Formative

ECONOMIC COMMENTARY

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UNITED STATES MACRO REVIEW

Economic *Commentary.*





Q3 2026 · PREPARED BY

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Section Overview

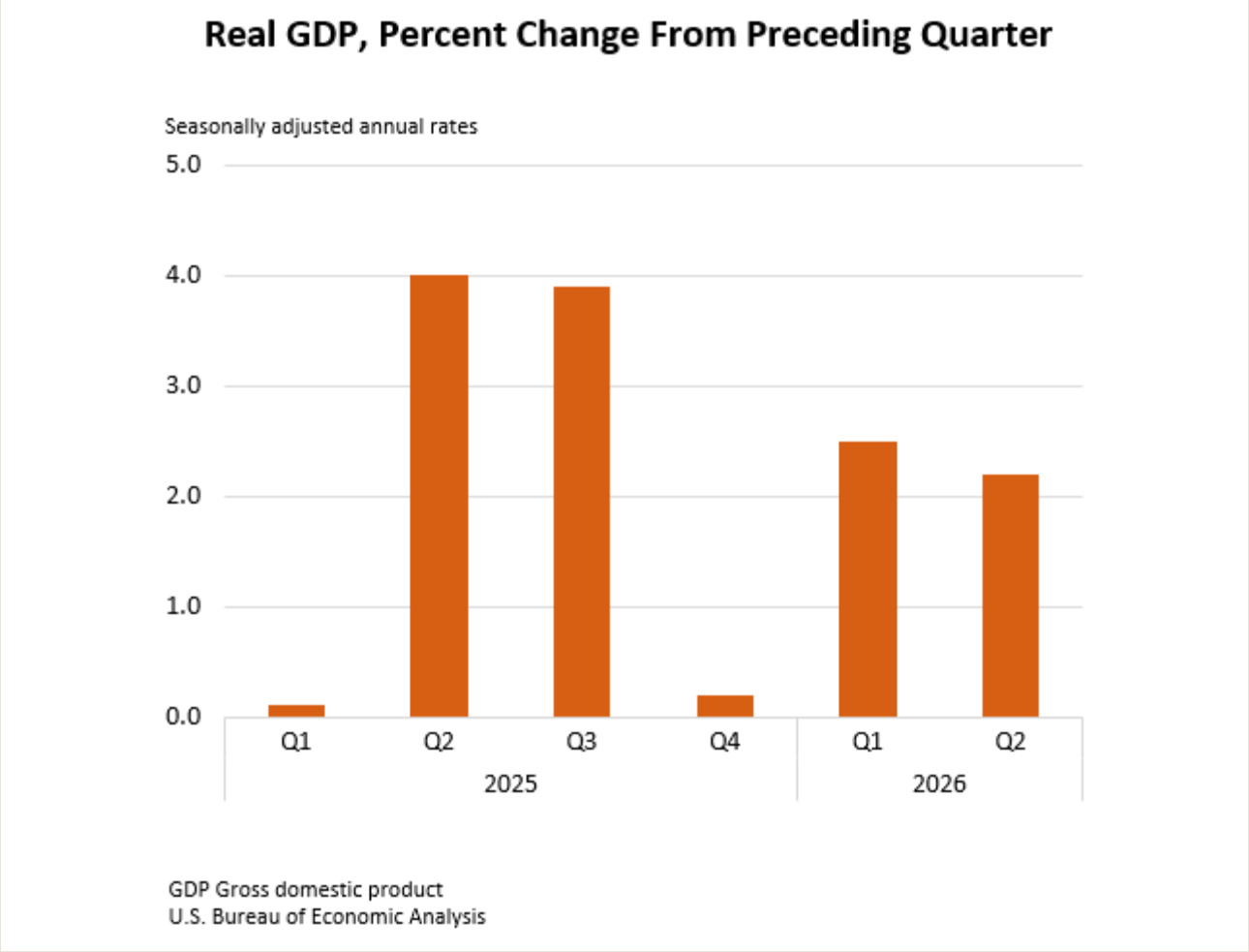
- Section 1: US Gross Domestic Product (GDP)
- Section 2: US Inflation
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- Section 4: US Consumer Confidence and Sentiment
- Section 5: Current US Tariff Situation
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SECTION 1

US Gross Domestic Product

"To The Third Estimate and Beyond!"

Figure 1: Real GDP (3rd Estimate 2Q26) – BEA (9-30-2026)



According to the BEA, as of September 30, 2026, US GDP for 2Q26 increased at an annual rate of 2.2%, while US GDP for 1Q26 was revised in a post-third estimate update to 2.5%. This estimate for 1Q26 rose 0.4% from its original publication of 2.1% in its third estimate, which I posted in my previous economic commentary. This change occurred when the BEA conducted its 2026 annual update of the national economic accounts on September 30, 2026, leading to a staggering rise in the previous estimate which many would not have predicted. While there were only three official estimates for 1Q26 GDP, this rise could be considered an unofficial fourth estimate.

Regarding the BEA's third estimate for 2Q26 US GDP, it is 0.3% lower than the revised number for 1Q26 and may continue to be revised if the revision of 1Q26 is any indicator. Average GDP growth between Q1 and Q4 in 2025 was 2.025%; while GDP in 2Q25 and 3Q25 were both high, they were offset by negative GDP growth 1Q25 and subpar GDP growth in 4Q25. 2025 was a volatile year for GDP growth, and it is unclear how GDP will move in 2026 based off its past year of high volatility. Thankfully, it appears that GDP in 1Q26 is stabilizing in line with the 25-year historic US GDP growth rate of 2.2% in 2026, with this year's average GDP (2.35%) sitting 0.15% higher than that 25-year average. Whether future GDP will mirror the highs of 2Q25 and 3Q25, the lows of 1Q25 and 4Q25, or be in line with historic growth like in 1Q26 and 2Q26 is unclear, but it appears that GDP is stabilizing; what is clear is that this has been a very unpredictable past year and a half for the US economy, but the "at trend" growth thus far in 2026 will hopefully signal a return to stability in GDP growth moving forward.

Figure 2: Components of 2Q26 Real GDP Growth – JPM Guide to the Markets (9-30-2026)

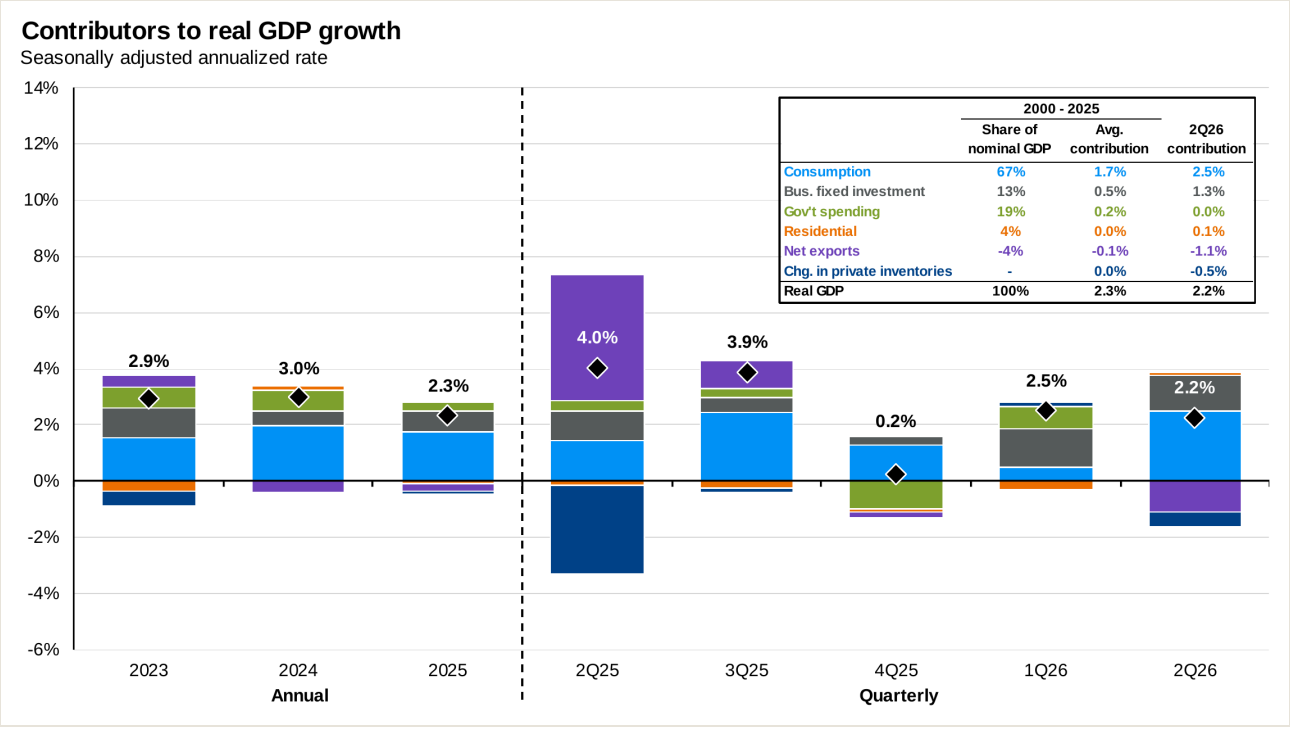


Figure 2 shows the breakdown in contributors to GDP growth on a quarter-by-quarter basis utilizing data provided by the BEA and compiled by JP Morgan. These components include consumption, business fixed investment, government spending, residential spending, net exports, and changes in private inventories. The equation for calculating Gross Domestic Product = Consumption + Investment + Government

Spending + Net Exports, where Net Exports = Exports – Imports. All averages listed in the table of figure 2 that are referenced below are from the period ranging from the first quarter of 2000 through the fourth quarter of 2025.

- **US Consumption** in 2Q26 (2.5%) was up by 0.8% from its average growth within the time period shown (1.7%).
- **Investment factors** include **business fixed investment**, **change in private inventories**, **final sales to domestic purchases**, and **residential spending**.
    - **US Business Fixed Investment** in 2Q26 (1.3%) was up by 0.8% from its average growth rate for the period (0.5%).
    - **Change in Private Inventories** in 2Q26 (-0.5%) was down by 0.5% from their average growth rate for the period (0.0%)
    - **US Residential Spending** in 2Q26 (0.1%) was up by 0.1% from its average growth rate for the period (0.0%).
- **US Government Spending** in 2Q26 (0.0%) was down by 0.2% from its average growth rate for the period (0.2%).
- **US Net Exports** in 2Q26 (-1.1%) were down by 1.0% from their average growth rate for the period (-0.1%).

Real GDP over the period from 2000 through 2025 averaged a 2.3% growth trend, while US Real GDP sits at a 2.2% growth rate in 2Q26. This means that based on historic data, US GDP is underperforming its average in 2Q2026. However, with the recent update of 1Q26 GDP to 2.5%, the average GDP growth for the US in 2026 is 2.35%, which is 0.05% above the 25-year average. This means that thus far in 2026, US GDP has performed in line with its 25-year trend. This comes against a backdrop of extreme volatility in US GDP over the past year, with high peaks and deep lows throughout 2025. As previously stated in the summary of figure 1, this has been a very unpredictable period for the US economy, but hopefully the GDP of 2.35% average for GDP growth so far in 2026 will signal a less volatile year for GDP than the US had in 2025.

SECTION 2

US Inflation

"I Can't Afford The Energy For This..."

Figure 3: 12mo Percentage Change of CPI as of September 2026 – BLS (10-14-2026)

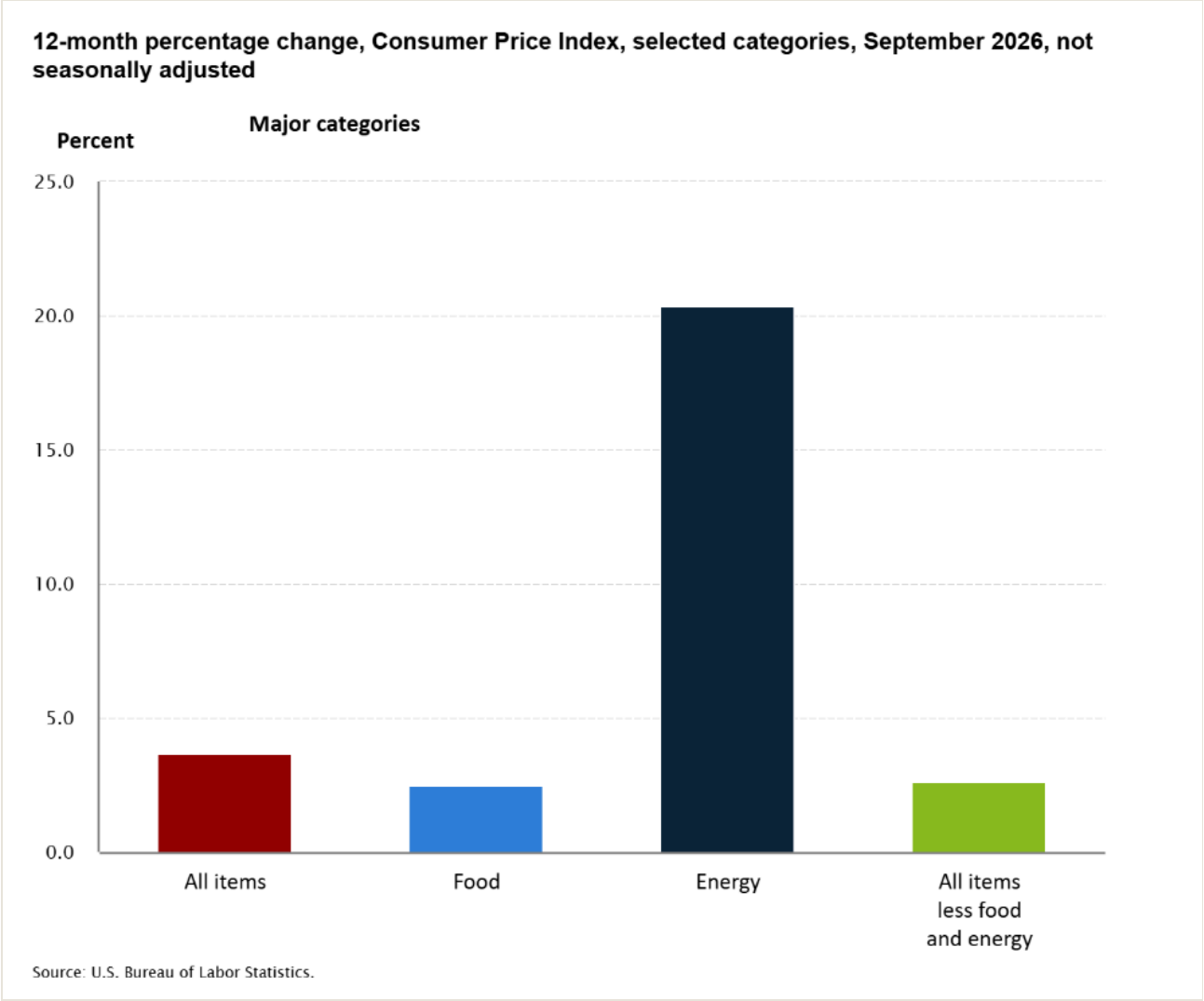


Figure 3 shows the 12-month percentage change for the US Consumer Price Index (CPI), showing the change in prices for all items, food, energy, and all items less food and energy. CPI is a measure for inflation and tracks how much the prices of items have risen over a specific period, this period being from September 2025 through September 2026.

As of September 2026, the CPI for all items has risen 3.7% over the past year, CPI for food has risen 2.5%, CPI for energy has risen 20.4%, and CPI for all items less food and energy has risen 2.6%. The Fed's target for CPI, and for inflationary metrics in general, is 2.0%, meaning inflation is currently higher than the Fed's goal in all of the aforementioned categories. CPI for all items is 1.7% higher than the target, CPI for food 0.5% higher than the target, CPI for energy is 18.4% higher than the target, and CPI for all items less food

and energy is 0.6% higher than the target. Further, inflation is up in all categories except All Items less Food and Energy since the end of 2Q26 (July 2026), with Energy rising by a drastic 4.7% since the end of 2Q26. All Items less Food and Energy remains the same since then at 2.6% growth.

Inflation is currently higher than the goal of 2% in all areas presented in this chart provided by the BLS. It is also worth noting that the 12-month percentage change in CPI for energy has risen to 20.4% from 2.3% between December 2025 and September 2026, marking extreme inflation in the category over the course of this year which will be further explored in the analysis of figure 5.

Figure 4: CPI by Category (All Items, All Items Less Food and Energy, Shelter, Food) – BLS (10-14-2026)

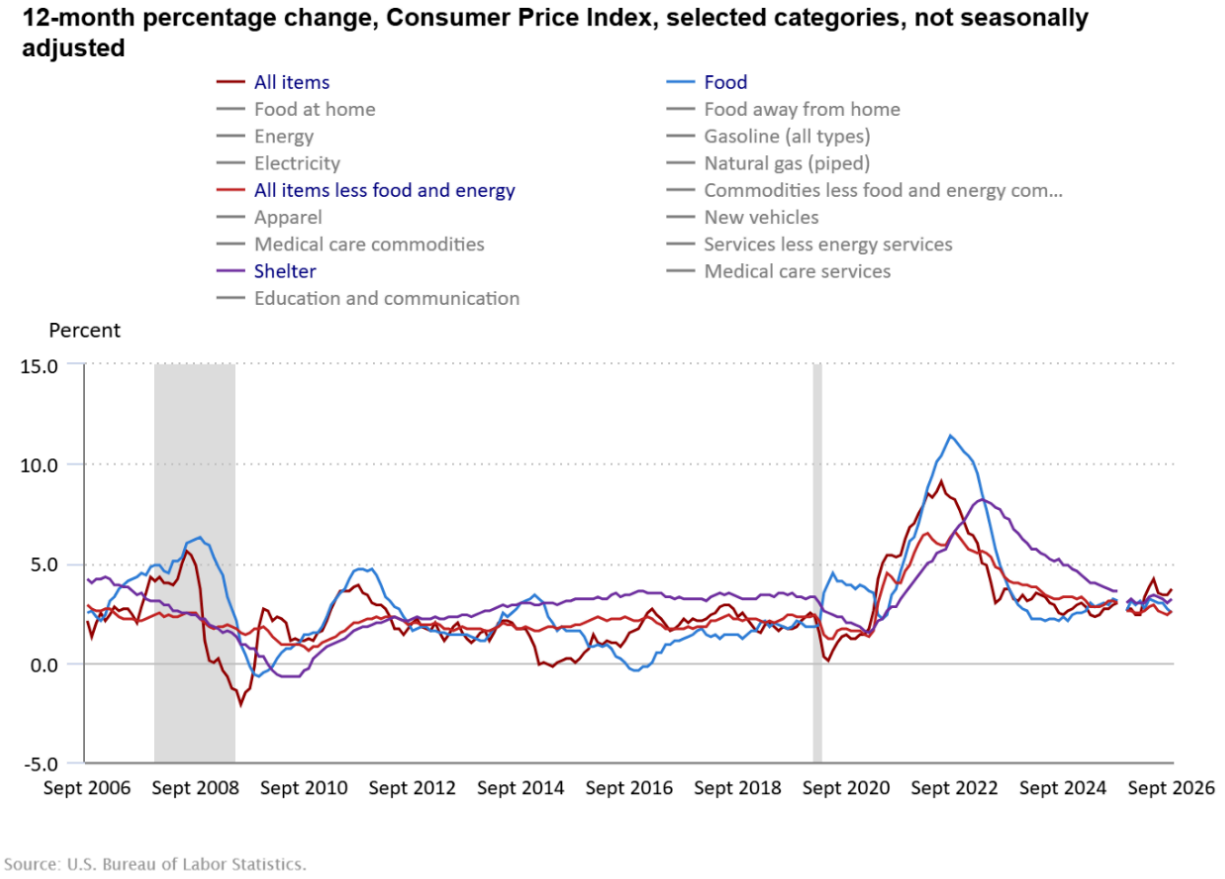


Figure 4 shows CPI in all items, food, shelter, and all items less food and energy historically over the past 20 years (June 2006 through June 2026). CPI for energy and its underlying factors will be discussed in the analysis of Figure 5 because their scale is much larger than the categories shown here. After inflationary measures spiked in the post-pandemic recession climate, as seen in its climax in 2022, CPI for these categories stabilized and lowered moving through 2025 into 2026. Since the beginning of 2026 these CPI categories have been relatively stable aside from CPI in All Items, which has been steadily rising due to CPI in Energy and its subcategories skyrocketing. While all of these categories report CPI higher than the FED

target of 2%, they are not exhibiting volatility and appear stable at their levels, aside from All Items which has been fluctuating more than the other categories on this chart and rising. The gap in the data shown represents the government shutdown of 2025. As of September 2026:

- CPI for All Items: 3.7%
- CPI for Food: 2.5%
- CPI for All Items Less Food and Energy: 2.6%
- CPI for Shelter: 3.2%

Figure 5: CPI by Category (All Items, Energy, Electricity, Gasoline, Natural Gas) – BLS (10-14-2026)

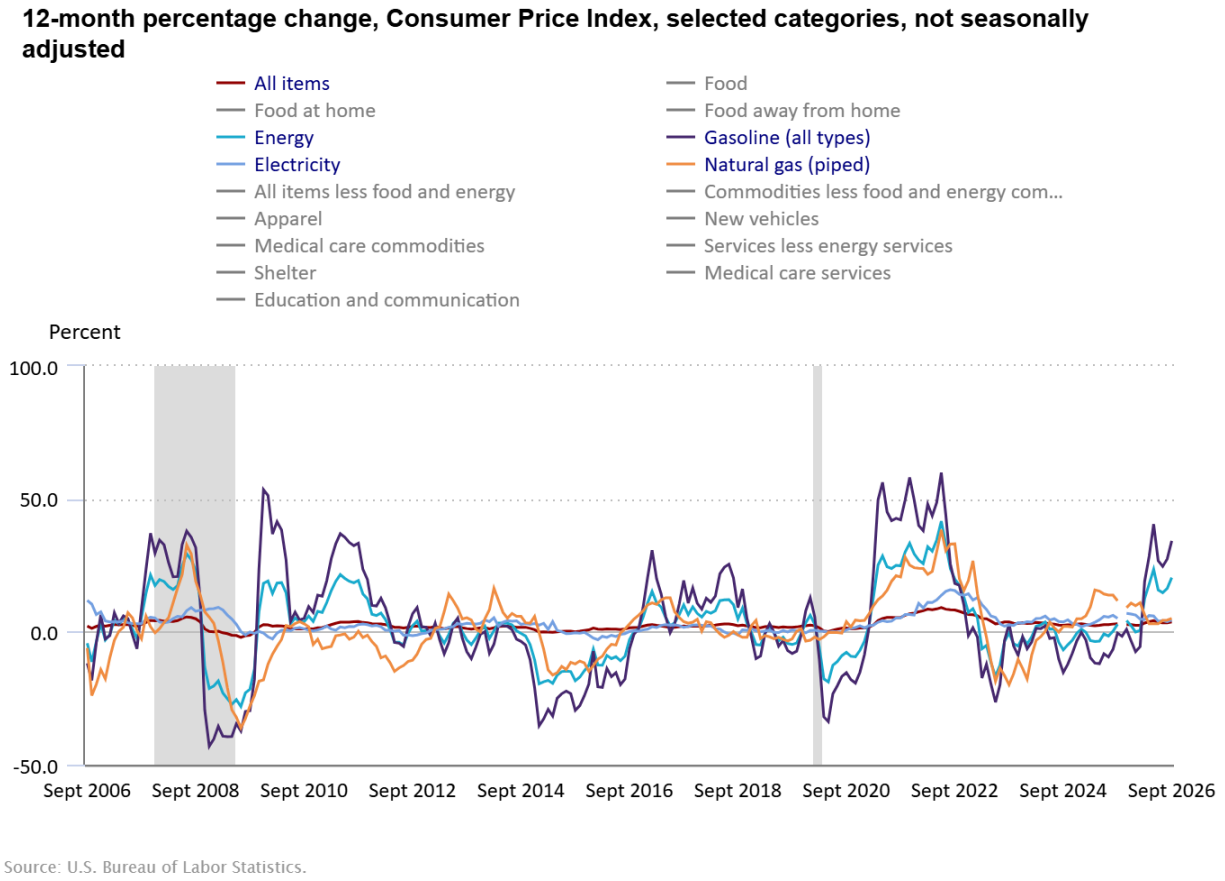


Figure 5 shows historic CPI over the past 20 years for All Items, Energy, Gasoline, Electricity, and Natural Gas to show what is going on with CPI in the energy sector at present. As of September 2026, inflation for all items was at 3.7% (0.4% higher than 2Q26), inflation for energy was at 20.4% (4.7% higher than 2Q26), inflation for gasoline was at 34.2% (7.5% higher than 2Q26), inflation for electricity was at 4.4% (0.4% higher than 2Q26), and inflation for natural gas was at 5.0% (1.0% higher than 2Q26). Essentially, most inflation components for energy are high or extremely high at present in comparison with the target inflation rate of 2.0%, and every component of the energy category is higher than last quarter.

Through 2025, the Energy category was misleading without looking at its underlying components because until 2025 Gasoline's CPI was negative, which offset the highs in Electricity and Natural Gas, but with Gasoline's CPI now skyrocketing this is no longer the case. Much of the spike in Gasoline's CPI can be explained by heightened political tension in the Middle East caused by recent decisions and actions carried out by the US government in their Iran War along with shipping difficulties in the Strait of Hormuz (also attributable to the US Iran War).

Meanwhile, the higher-than-average inflation within the natural gas and electricity categories can be attributed to AI data centers being created throughout the US, which are putting massive strain on the electric grid and causing demand for energy resources (that aren't gasoline) to rise while supply remains the same. Beyond use of electricity and natural gas, it is worth noting that many of these data centers use large amounts of fresh water for cooling purposes which is then output back into the environment at high temperatures unless the center runs on a closed loop cooling system, negatively affecting the environment around them. Beyond this, the noise caused by these data centers simply functioning negatively affects both wildlife and the people surrounding them. These practices are not only unsustainable, but they are also detrimental to both US citizens and the environment.

SECTION 3

US Unemployment

"Calm On the Surface, Turbulence Below"

Figure 6: Labor Market Dynamics – JPM Guide to the Markets (9-30-2026)

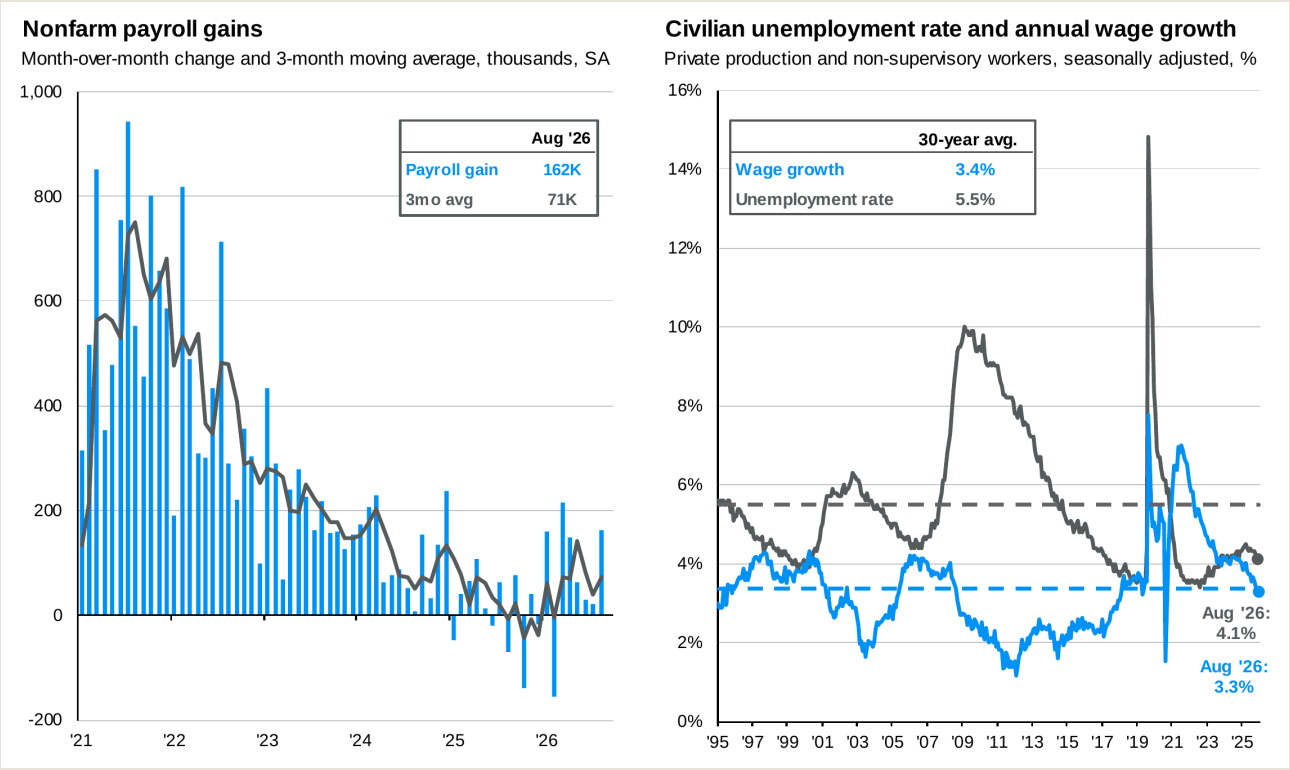


Figure 6 shows a chart plotting nonfarm payroll gains in the US between 2021 and 2026 next to a chart plotting civilian unemployment rate alongside annual wage growth rate between 1995 and 2026. These charts utilize BLS data compiled by JP Morgan.

Shown in the graph on the left, nonfarm payroll gains are the monthly increase in jobs in the U.S. economy, excluding farm workers, private household employees, the self-employed, and unpaid volunteers, representing a key indicator of labor market health and economic growth. A positive gain signifies more jobs being created than lost, suggesting a strong, growing job market, while losses point to contraction in the job market. The figures heavily influence US financial markets like US stocks, bonds, and the dollar. At present non-farm payroll gains appear to be on the rise in August 2026 according to BLS data, rising by 162,000. This rise, however, comes against a backdrop of massive volatility, and overall decline, over the course of 2025 for non-farm payroll, as well as extremely stagnant growth for the 3 months preceding the August numbers. In February 2025 nonfarm payroll gains moving average sat around ~240,000; this moving average fell to ~0 by October 2025, with the reported number for nonfarm payroll gains hitting -120,000 (previously reported at -173,000), marking a massive collapse in this statistic from December 2024 when the number reported for Nonfarm payroll gains was 256,000. While Nonfarm Payroll Gains over 2026 has been positive (aside from February when 160,000 jobs were lost in the US), there have been multiple months where growth in this statistic was negligible, marking a massive downward trend in the moving average.

The current state of this statistic signifies a great amount of volatility in the US job market where a month could either spell many jobs created, the same number of jobs destroyed, or no jobs created at all. Like with GDP, the only thing predictable about the current job market is that it is very unpredictable at present.

Shown in the graph on the right are civilian unemployment rate alongside annual wage growth rate in the US. In 4Q25, as of December, the US unemployment rate was 4.6% and the US wage growth rate was 3.8%. As of August 2026 the US unemployment rate lowered to 4.1% while the US wage growth rate lowered to 3.3%. Unemployment is currently falling, and is doing better than its 30-year average of 5.5% by 1.4% (shown in the chart by the gray dashed line). Meanwhile, wage growth has fallen greatly since 1Q26, currently sitting 0.1% below its 30-year average of 3.3% (as shown by the blue dashed line in the chart). The wage growth rate in the US has been steadily falling over the course of 2025, and is now being outpaced by CPI inflation, which was 3.7% for all items over the same period. This means that items are becoming less and less affordable for American consumers.

Lowering unemployment is a sign of a healthy economy, while greatly lowering wage growth is not. Because wage growth has lowered so much over 2Q26 and is being greatly outpaced by inflation, many American consumers are struggling to afford goods they could previously afford. These factors, alongside job creation being as unstable as it has been (as shown by the extreme volatility in Nonfarm Payroll Gains) signifies an overall unhealthy job market with 2/3 of these statistics showing signs of struggle. Essentially, like other areas in the present economy, the current job market is at best unpredictable and at worst in turmoil; on the surface there are signs of stability alongside an underbelly of blatant instability.

Figure 7: Civilian Unemployment Rate by Ethnic Background – BLS (10-13-2026)

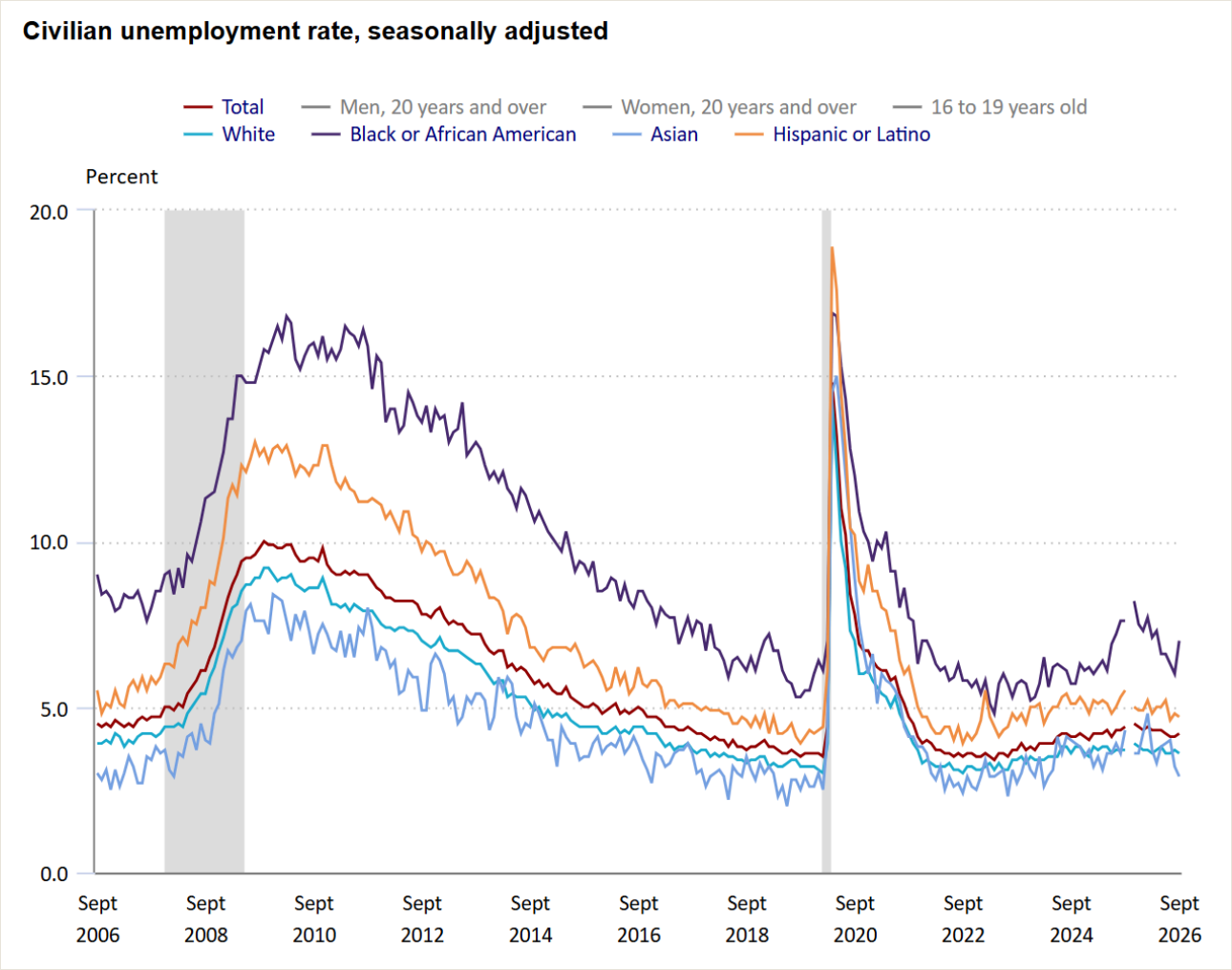


Figure 7 shows the US civilian unemployment rate by ethnicity from September 2006 through September 2026, with the total unemployment rate in red, the unemployment rate for White citizens in teal, the unemployment rate for Black or African American citizens in purple, the unemployment rate for Asian citizens in light blue, and the unemployment rate for Hispanic or Latino citizens in yellow. Greyed out areas in the chart represent recession, as determined by the National Bureau of Economic Research. The blank area on the chart in 2025 represents the government shutdown when data could not be reliably collected by the BLS.

As of September 2026, total unemployment is 4.2% as shown on this chart. The unemployment rates for White and Asian citizens remains below the total unemployment historically, with Asian American unemployment falling drastically over the last quarter by 1.1%; White and Asian unemployment are currently sitting at 3.6% and 2.9% respectively at present. Meanwhile, the unemployment rates for African American and Hispanic/Latino American citizens fluctuate above the total unemployment rate historically, currently sitting at 7.0% and 4.7% respectively.

The large rise over the last quarter in African American unemployment from 6.3% to 7.0% has been attributed to multiple factors. The first of these factors is federal workforce cuts; African American workers have historically held a higher share of federal jobs, and cuts to federal jobs have disproportionately affected the African American community. A second reason marked by analysts is federal policy changes made by the current administration regarding the scaling back and elimination of diversity and inclusion programs, which has detrimentally affected the African American community. This recent rise in African American unemployment showed the fastest one-month increase between August and September since 2020, jumping from 6.0% to 7.0% over the course of the month. This rise was almost directly offset in overall unemployment by the sharp fall of Asian American unemployment over the past quarter.

There is unlikely to be correlation between these events, and it is not my intention to imply there is any; the point to be seen here is that around the seemingly stable overall unemployment in the US, there are fluctuations affecting the groups that make up the American citizen pool differently. Some are stable in their position, some are struggling, and some are doing better than others in the present job market. The overall unemployment number can be misleading, and its data subsets should be evaluated before coming to conclusions. If not every American citizen group is thriving, America is not thriving as a whole.

SECTION 4

US Consumer Confidence and Sentiment

"The Consumers Aren't Alright"

Figure 8: Consumer Confidence Index – The Conference Board (9-29-2026)

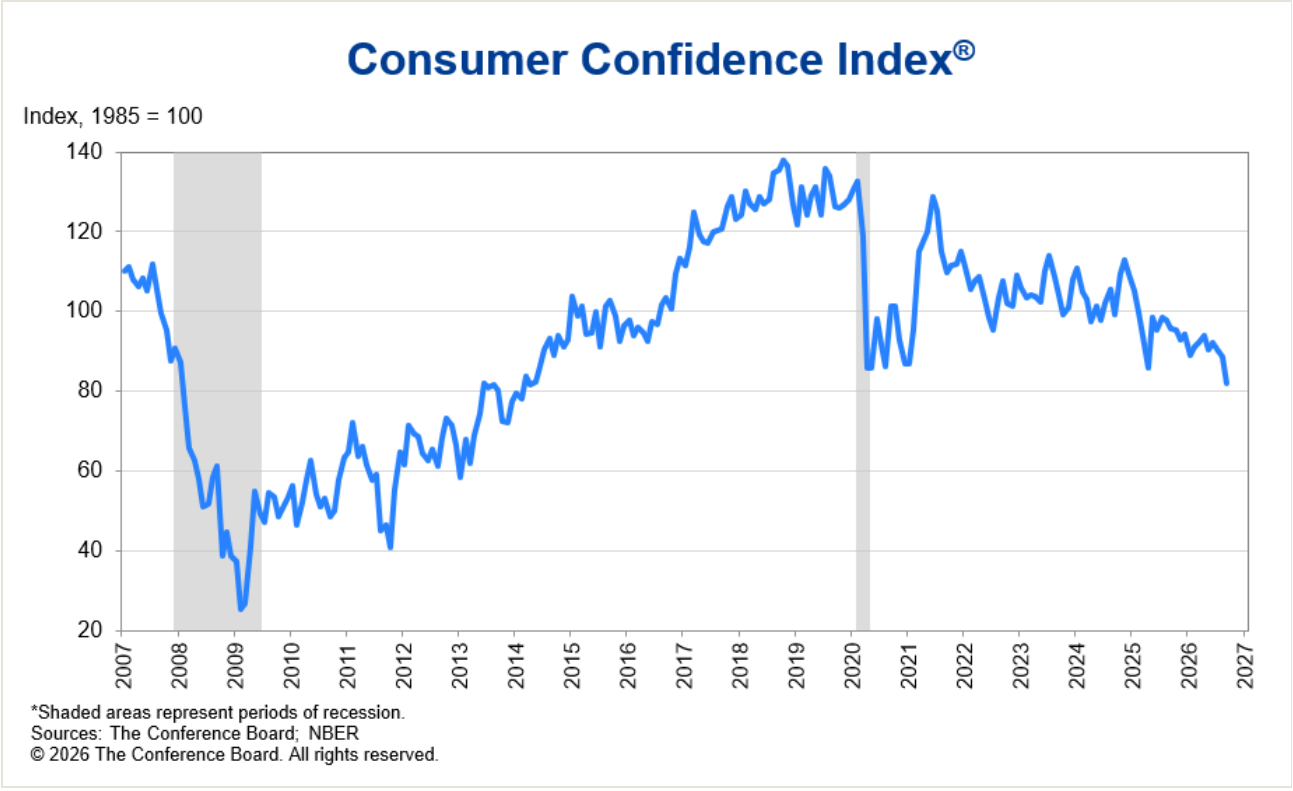


Figure 8 shows the US Consumer Confidence Index, which is created by The Conference Board and utilizes data compiled by them. This index represents consumers' outlook on future economic outlook and spending plans and is essentially a measure of economic optimism/pessimism that focuses on US consumers' outlooks on current economic conditions as well as their personal finances. In September 2026, the consumer confidence index sits at 81.9 points, a major decrease since June 2026 by 8.7 points. For the entirety of 3Q26, this index has been steadily decreasing, and now consumer confidence sits at lower levels than they were at during the Pandemic Recession in 2020. Consumer Confidence has not seen a level this low in the past 12 years. It could be due to the struggling job market, inflation outpacing wage growth, or inflation being high in general, but whichever reason a consumer may be hurting financially, it is clear they are not happy with the current economic situation or with expectations of future economic prospects.

Since the end of 2024-beginning of 2025, the US Consumer Confidence Index has seen a steep downward trend. At present, the average US consumer is unconfident in future and present economic prospects, nor have they been confident for an extended period, and the feeling of pessimism has been increasing at a steady pace based on the steep downward trend that has been seen in consumer confidence.

Figure 9: Consumer Confidence Index by Generation – The Conference Board (9-29-2026)

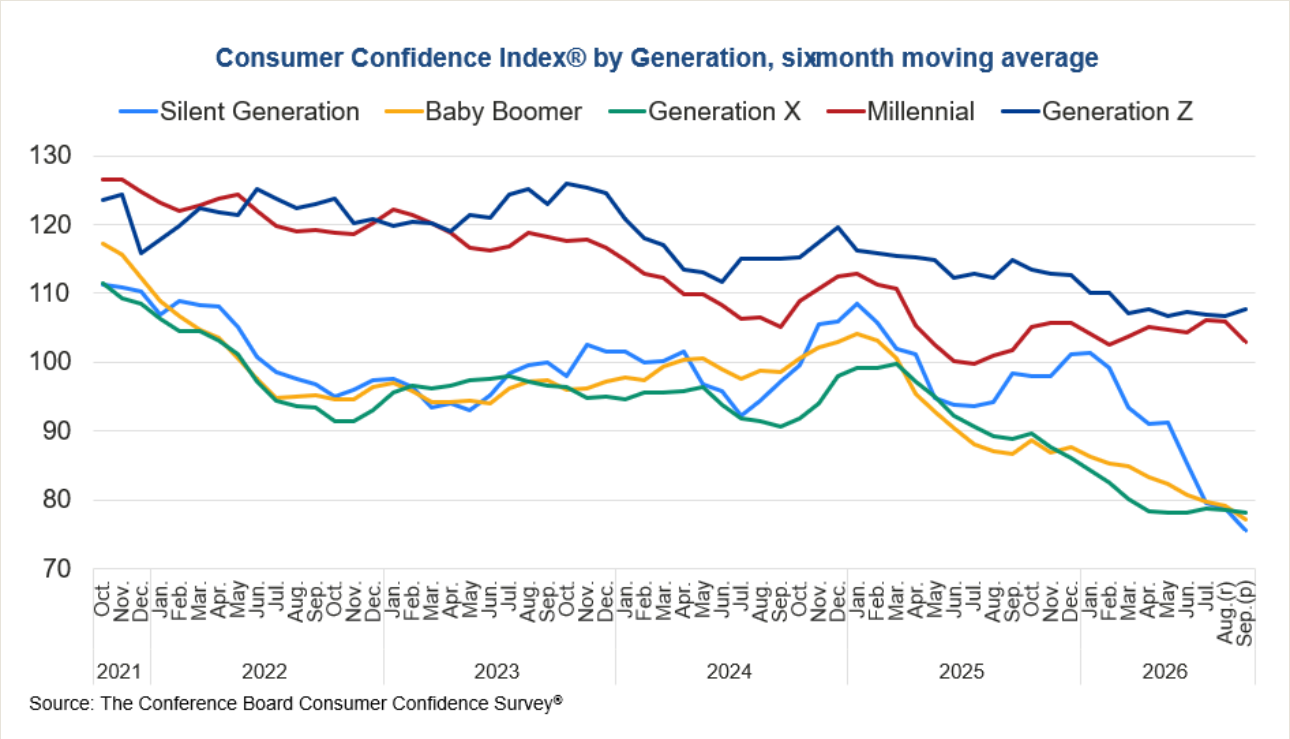


Figure 9 shows consumer confidence by generation as of June 2026, tracking the six-month moving average for consumer confidence for the Silent Generation, Baby Boomers, Generation X, Millennials, and Generation Z. Based on this chart, the confidence consumers have in the current and future economic conditions is in decline in every age group on this chart aside from Generation Z.

Presently, the Consumer Confidence of the three oldest generations (Generation X, Baby Boomers, and the Silent Generation) are nearly tied in their deeply low confidence in the economy. The age group with the lowest amount of consumer confidence is the Silent Generation at ~76 points, closely followed by the Baby Boomers at ~77 points. Following them is Generation X, whose confidence sits at ~78 points. The next age group, the second most optimistic group on the chart, are the Millennials; Millennials' consumer confidence sits currently at ~103 points. The most optimistic group on this chart is Generation Z, the only group who has remained stable over 2Q26, only losing a minor amount of confidence over the course of 2026; Generation Z's consumer confidence currently sits at ~107 points.

Overall, every age group on this chart has lost confidence in economic conditions over 2026, with older generations losing confidence at a much faster rate than younger generations. Should this trend continue, then overall consumer confidence will continue declining in the coming months.

Figure 10: Present Situations and Expectations Indices – The Conference Board (9-29-2026)

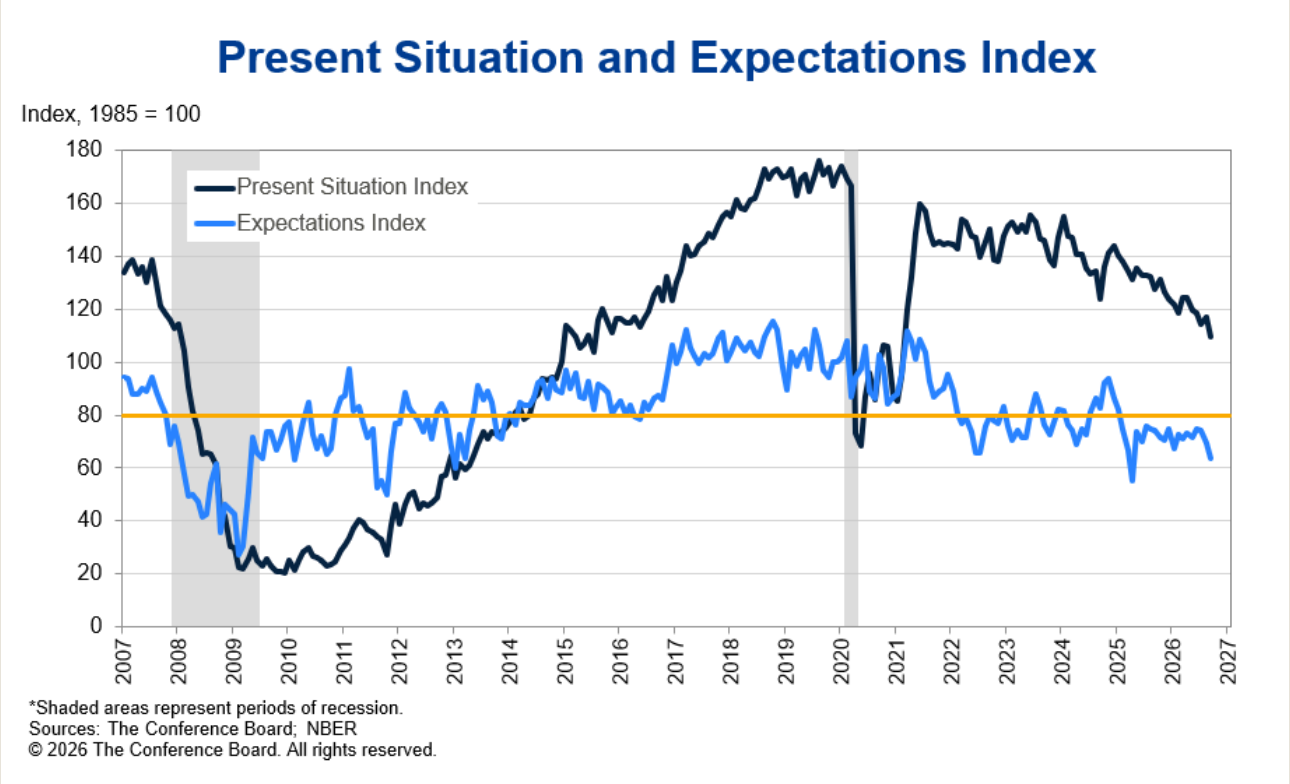


Figure 10 shows the US Present Situation Index alongside the US Expectation Index as of September 2026. These are the two statistics that come together to create the Consumer Confidence Index.

The Present Situation Index (dark blue line) which is based on consumers' assessment of current business and labor market conditions, has been declining at a steady pace since the beginning of 2025. Over the course of 3Q26, this index has shown sharp decline, moving from 116.4 points in June 2026 to 109.3 points in September 2026 (7.1 point decrease over the third quarter). US consumers are pessimistic about the present state of the US economy revolving around business and labor market conditions, and their pessimism is growing as shown by the long downward trend, and steep downward recent trend, seen in this statistic.

The US Expectations Index (light blue line), which is based on consumers' short-term outlook for income, business, and labor market conditions, is currently fluctuating at low levels with little movement up or down. Since June 2026 (74.9 points), this index decreased by 11.3 points by September to 63.6 points. As seen by the horizontal yellow line on the chart, the expectations index has been below the threshold of 80 (yellow line on chart) for 21 consecutive months. Falling below this threshold often marks a time before a period of economic slowdown, decline, or recession within the US economy as expectations of future economic prospects are dismal for consumers when under this level. As such, while this index has been relatively stable over this period, it is still stably low; this signals that consumers are pessimistic about future income, business, and labor market conditions, and have been for a long time period.

Figure 11: Family's Current Financial Situation – The Conference Board (9-29-2026)

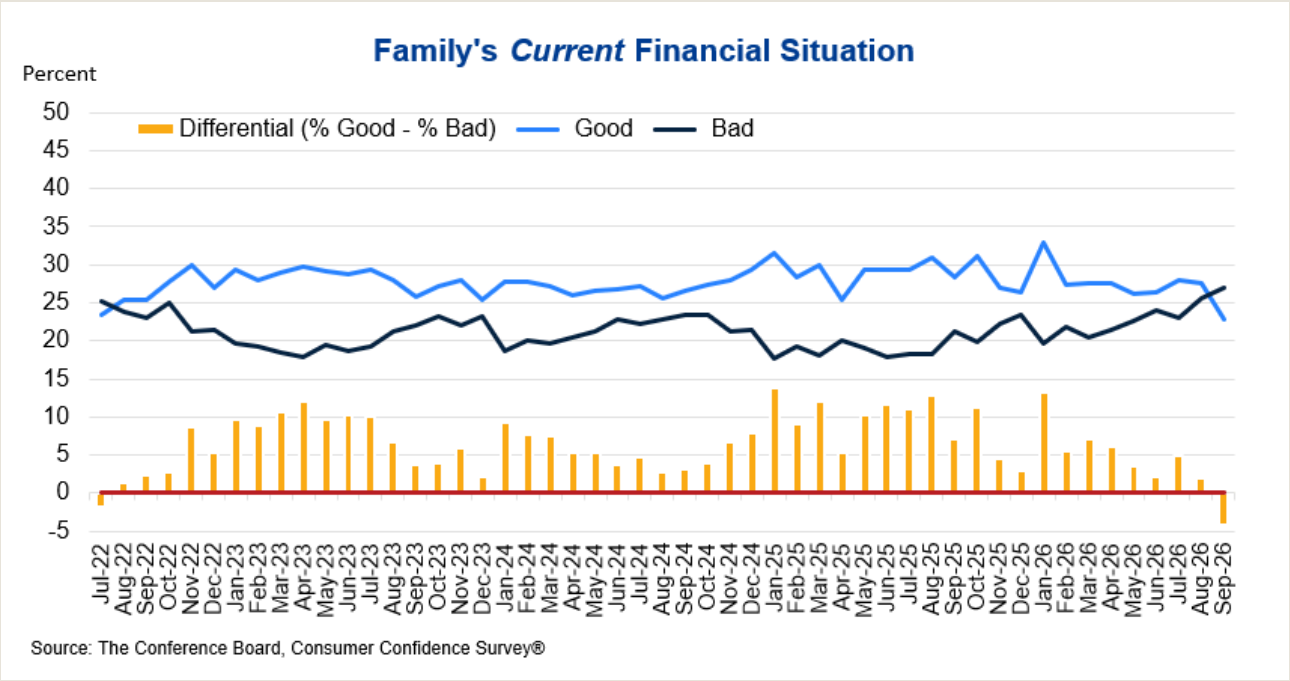


Figure 11 shows the average US Family's Current Financial Situation index which measures how the average consumer believes they are doing in regard to present economic conditions on a relative scale, i.e. whether they are doing good or bad based on how well they can afford their needs and wants within the present economic conditions.

Consumer assessments of their Family's Current Financial Situation weakened notably over the course of 2026, coming to a head in the past quarter, at which point more consumers believed their current situation was bad as opposed to good. Currently, based on these consumer responses, there are more consumers in the US that are struggling in the US to afford their needs and wants than are not. A discrepancy where more consumers believe they are doing poorly than well has not occurred since the Pandemic Recession, which corrected itself in 2022 as shown in the chart. This represents a period where consumers are finding it difficult to thrive based on their financial wellbeing within the current economic climate, and many believe they are doing badly in the current economic climate.

Figure 12: Consumer Sentiment Index (12yr) (August 2026) – Federal Reserve Bank of St. Louis (9-25-2026)



Figure 12 shows the US Consumer Sentiment Index as compiled by the University of Michigan and presented by the St Louis Federal Reserve. This index offers an indicator of how optimistic or pessimistic U.S. households feel about their personal finances, business conditions, and buying intentions that is separate from Consumer Confidence calculations.

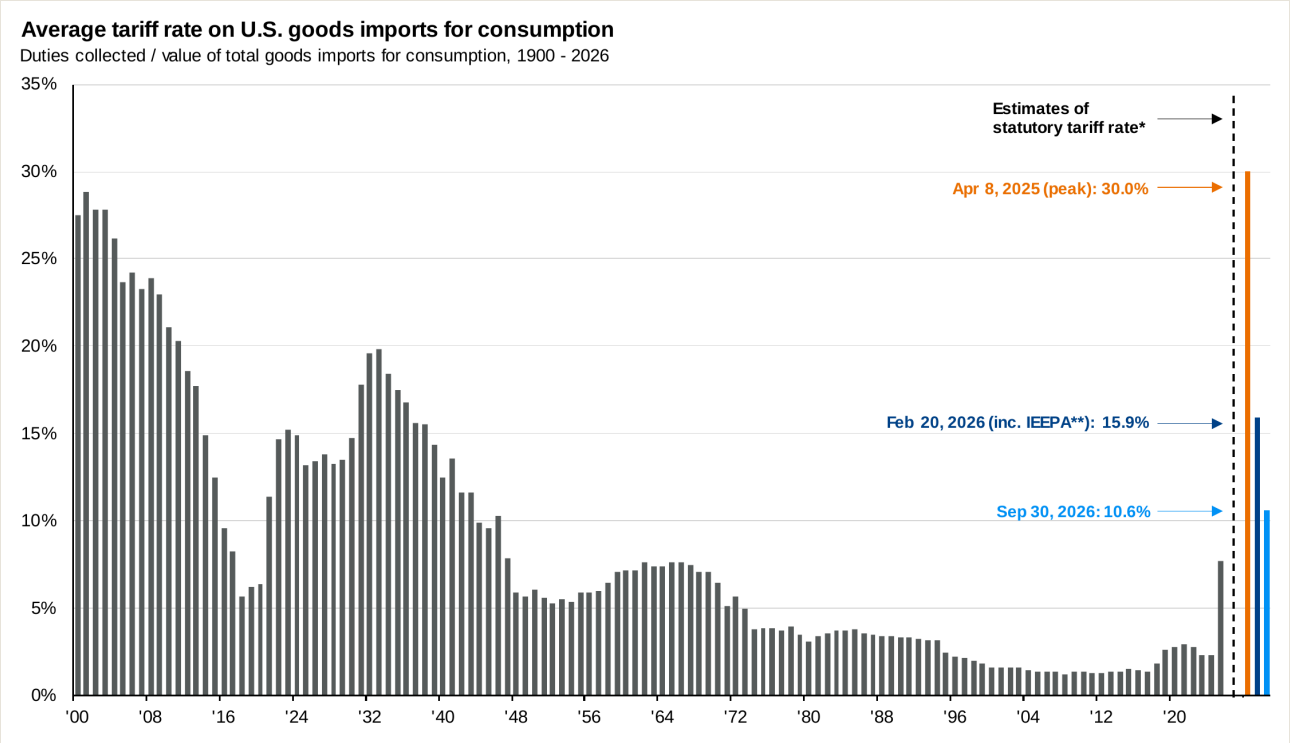
Based on the Consumer Sentiment Index, the pessimism of US consumers has been steadily growing since December 2024, as shown by the volatile downward trend in Figure 12. Since December 2024 (74.0 points), this index has declined by over 22.3 points as of August 2026 (51.7 points); this is a 30.2% decrease in consumer sentiment over 2025 through August 2026. In 2026, consumer sentiment has fallen from 56.4 points to 51.7 points, a 4.7 point decrease over the course of 8 months. Declining and low Consumer Sentiment is an indicator of economic instability and consumer pessimism, and can signify a likely decrease in consumer spending at present and in the short-term future, signaling decreasing US consumption for the time period and thereby affect US GDP. However, with increasing inflation and lowering wage growth, it is possible for consumption to remain steady as consumers are forced to spend more on their essentials, although this can be misleading as consumers are spending more on less to survive.

SECTION 5

Current US Tariff Situation

"Where There's A Will, There's A Way! (Even When The Supreme Court Says No)"

Figure 13: Tariffs on US Imports (Historic) – JPM Guide to the Markets (9-30-2026)



The chart in figure 13 shows average US tariff levels across all trade partners from 1900 to the present (April 2026). At their peak, as of April 8th 2025, US tariffs were higher on average than any level in the past 125 years at 30% and were most comparable to the average tariff level of 1901 which was ~28%.

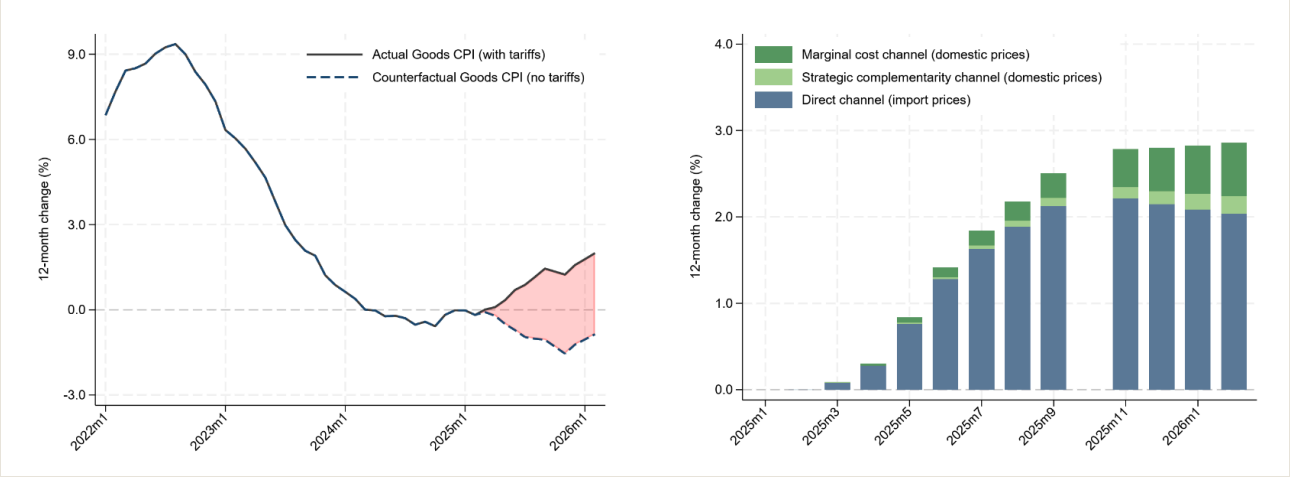
On February 20th 2026, in a 6-3 ruling in the case of Learning Resources, Inc. v. Trump, the US Supreme Court ruled that the International Emergency Economic Powers Act (IEEPA) of 1977 does not authorize the president to impose tariffs on US imports. This decision invalidated billions in tariffs, opening the door for a possible $175 billion in refunds to affected businesses. Alongside this ruling by the supreme court, the Trump administration lost a second case in the supreme court regarding tariffs in the Trump v. V.O.S. Selections Inc., which further reinforced the February decision regarding the president not being allowed to use the IEEPA to impose tariffs on other countries.

Multiple losses in the Supreme Court did not stop the Trump administration from continuing to look for new ways to impose tariffs on US trade partners, however. The Trump administration began citing the Trade Act of 1974 to impose new tariffs to replace the old ones that were deemed unconstitutional, specifically citing sections 122, 232, and 604 of the act to do so. These new tariffs were also brought under fire in the Supreme Court in the case of Burlap and Barrel v. Trump, and on May 7, 2026 these new tariffs citing section 122 of the Trade Act of 1974 were also deemed unconstitutional.

Following this supreme court decision, and a third loss in the Supreme Court, the Trump administration decided that they would reinstate these newly unconstitutional tariffs utilizing a different section of the Trade Act of 1974, specifically section 301, in which "Congress grants the Office of the United States Trade Representative (USTR) a range of responsibilities and authorities to investigate and take action (e.g., impose a tariff) to enforce U.S. rights under trade agreements or respond to certain foreign trade practices." According to the website of the US Congress.

As of the end of September 2026, the average tariff rate on foreign goods was 10.6%, which is most comparable to the tariff rate in 1945 at the end of World War 2 of ~10%. This rate is also identical to the reported tariff rate before the section 122 tariffs expired due to being deemed unconstitutional because all tariffs removed then were immediately reinstated by the Trump administration under section 301. Whether these new tariffs will also come under fire in the Supreme Court, only time will tell, but it is safe to say that if they are deemed unconstitutional, then they will be immediately replaced somehow.

Figure 14: Aggregate Tariff Impact on Consumer Goods Prices (12mo change) – New York Federal Reserve (September 2026)



In August 2026, the New York Federal Reserve released a comprehensive study on how tariffs in the US have affected prices for the US consumer since the Trump administration's "Liberation Day" on April 3, 2025, and moving through 2026. Their conclusions: prices were greatly affected across the board in a negative trend by the tariffs. The study found that a minimum of ~26% of the tariff increase passes through to consumer prices. 64% of this increase can be attributed to the direct effect, i.e. tariffs raising prices on foreign goods directly with domestic competitors raising prices in turn because consumers will have to pay those prices for the goods without foreign competition. The other 36% of the increase arises indirectly i.e. tariffs raise the cost of imported inputs used by U.S. producers, and domestic producers raise their markups because they face less competition from higher-priced imports; this increases the prices of even domestically manufactured goods.

Figure 14 shows the effect tariffs have had on CPI over the course of their enaction in the chart on the left. As can be seen in the divergence of the solid line and the dashed line in March 2026, CPI was greatly affected by tariffs. If the tariffs set in motion in April 2025 had not been enacted, along with all the tariffs that remained in effect afterward, CPI could have seen a negative trend since then, making goods far more affordable for consumers than they are at present. In fact, based on this study, CPI would have been

negative without the enacted tariffs, which would have given US consumers far more "bang for their buck" than they currently have with inflation as high as it is at present. As of 2026, CPI could have been ~3% lower than it was, should tariffs not have been set in motion by the Trump administration.

The chart on the right of Figure 14 shows the effect tariffs have had on consumer prices since January 2025 (January and February had no tariffs enacted yet, which is why they have no bar). Each bar is broken down into the marginal cost channel price increases (price of raw materials increasing price, exchange rates increasing price, etc.), the strategic complementary channel (companies choosing to change their prices based on competition's decisions), and the direct channel (a consumer directly buying a foreign made good). By January 2026, the enacted tariffs drove prices up by ~2.9%, and the compounding effect of these tariffs continues to raise prices more and more with each passing month for US consumers as shown by the upward trend in this chart since the tariffs' outset in 2025.

SECTION 6

Section Summary

Section 1: US Gross Domestic Product (GDP) – "To The Third Estimate And Beyond!"

- 2Q26 GDP is reported in its third estimate to be 2.2%.
- 1Q26 was revised after its third estimate to 2.5%, rising 0.4% from its third estimate report.
- Average GDP thus far in 2026 is 2.35%, which is in line with the 30-year average of 2.35%.
- Against the backdrop of massive volatility seen in GDP in 2025, the thus far on-trend average for 2026 will hopefully be a return to stability in GDP growth.

Section 2: US Inflation – "I Can't Afford The Energy For This…"

- CPI Inflation is high right now across all categories relative to its ideal target of 2.0%.
- Energy CPI is extraordinarily high at 20.4%, with its primary driver being gasoline CPI inflation at 34.2%.

Section 3: US Unemployment – "Calm On the Surface, Turbulence Below"

- Unemployment lowered to 4.1% in August 2026.
- Wage growth lowered to 3.3% in August 2026.
- Nonfarm payroll gains have been inconsistent and volatile since the beginning of 2025.
- While unemployment rate is improving, both steadily lowering wage growth rate (which is being outpaced by inflation) alongside unpredictable nonfarm payroll gains show a stagnant or declining job market in the US. On the surface things look steady based on unemployment, but underlying data shows negative fluctuation around the unemployment statistic.

Section 4: US Consumer Confidence and Sentiment – "The Consumers Aren't Alright"

- Based on every possible measure of consumer confidence or sentiment, consumers are experiencing more pessimism than they were during the pandemic recession.

Section 5: Current US Tariff Situation – "Where There's A Will, There's A Way! (Even When The Supreme Court Says No)"

- Despite three losses in Supreme Court cases regarding the constitutionality of enacted tariffs, the Trump administration continues to find new ways to enact tariffs on US trade partners.
- The current tariff rate on US trade partners is 10.6%.
- Tariffs have negatively affected CPI since their outset in April 2025, and the effect is compounding and growing worse with time.

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ABOUT & DISCLOSURES

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