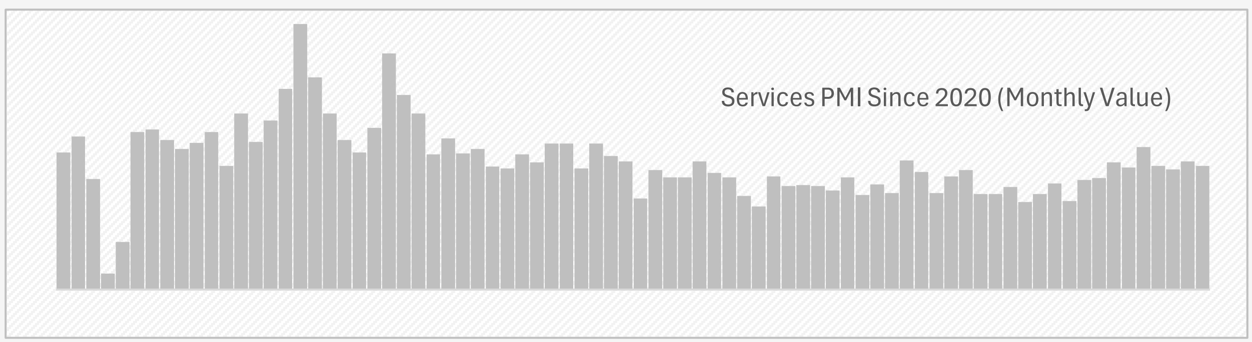
While they don't publish specific forecasts, the **semiannual forecast from the ISM respondents** predict that services sector will continue to expand in 2026.

NOTE: July data was not available at the time of our most recent data update.

Historical Data Source:
Institute for Supply Management

Services PMI (Value, Last 12 Months)





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MACROECONOMIC INDICATORS

Manufacturer's Value of Shipments (MVS)

DEFINITIONS

Manufacturer's Value of Shipments (MVS) measures the dollar value of goods shipped by U.S. manufacturers and provides a view into realized business demand and production. Unlike survey-based indicators, MVS reflects actual economic activity—capturing what firms are producing and delivering rather than expectations or sentiment. It offers insight into goods demand, supply-chain activity, and inventory flow.

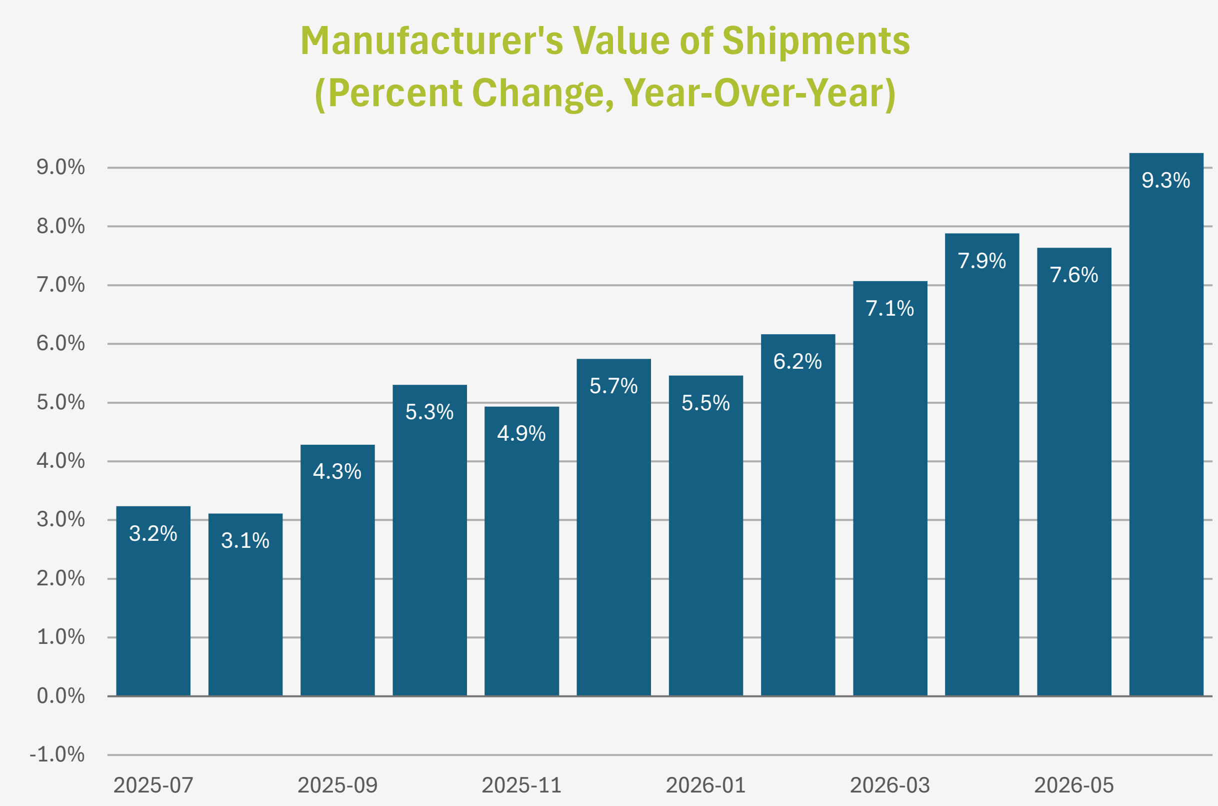
MVS is a useful compliment to PMI data as it tends to be less volatile and is less influenced by short-term sentiment shifts. Changes in shipments help identify meaningful shifts in underlying economic activity.

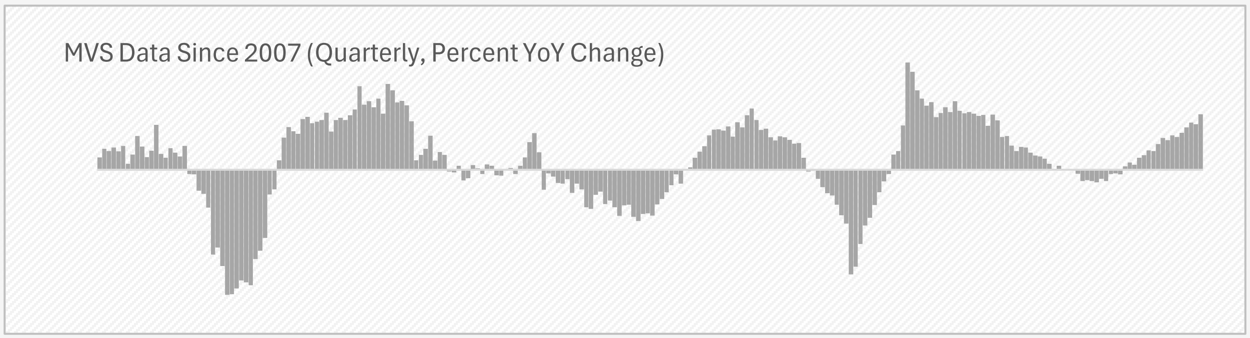
CONTEXT

We treat Value of Shipments as a leading indicator because of the way it cycles through sharp booms and busts. For example, during Covid the metric showed its negative peak in April, shortly after the pandemic began, before beginning to quickly recede. Our research focuses on the directional momentum of shipments.

After breaking modestly negative in 2024, the data point has been on a steady march upward for over a year.

Historical Data Source:
Bureau of Economic Analysis (FRED Database)
SERIES: ANXAVS





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