



THE ECONOMIC

SHOWDOWN

PRESENTED BY

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Commerce Trust



TODAY | The Lay of the Land

- **Inflation vs Labor Market**
- **Fed vs Interest Rates**
- **Consumption vs GDP**
- **US Policies vs Global Economy**
- **Economic Showdowns or Slowdowns?**
- **Questions/Conversations**

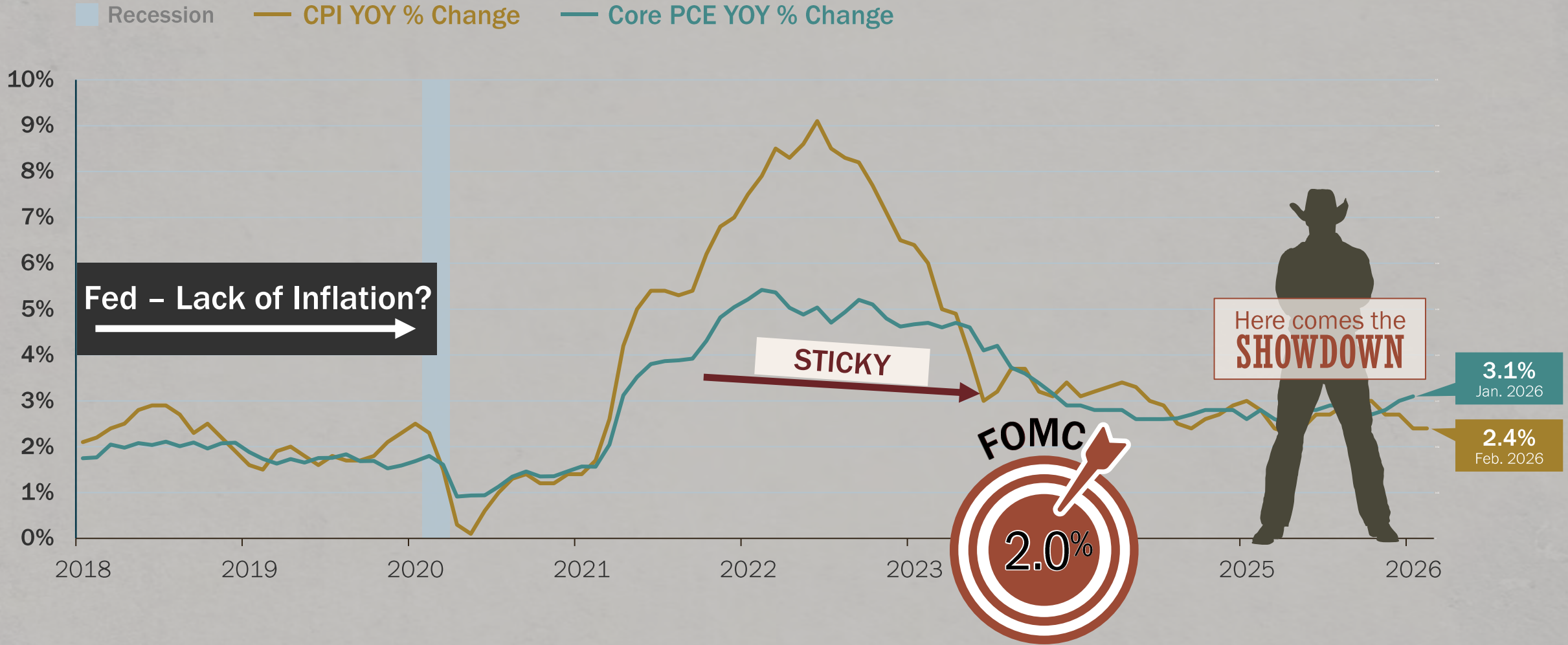


Inflation

VS

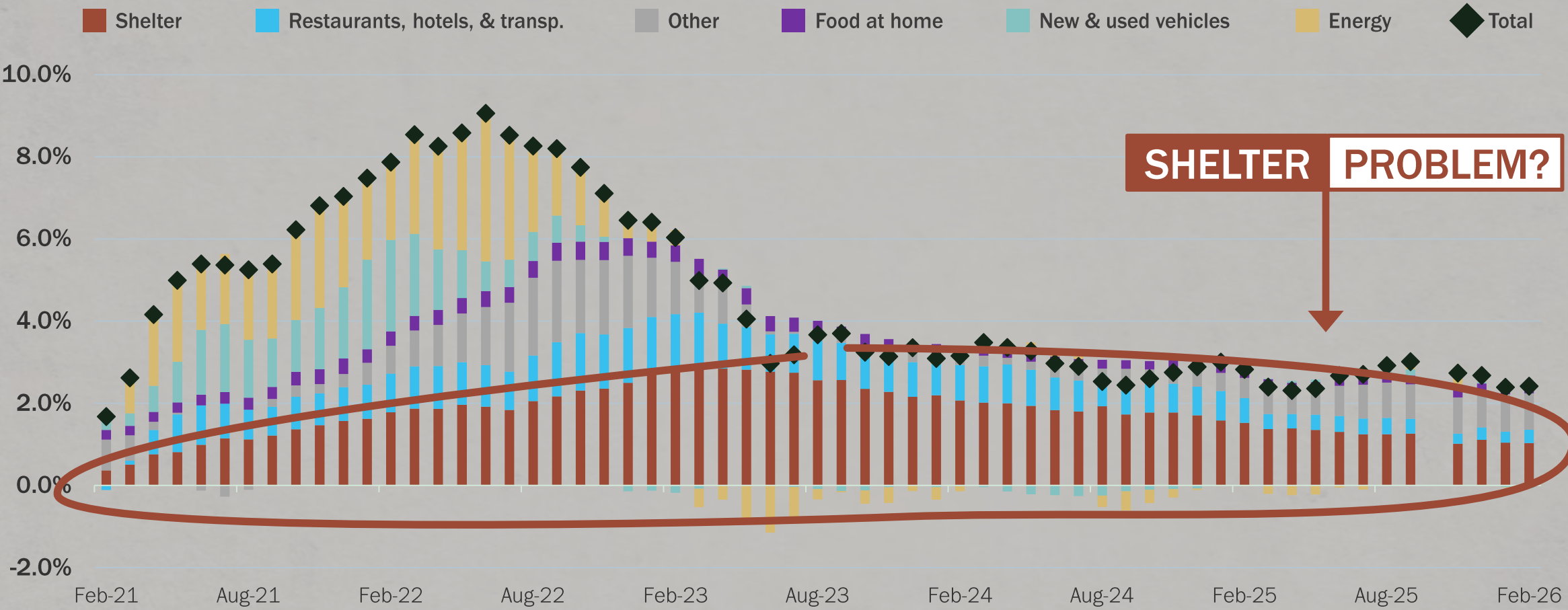
Labor Market

Inflation



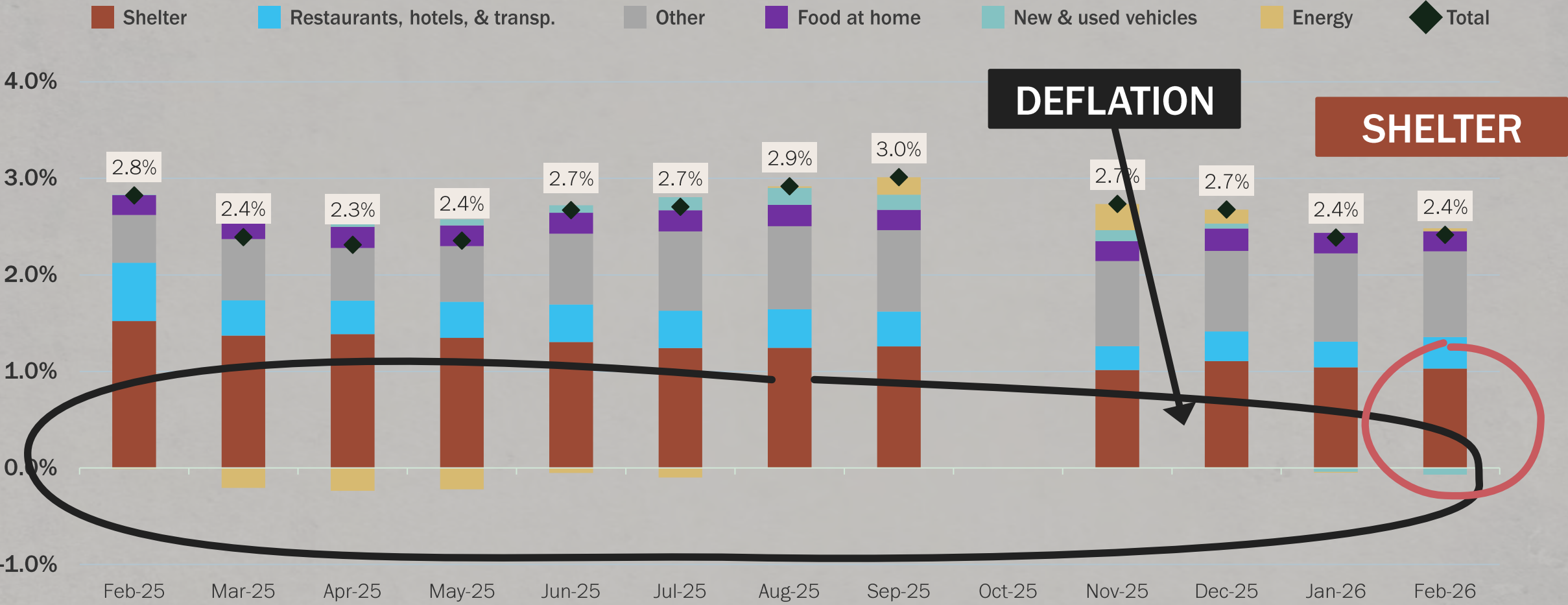
Source: Bloomberg, Commerce Trust

Inflation Drivers | CPI Past 5 Years



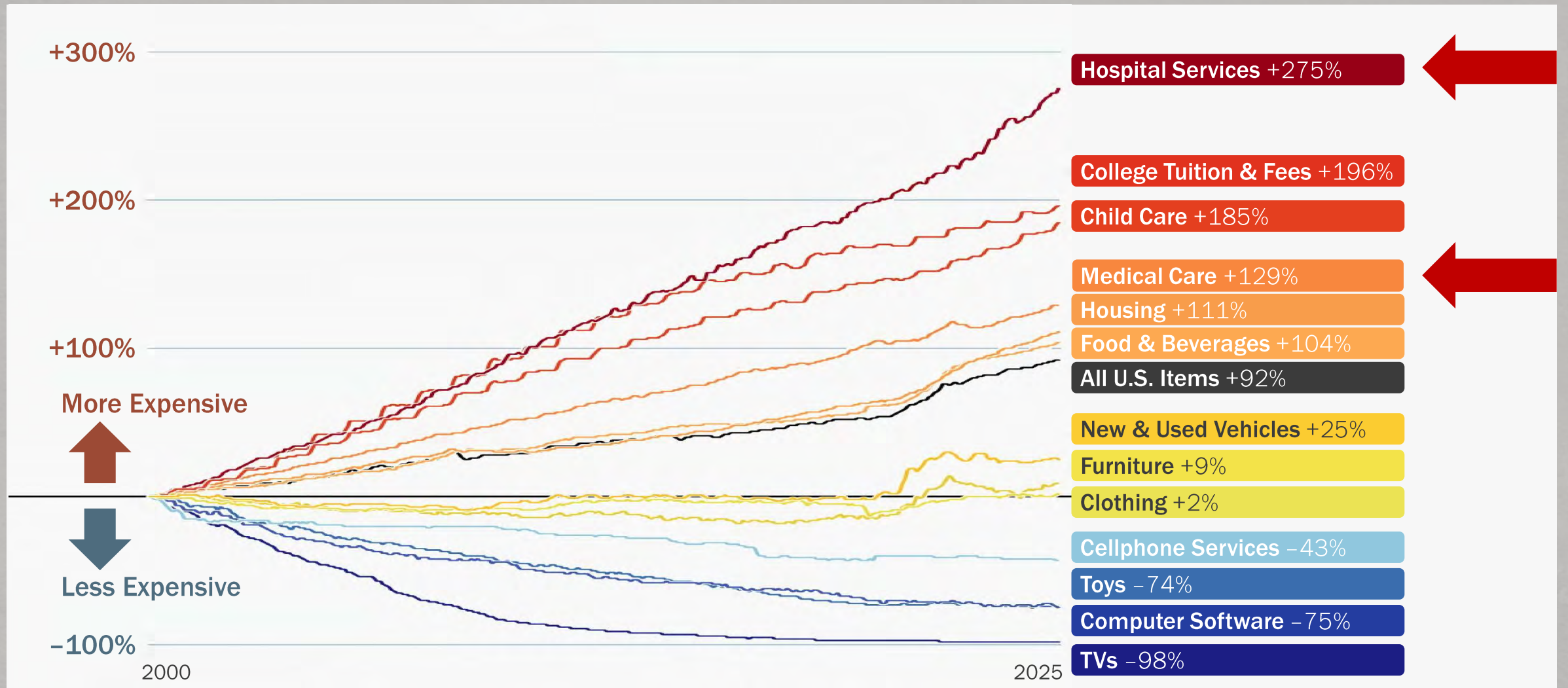
Source: Bloomberg, Commerce Trust; Contribution to YoY % change in CPI, non-seasonally adjusted

Inflation Drivers | CPI Past 12 Months



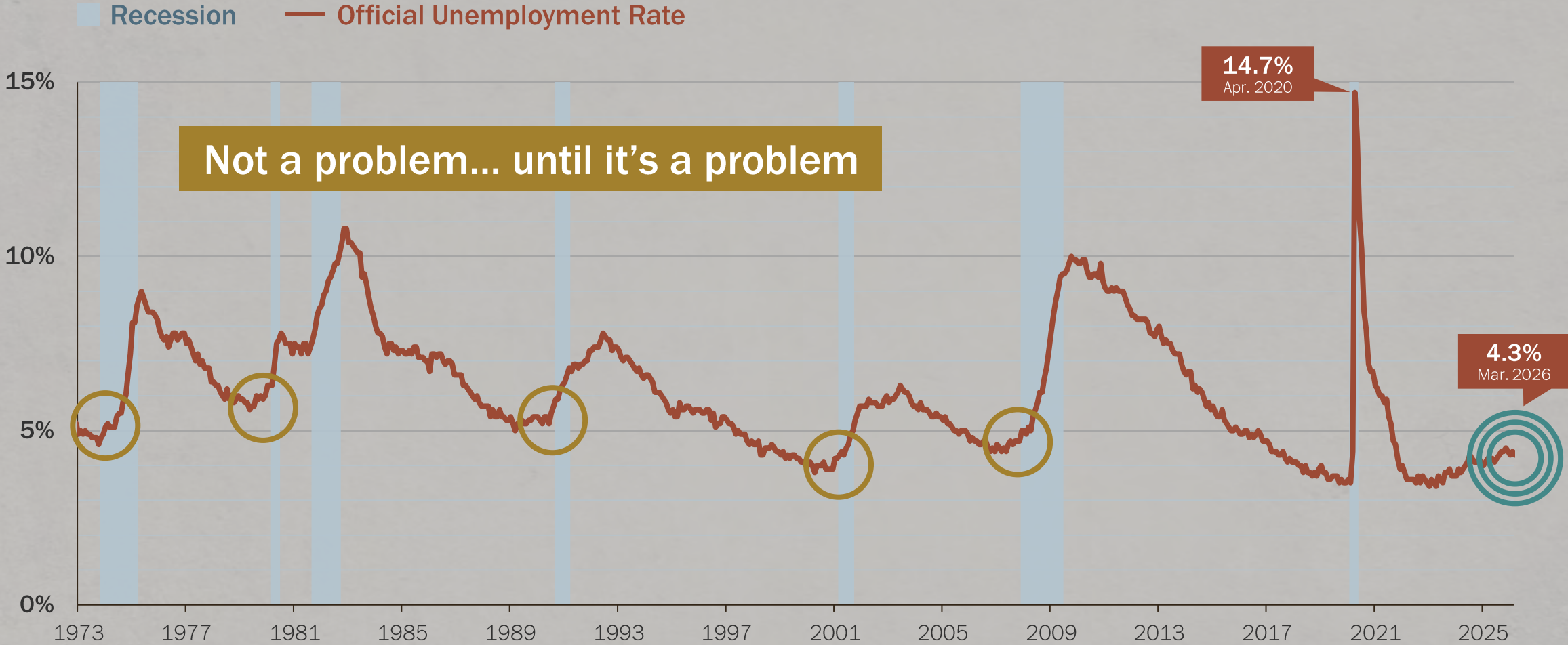
Source: Bloomberg, Commerce Trust; Contribution to YoY % change in CPI, non-seasonally adjusted

Healthcare Inflation - 25 years



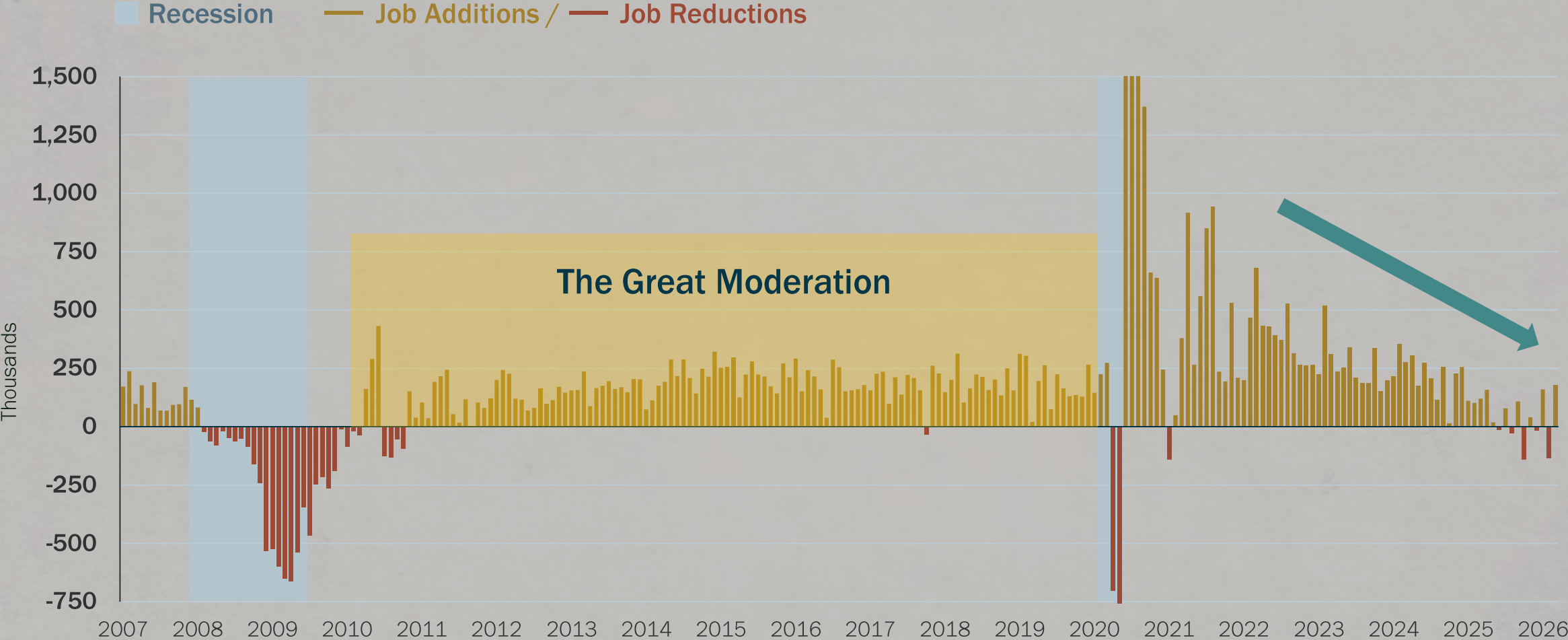
Source: Visual Capitalist, Bureau of Labor Statistics as of Sep. 2025

Official Unemployment Rate



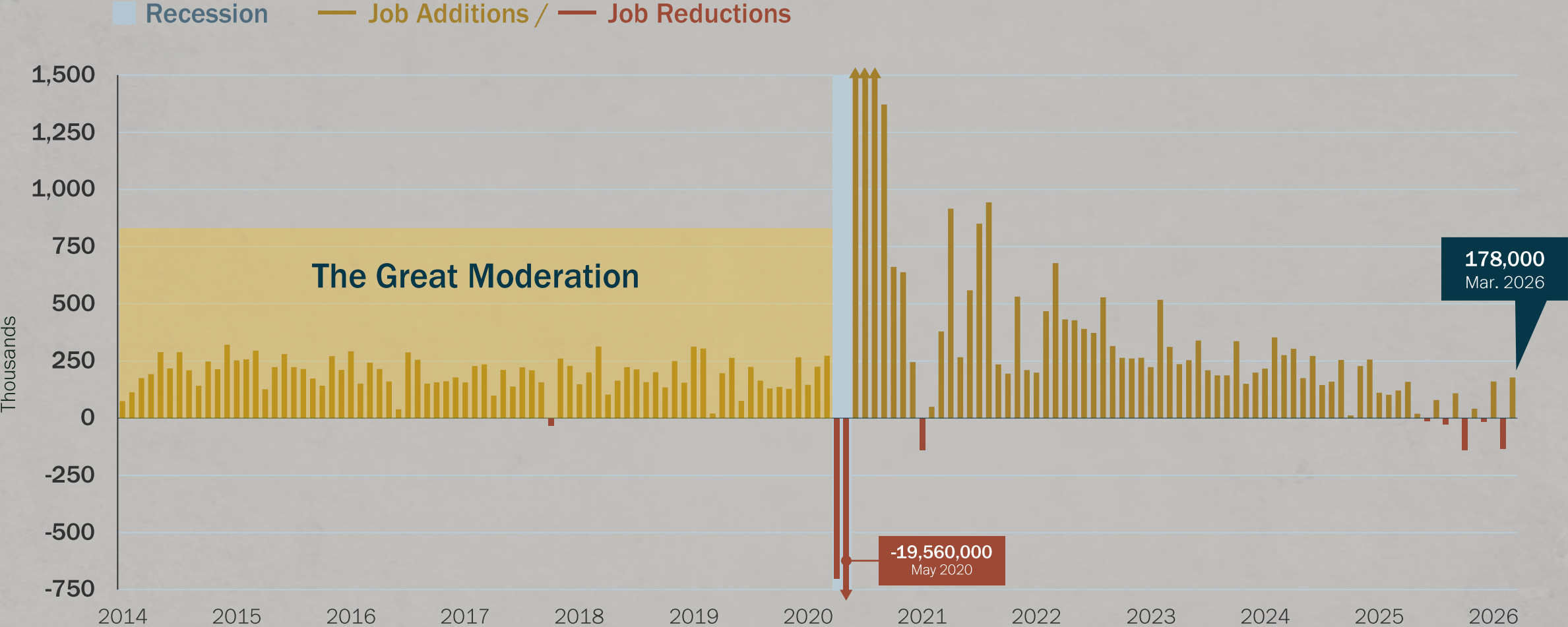
Source: Bloomberg, Commerce Trust

Non-Farm Payroll



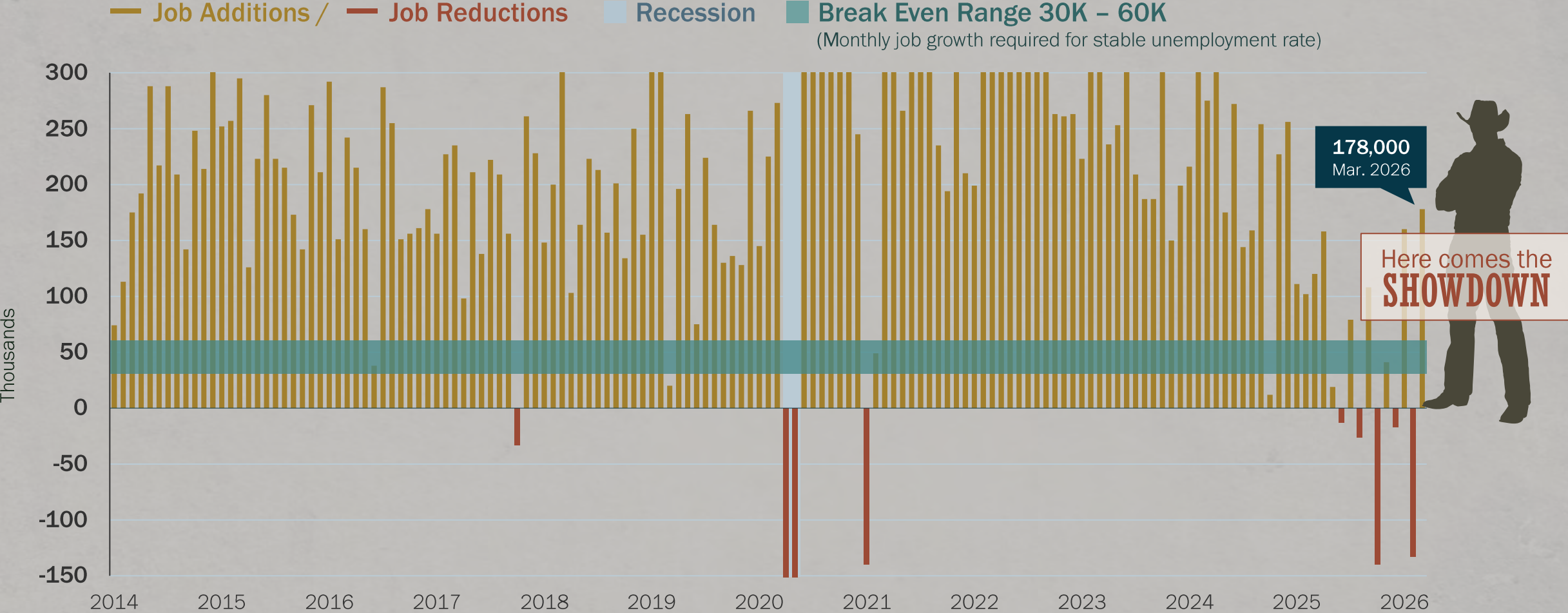
Source: Bloomberg, Commerce Trust

Non-Farm Payroll



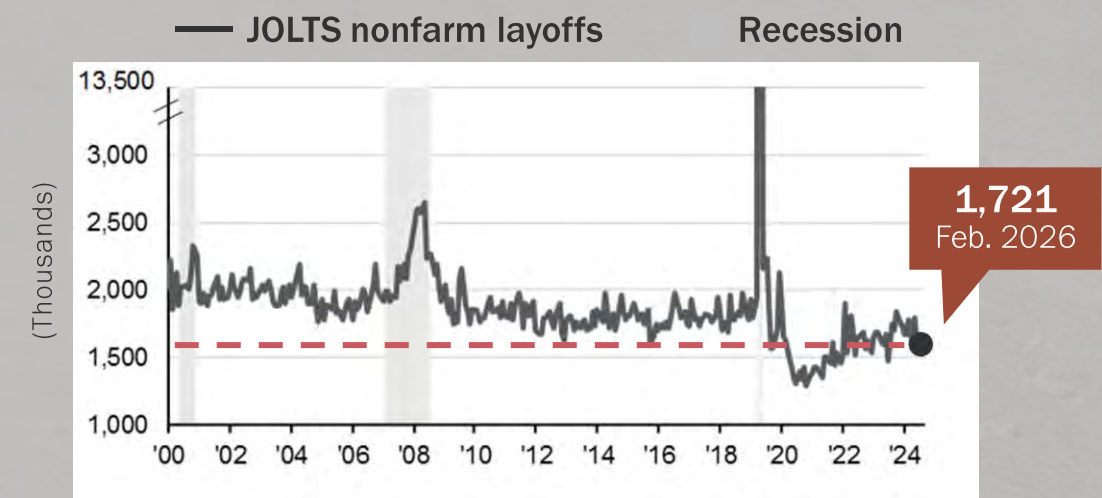
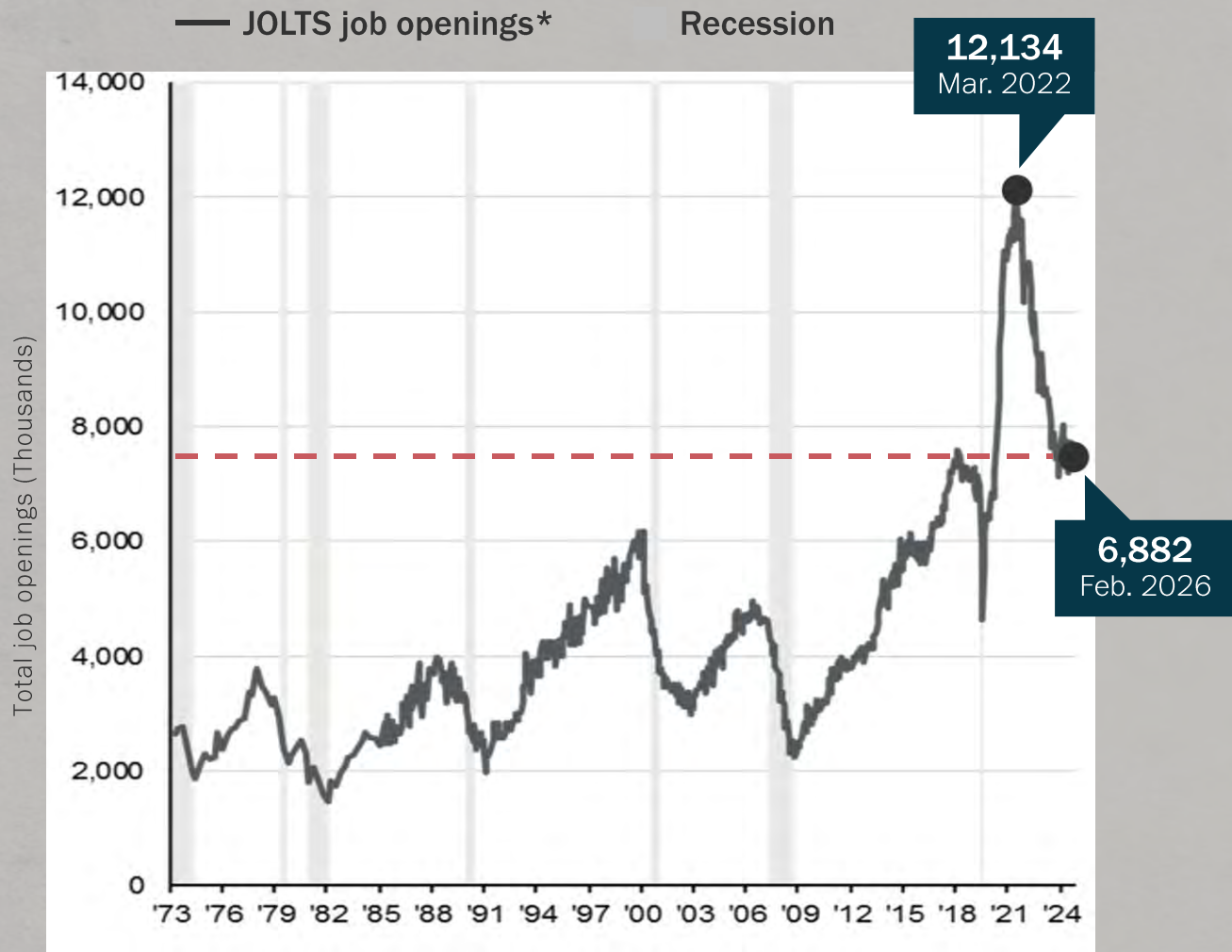
Source: Bloomberg, Commerce Trust

Non-Farm Payroll



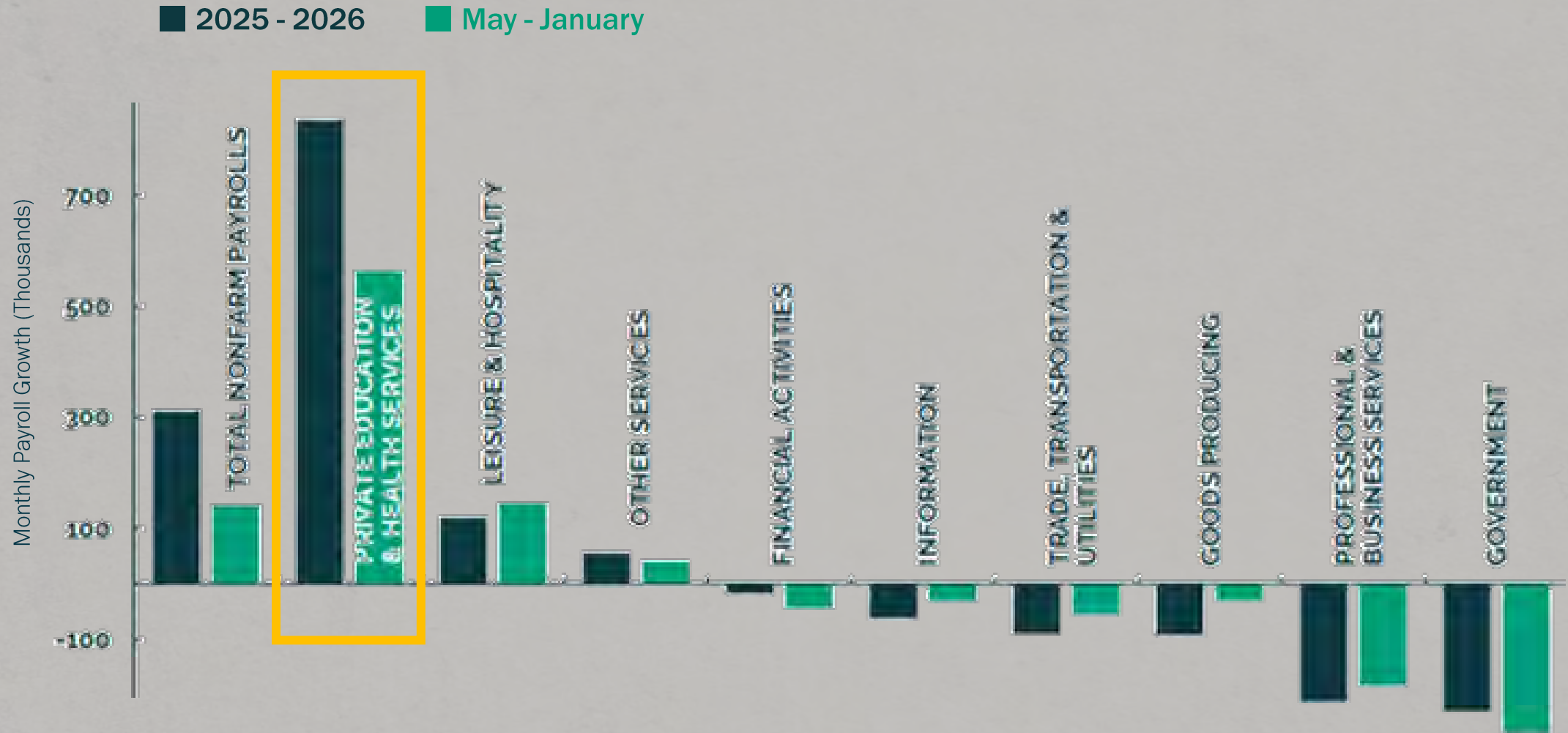
Source: Bloomberg, Commerce Trust

Labor



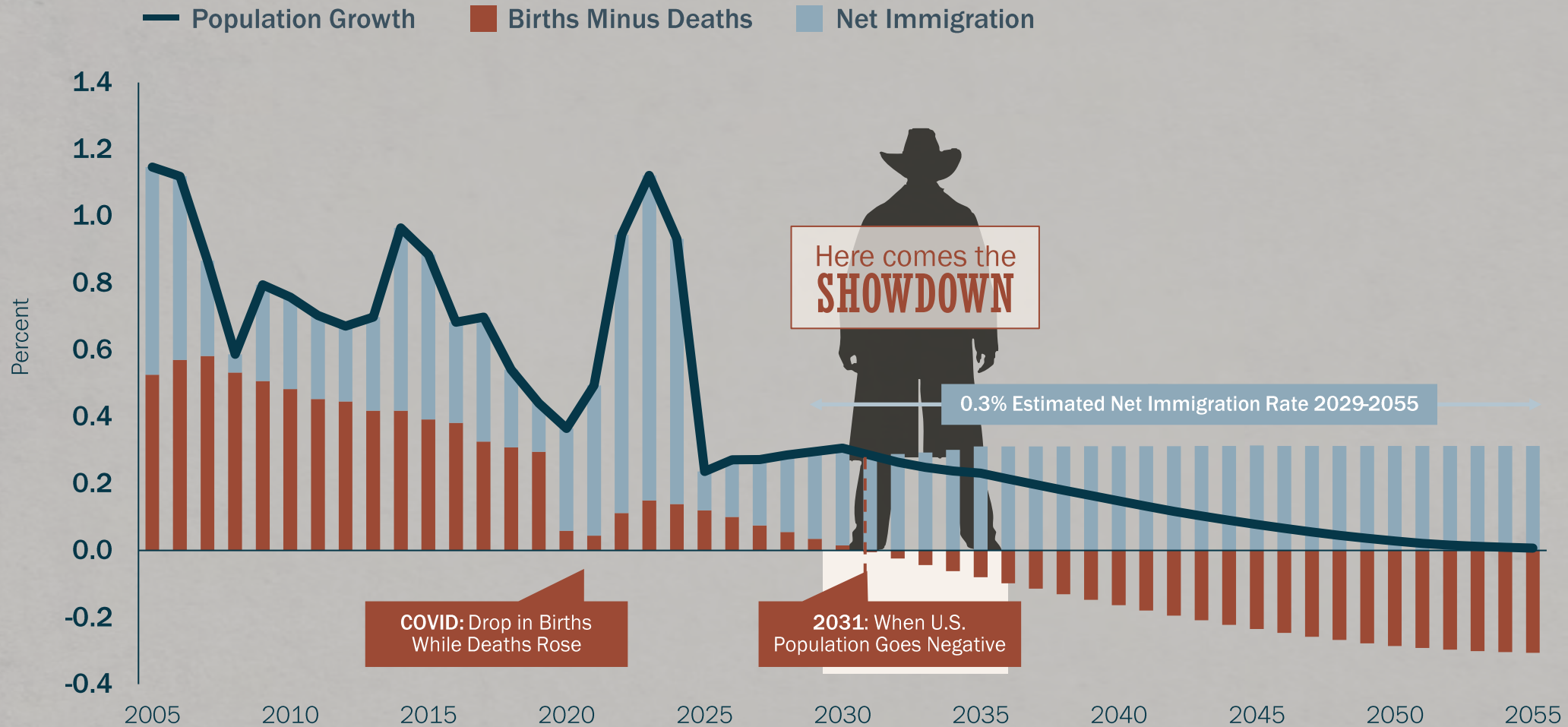
Source: U.S. Department of Labor, J.P. Morgan Asset Management. All charts seasonally adjusted. *JOLTS job openings from February 1974 to November 2000 are J.P. Morgan estimates.

Healthcare Jobs



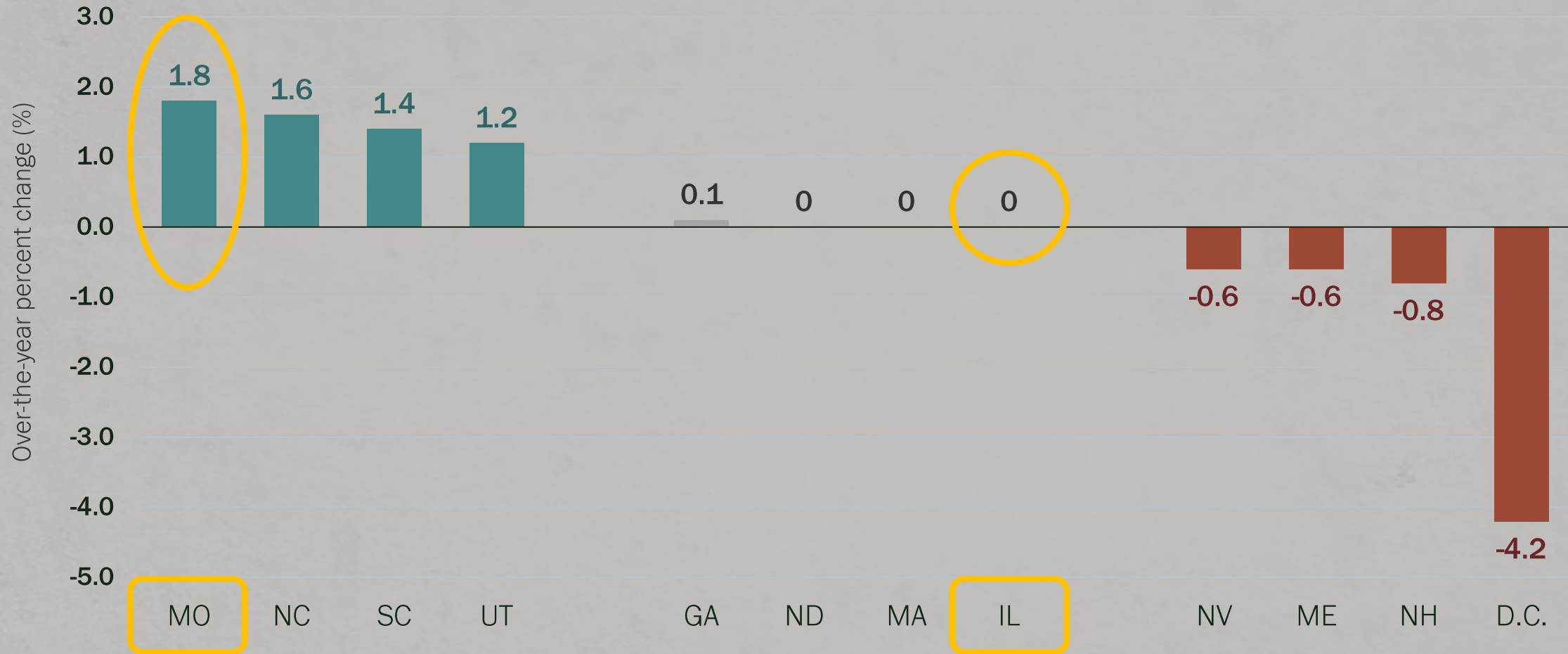
Source: BCA Research

Population Growth & Contributing Factors



Source: Congressional Budget Office, Commerce Trust

Job Growth by State



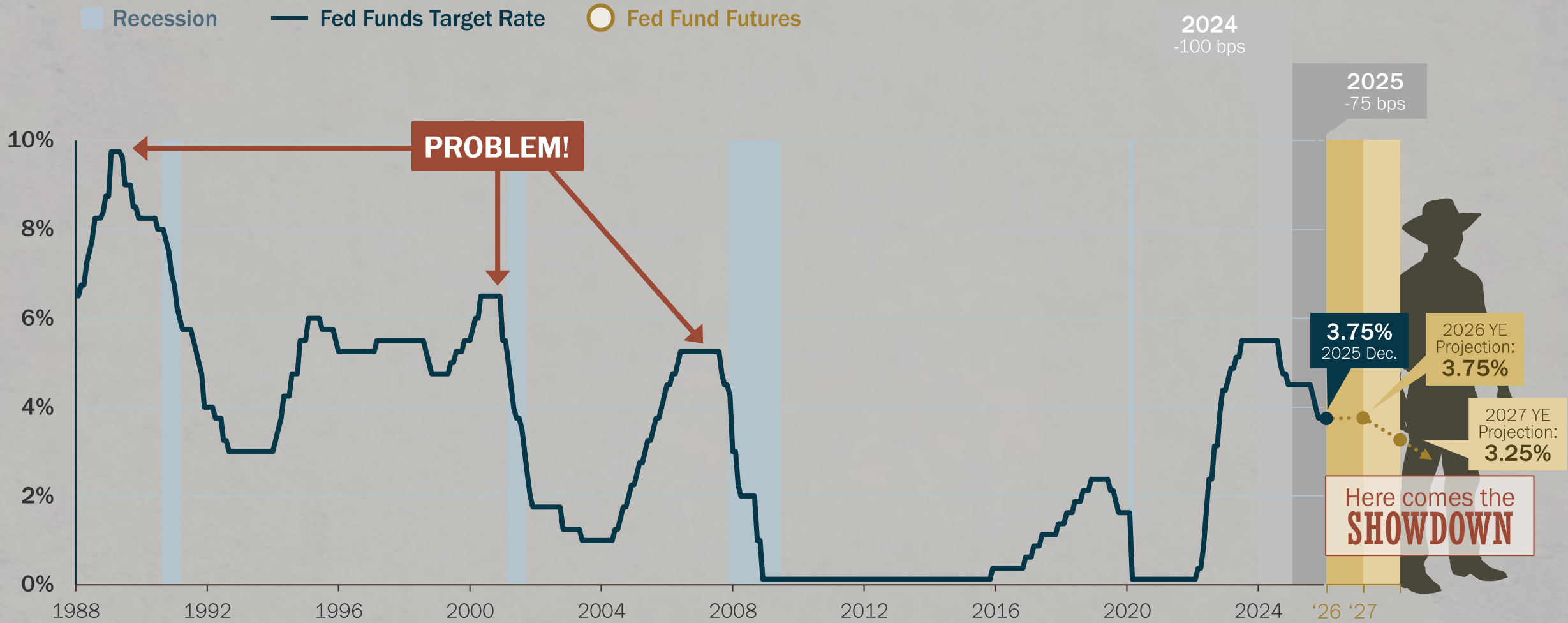
Source: U.S. Census Bureau

THE FED

VS

Interest Rates

Federal Funds



Source: Bloomberg, Commerce Trust

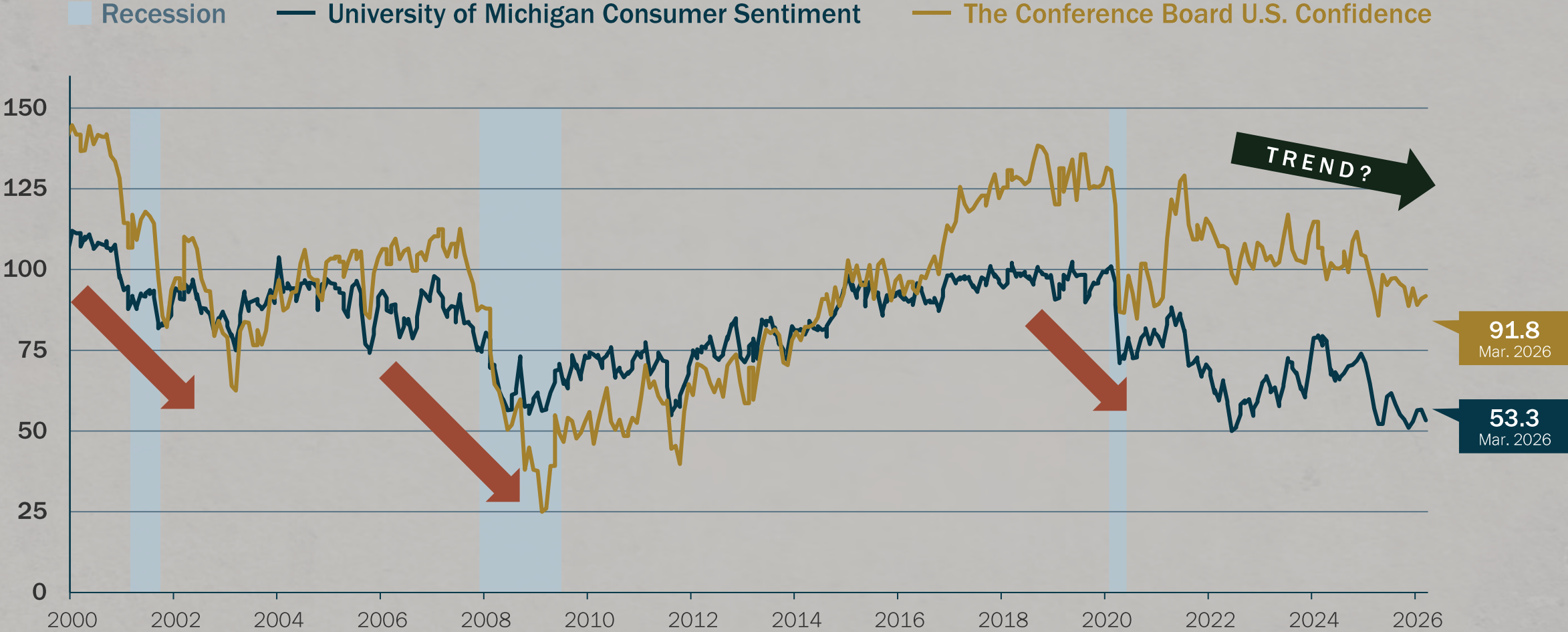


Consumption

VS

GDP

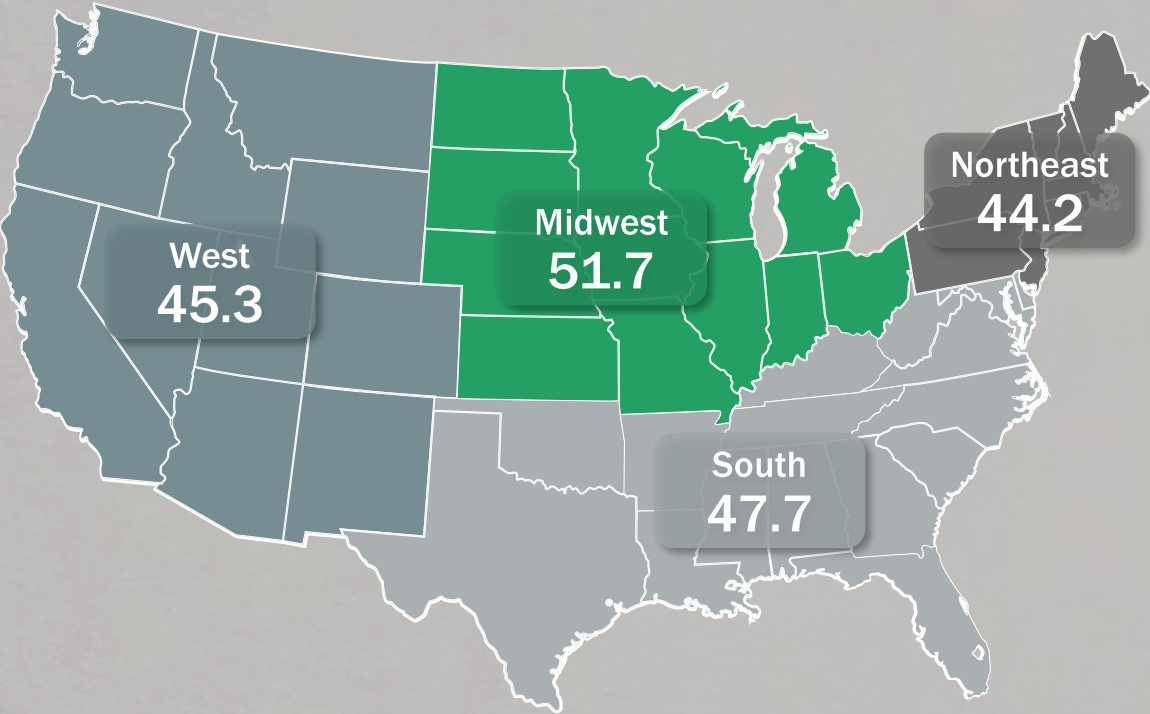
Confidence



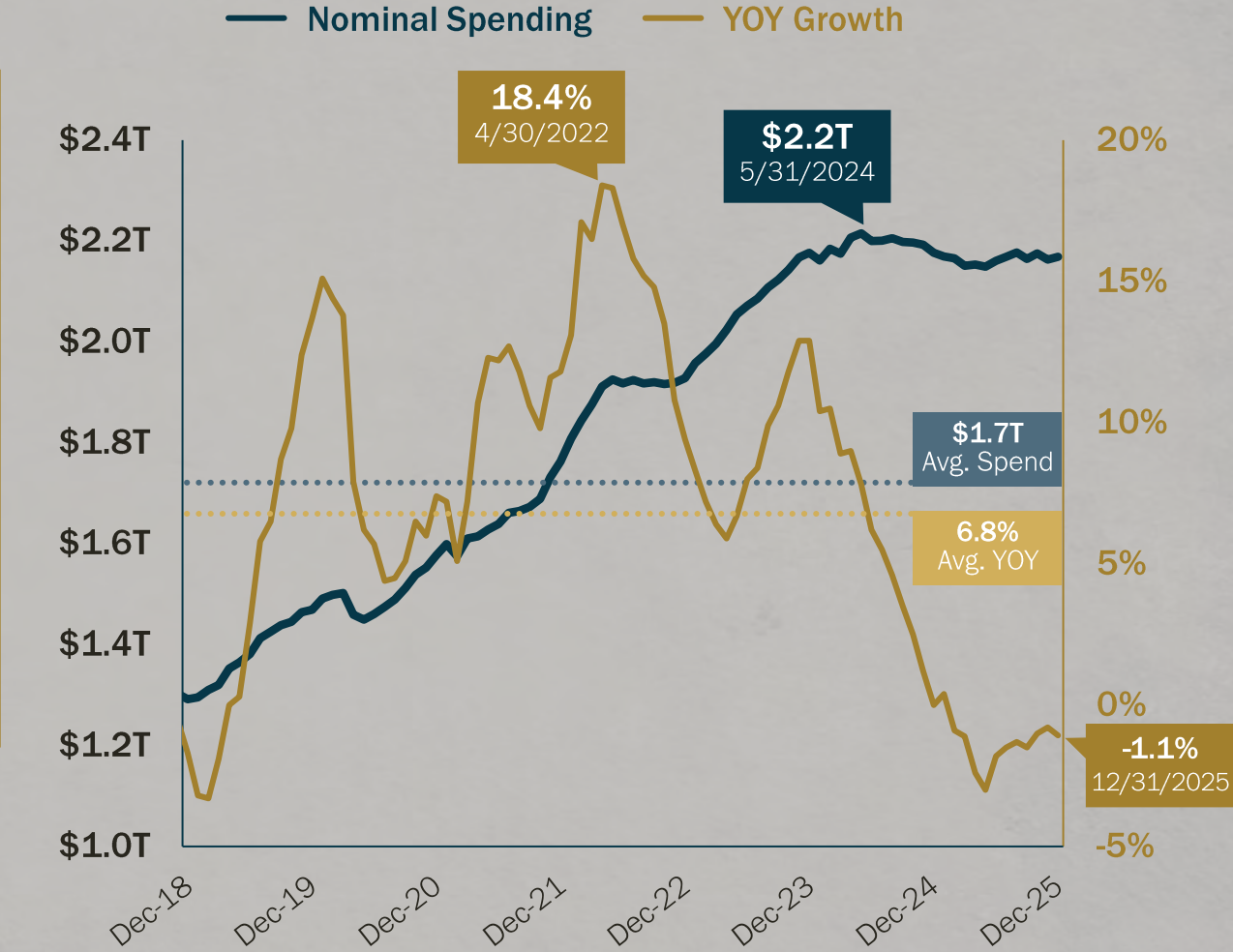
Source: The Conference Board, University of Michigan; retrieved from FRED, Federal Reserve Bank of St. Louis

U.S. Aggregate Construction Spending

Architectural Billings Index by Region
Score below 50 indicates declining billings



U.S. Census Bureau Construction Spending



Source: ABI, U.S. Census Bureau, Bloomberg, Commerce Trust

A historical map of the Americas, showing North and South America with various geographical labels and a compass rose in the bottom left corner. The map is rendered in a sepia tone.

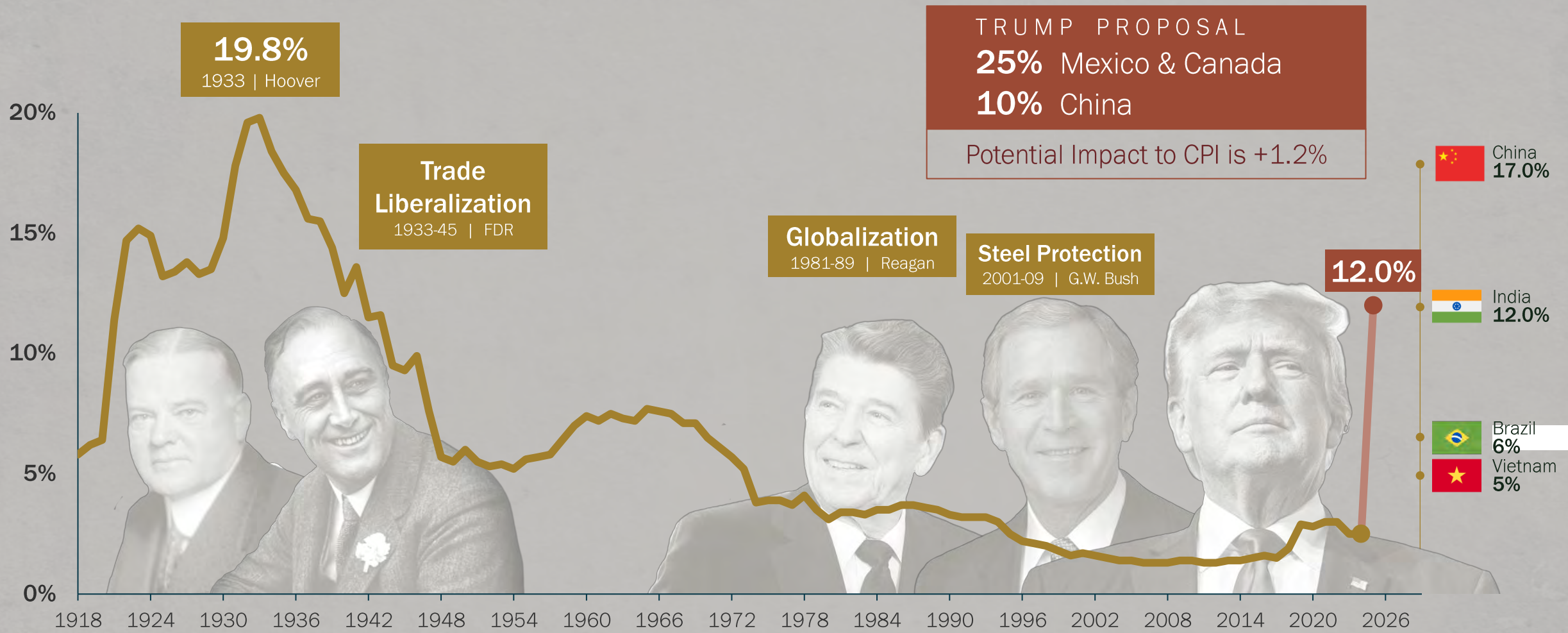
US Policies

A historical photograph of three men riding horses in a desert landscape with jagged mountains in the background. The man in the center is wearing a dark coat, the man on the left is in a light-colored coat, and the man on the right is in a patterned coat. The image is partially obscured by a jagged, torn-paper-like border.

VS

Global Economy

Average Effective Tariff



Source: Budget Lab at Yale; Historical Statistics of the United States; Monthly Treasury Statement, Bureau of Economic Analysis

Government Spending vs Deficit

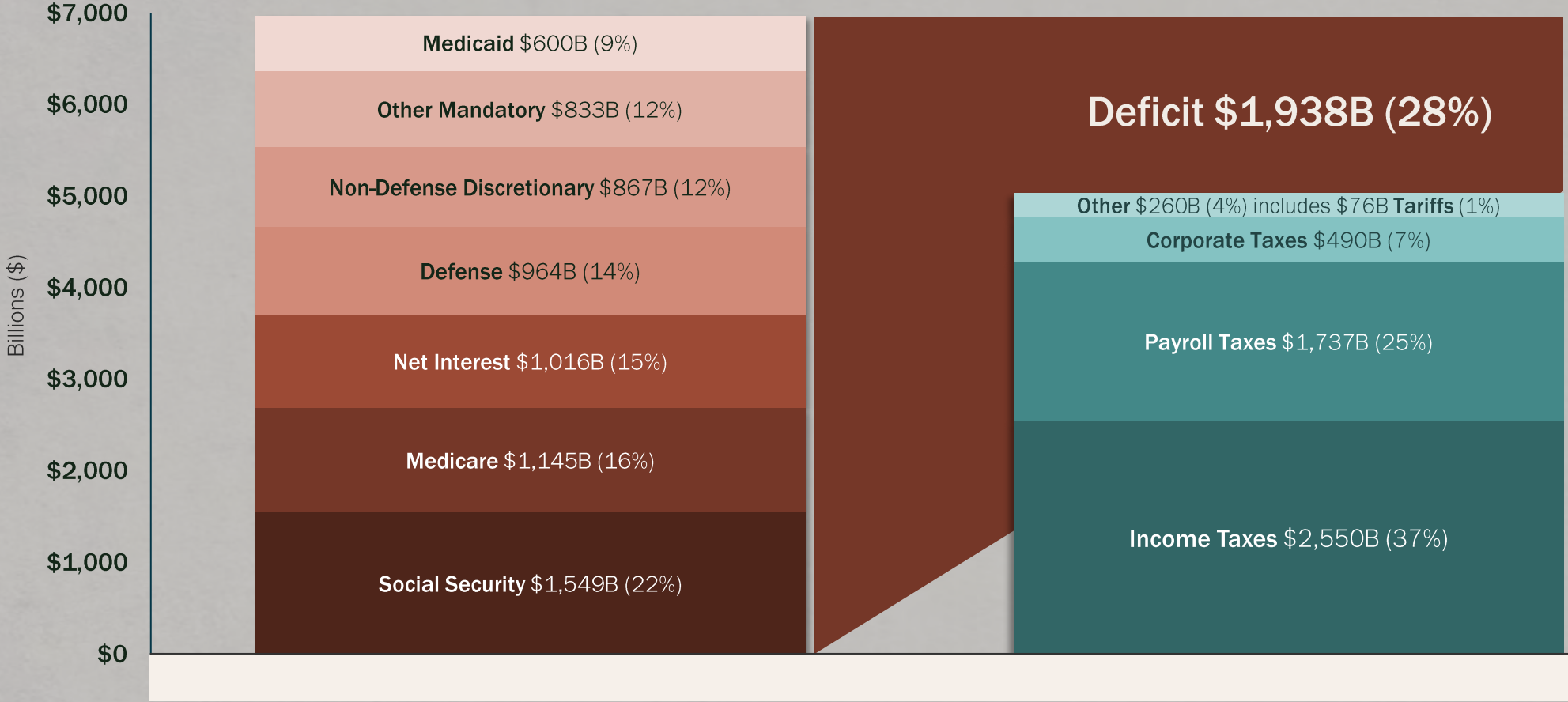
Total Government Spending

Total outlays: **\$6.975 Trillion**

Government Revenue

Total revenue: **\$5.038 Trillion**

Deficit is 6.5% of GDP

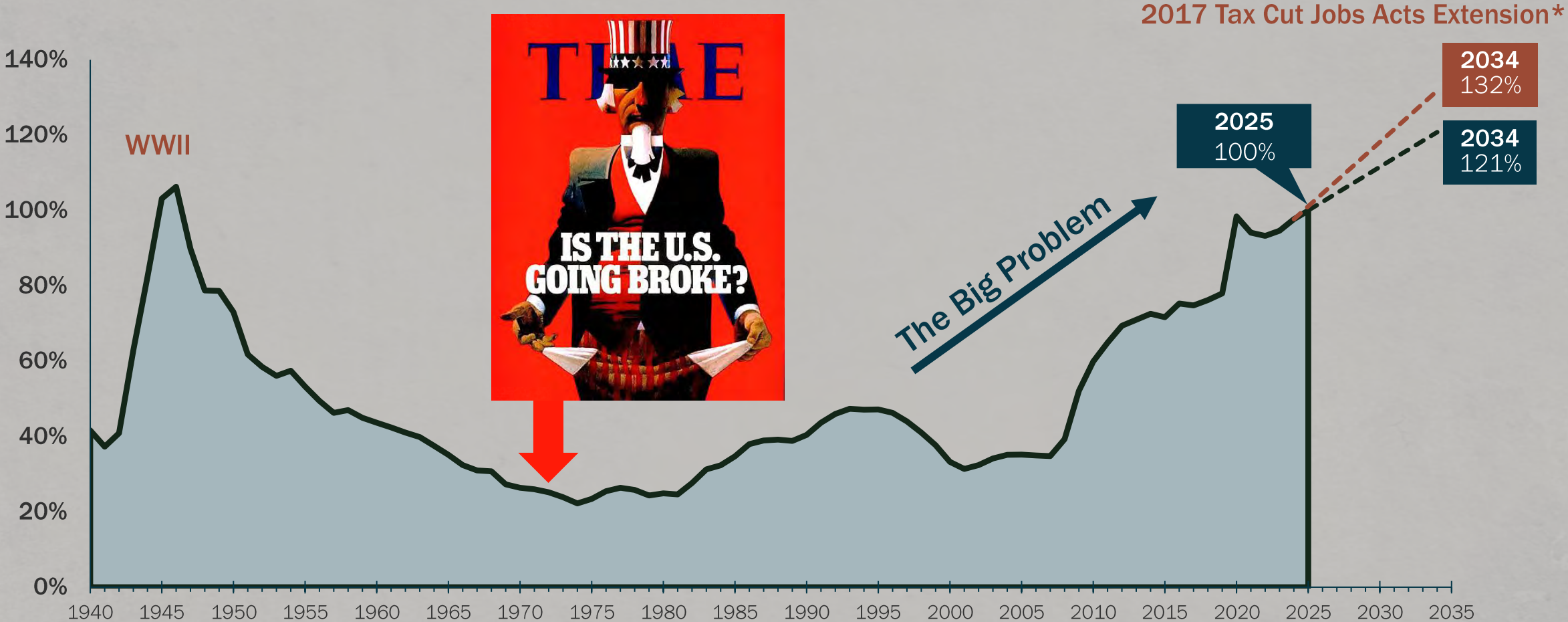


Here comes the **SHOWDOWN**

Source: JP Morgan, Congressional Budget Office

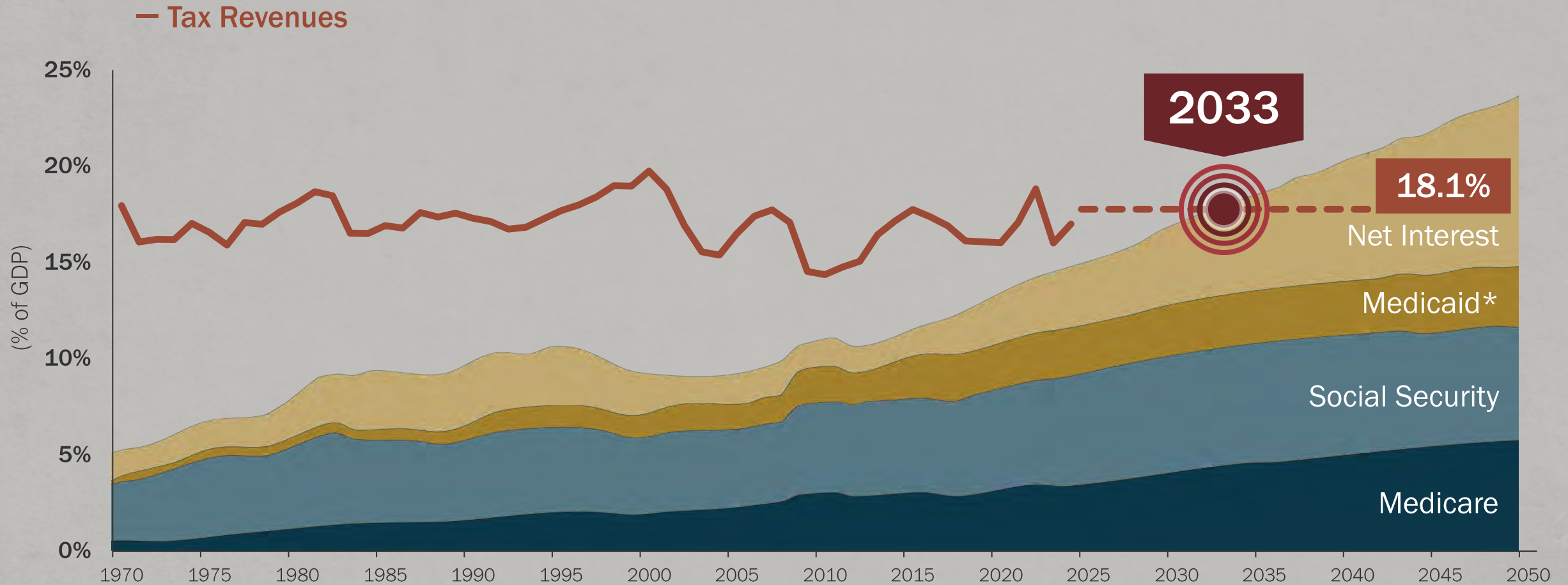
Federal Net Debt | U.S. Debt Held by Public

% of GDP, 1940-2034, CBO Baseline Forecast, End of Fiscal Year



Source: JP Morgan; Federal Reserve

Big Four | Major Headwinds



*Includes Obamacare subsidies, CHIP

Source: Federal Reserve of St. Louis, U.S. Office of Management and Budget and Congressional Budget Office

Geopolitical Risk



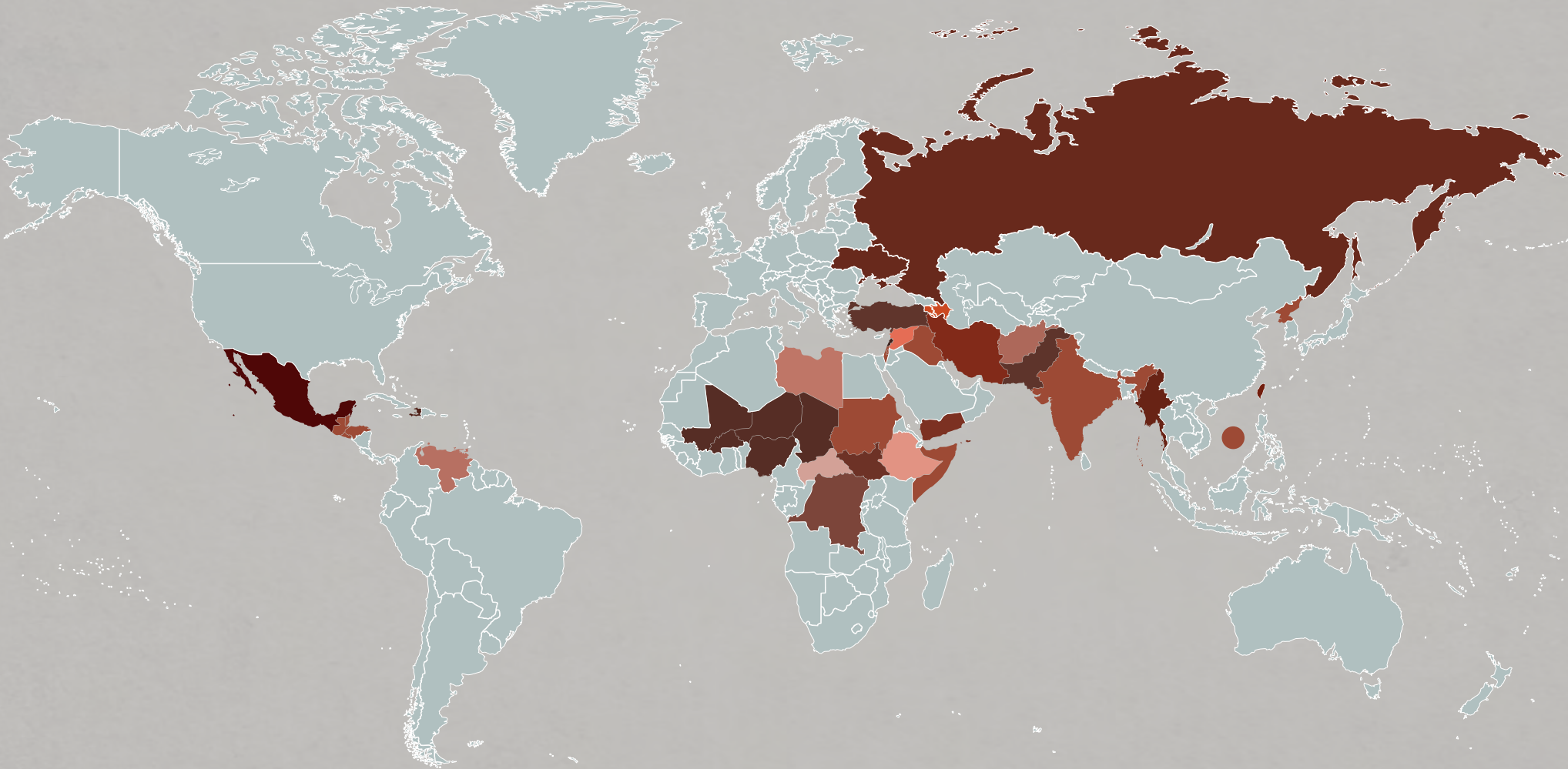
Source: Council on Foreign Relations Global Conflict Tracker

Geopolitical Risk



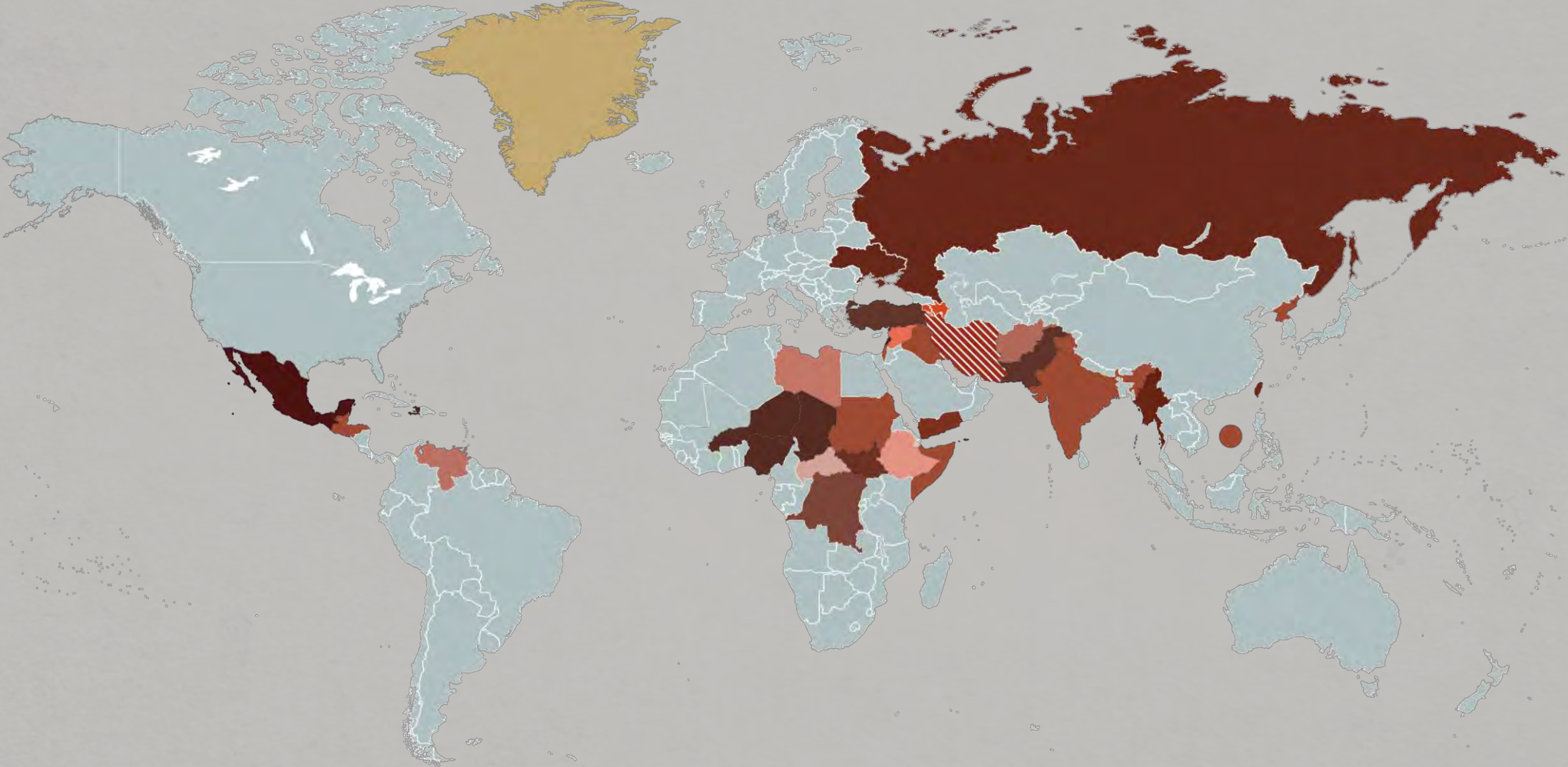
Source: Council on Foreign Relations Global Conflict Tracker

Geopolitical Risk



Source: Council on Foreign Relations Global Conflict Tracker

Geopolitical Risk



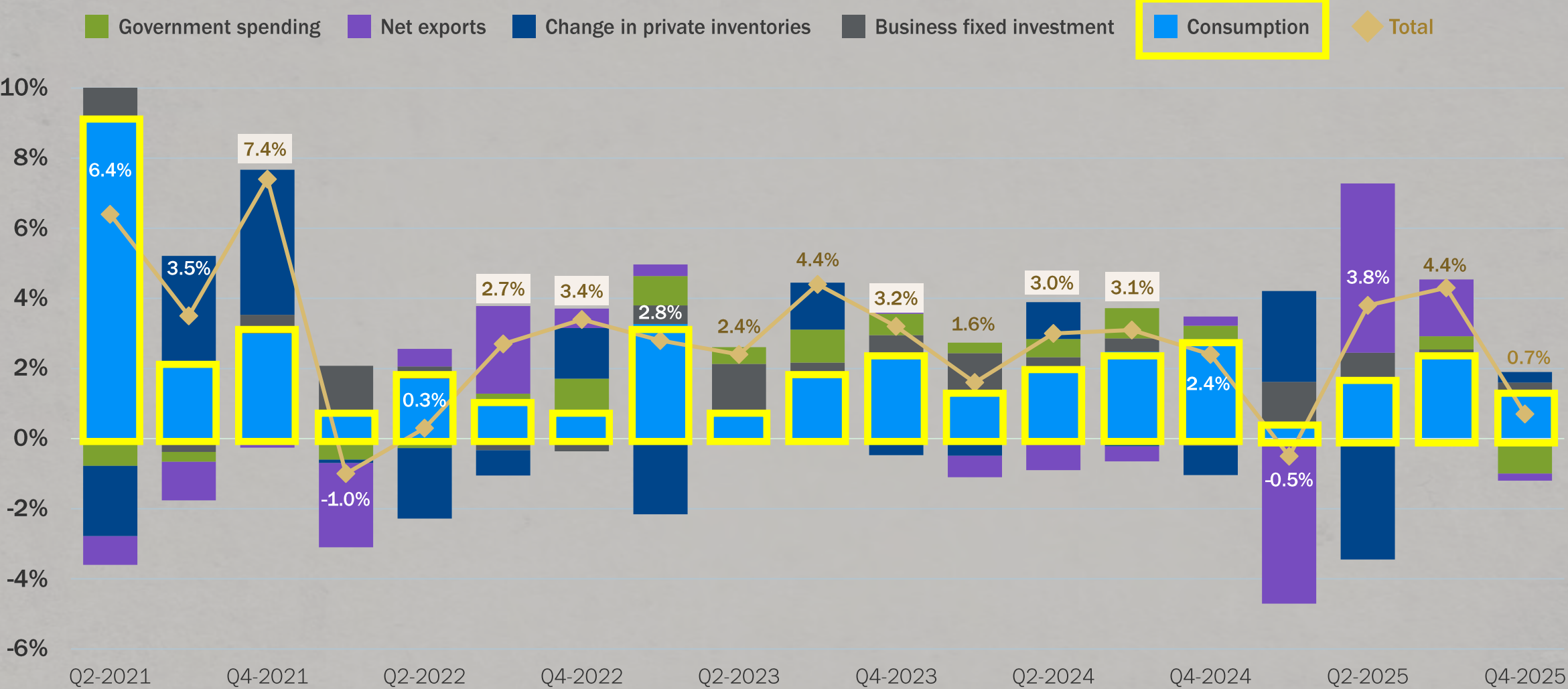
Source: Council on Foreign Relations Global Conflict Tracker

Economic Showdowns

or

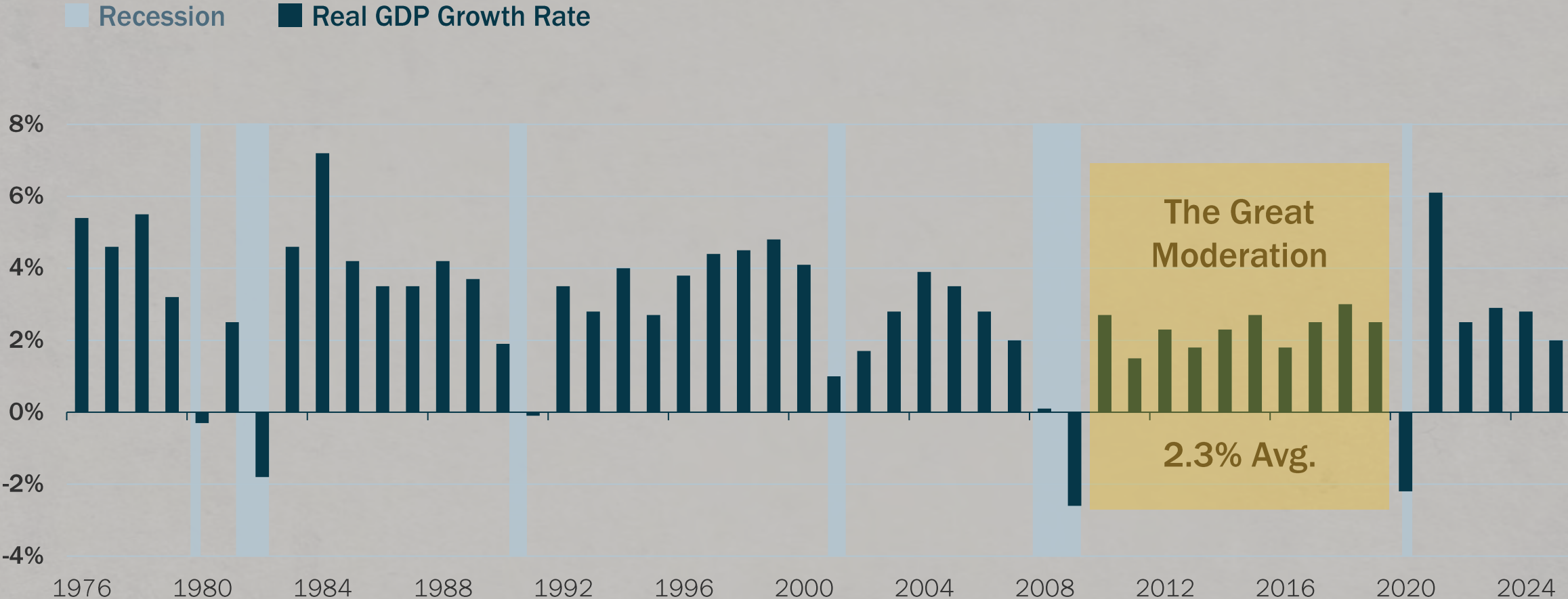
Slowdowns?

Contributors to Real GDP



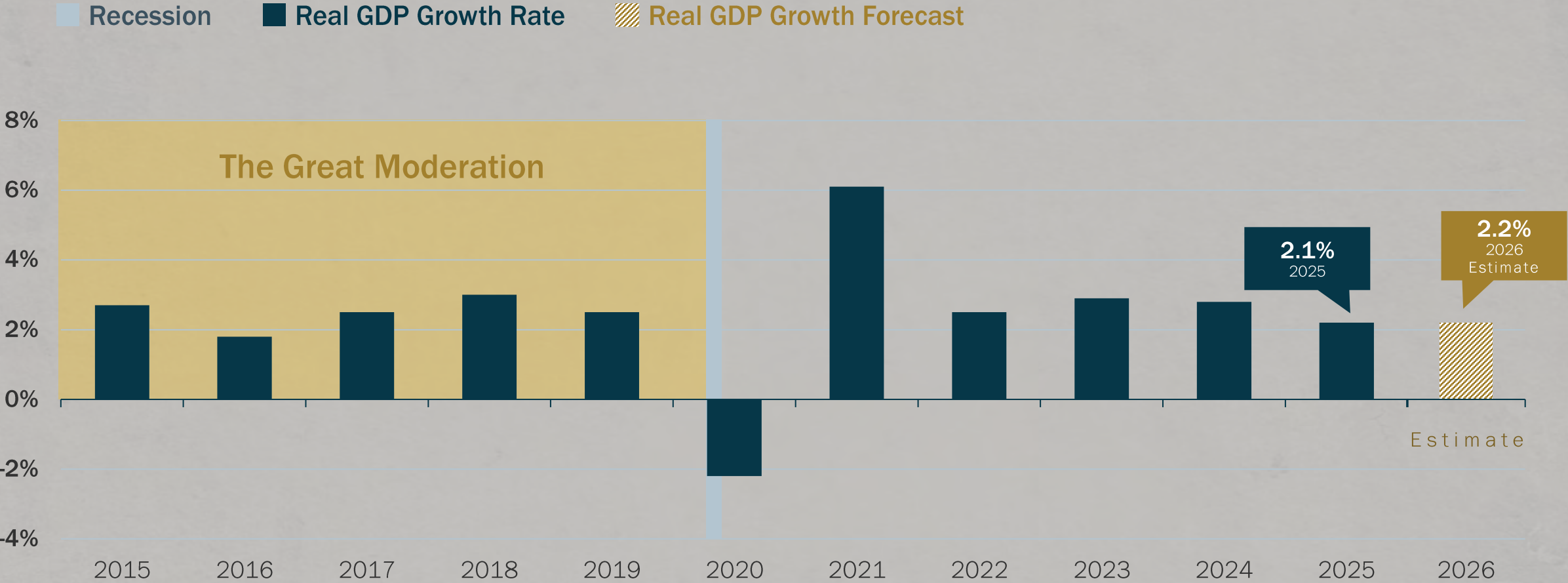
Source: Source: BEA, FactSet, J.P. Morgan Asset Management

Annual Real GDP | Retrospective



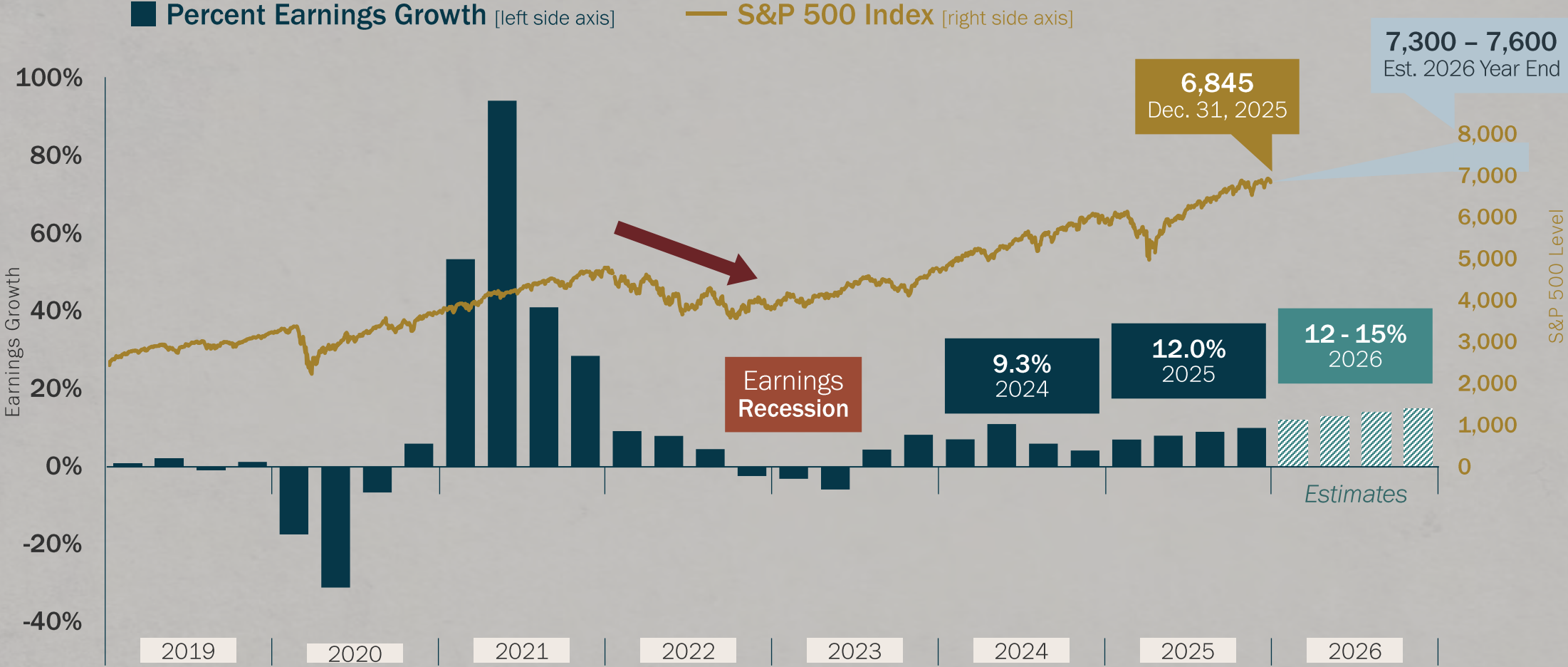
Source: Bureau of Economic Analysis, Commerce Trust

Annual Real GDP | Last 10 Years & Looking Ahead

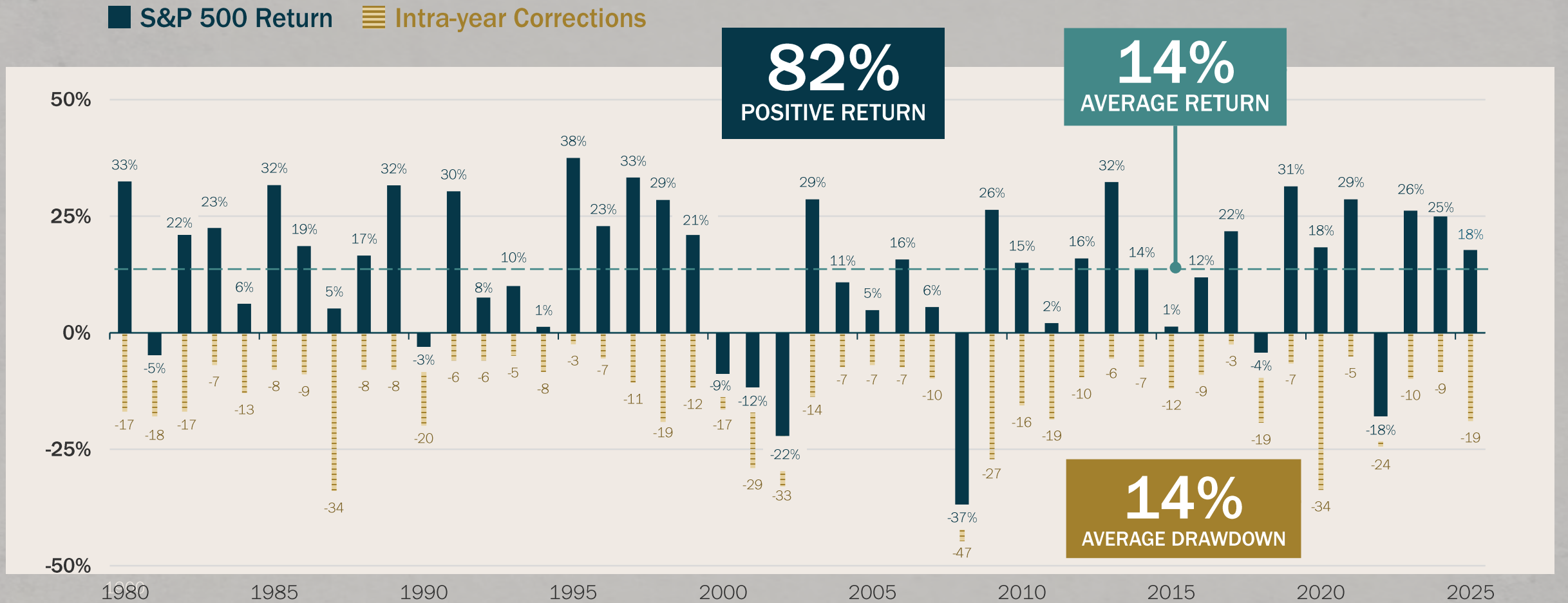


Source: Bureau of Economic Analysis, Commerce Trust

Percent Earnings Growth + S&P 500

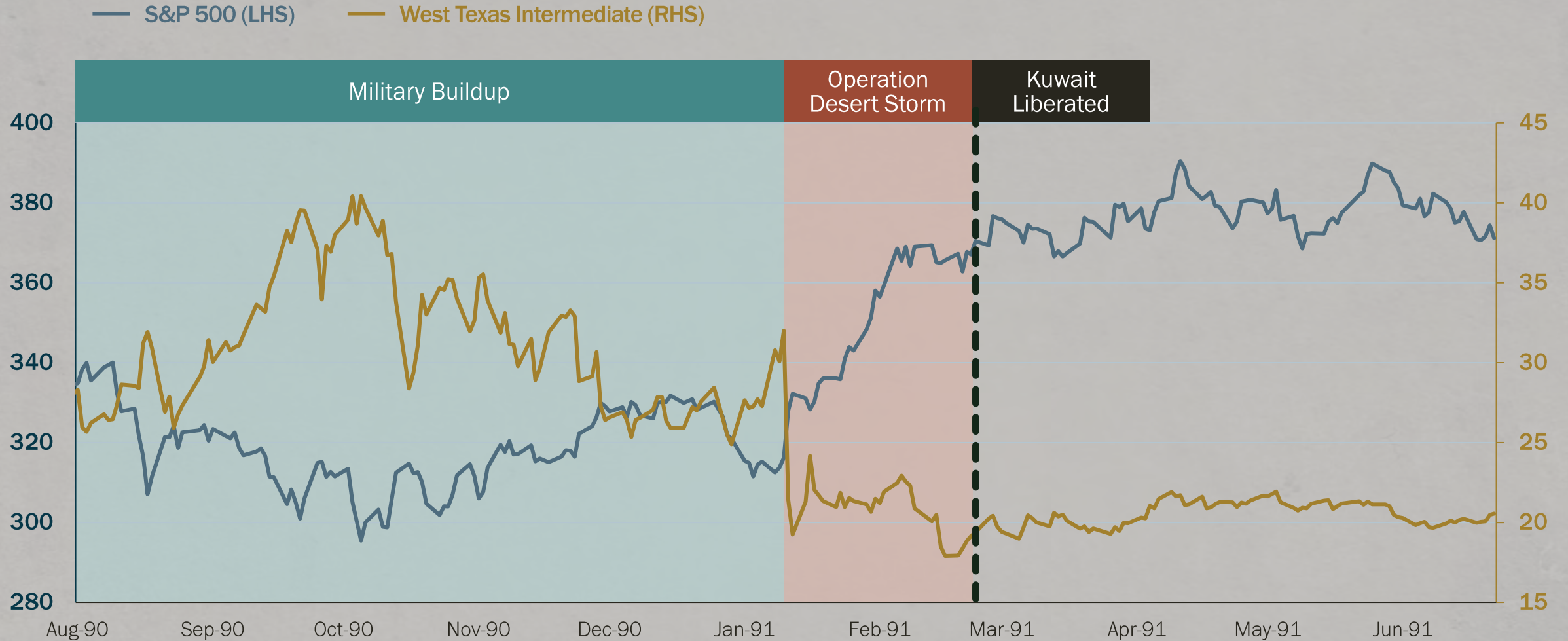


Drawdowns & Corrections are Normal



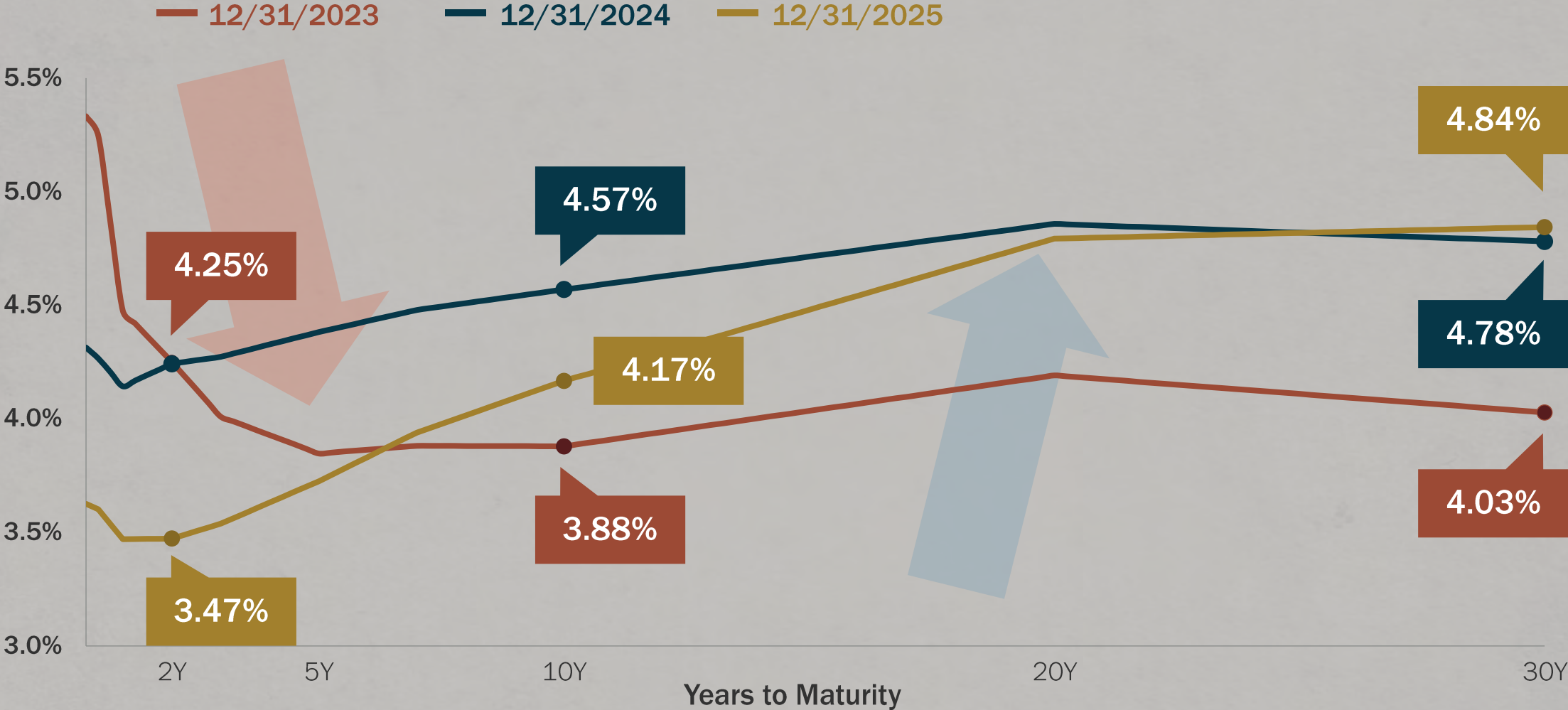
Source: Bloomberg, Commerce Trust

Historical Precedent | Oil Performance and S&P 500



Source: Bloomberg, Commerce Trust

Treasury Yield Curve



Source: Bloomberg, Commerce Trust

The Frontier

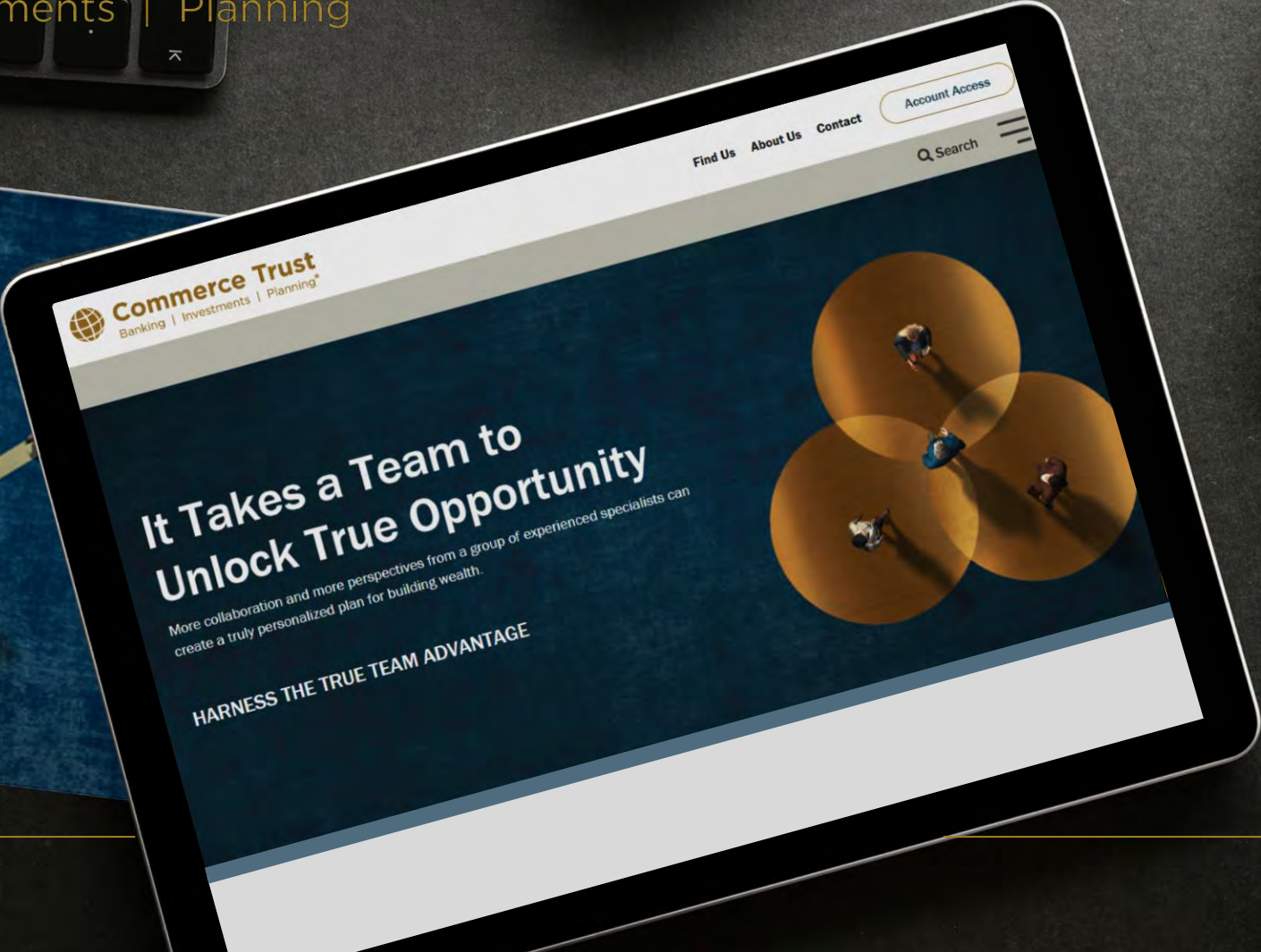
	2023	2024	2025	2026
Real GDP	2.90%	2.80%	2.10%	1.8 – 2.2%
Inflation (CPI)	3.40%	2.90%	2.70%	3.00%
Unemployment	3.70%	4.10%	4.40%	4.40%
Fed Funds	5.50%	4.50%	3.75%	3.75%
10-Year Treasury	3.88%	4.58%	4.17%	4.10%
S&P 500 Index	26.4%	25.0%	17.9%	7 – 11%

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THANK YOU

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