



Economic Update

September 2024

Disclosures

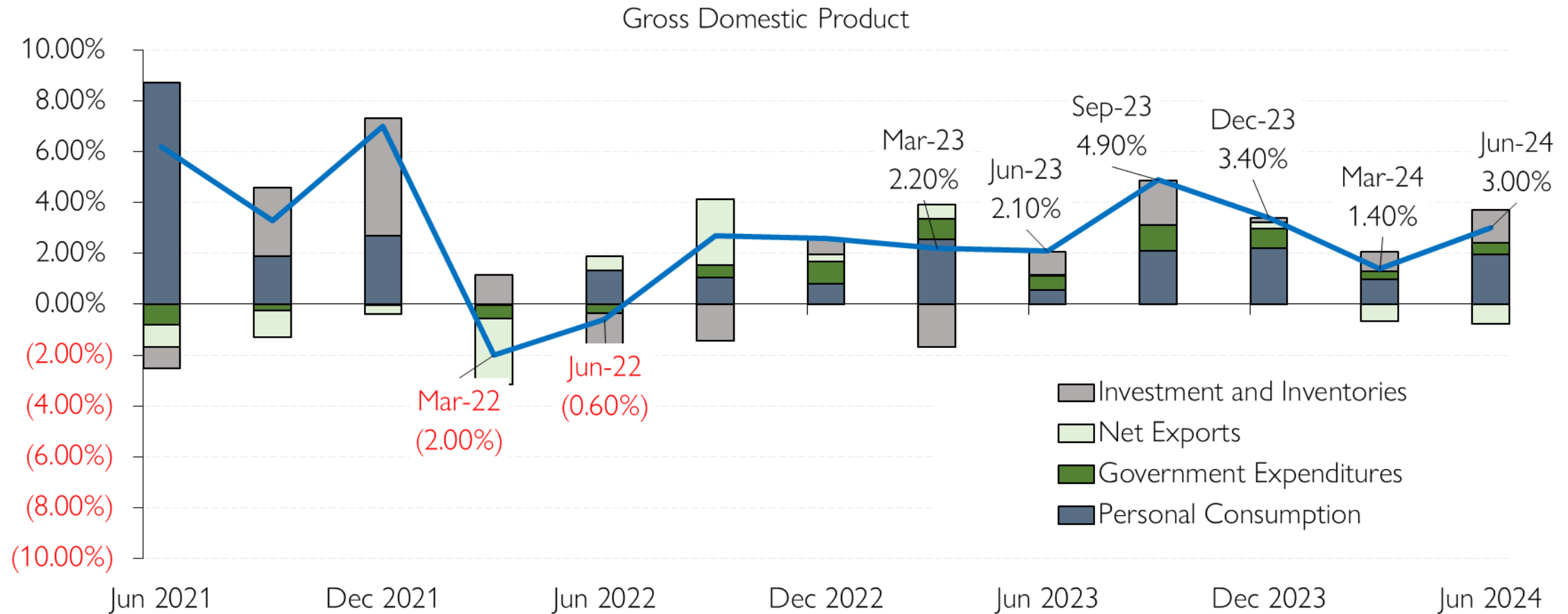
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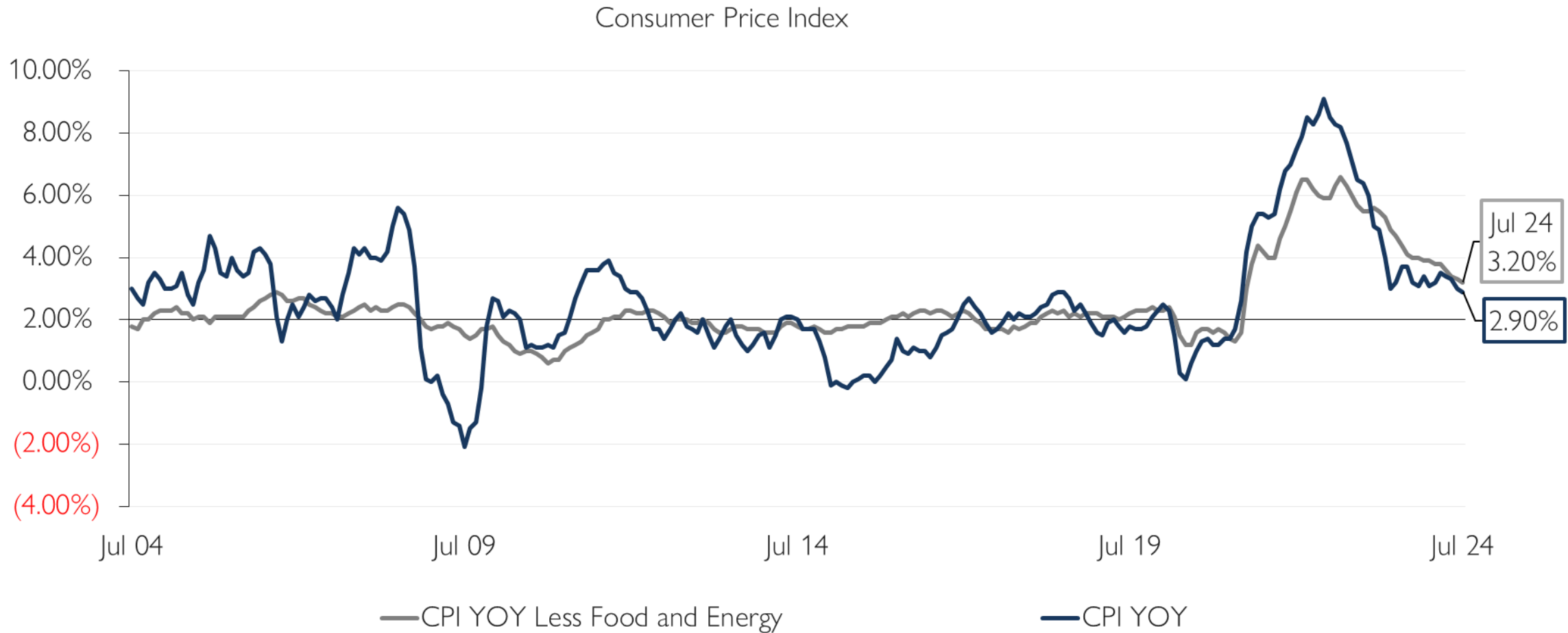
Gross Domestic Product

- The first reading of 2nd quarter 2024 GDP provided an unexpected surprise: The U.S. Economy grew at twice the rate during the second quarter, led by an increase in personal consumption (+1.95%) and business investment (+1.31%). Net exports were a drag on the economy (-.77%) during the quarter.



Inflation - CPI

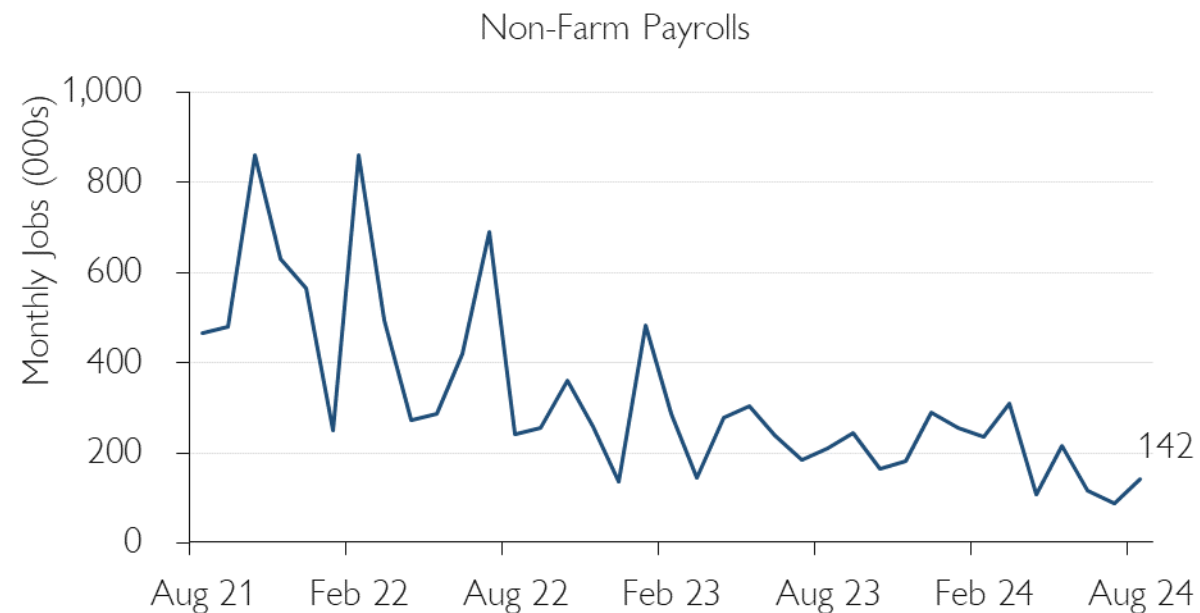
- The year over year July 2024 Consumer Price Index decreased 0.1% to 2.9%, breaking through the 3.0% level for the first time in more than three years (March 2021). Shelter costs continues to dominate the index, representing more than 70% of index increase.



Jobs

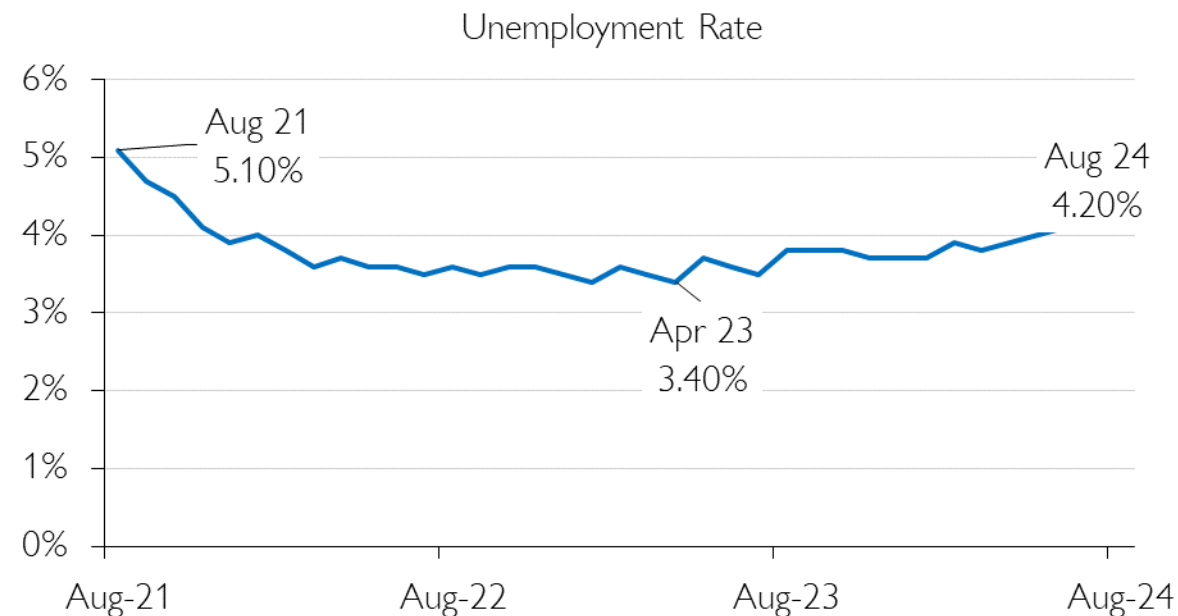
Job Growth continues

- Payrolls improved slightly in August compared to July with 142k new jobs created (114k in July), although slower job creation appears to be forming a longer-term trend.
- Average monthly job growth for the 2nd quarter of 2024 was 168k compared with 274k average in the 2nd quarter of 2023.

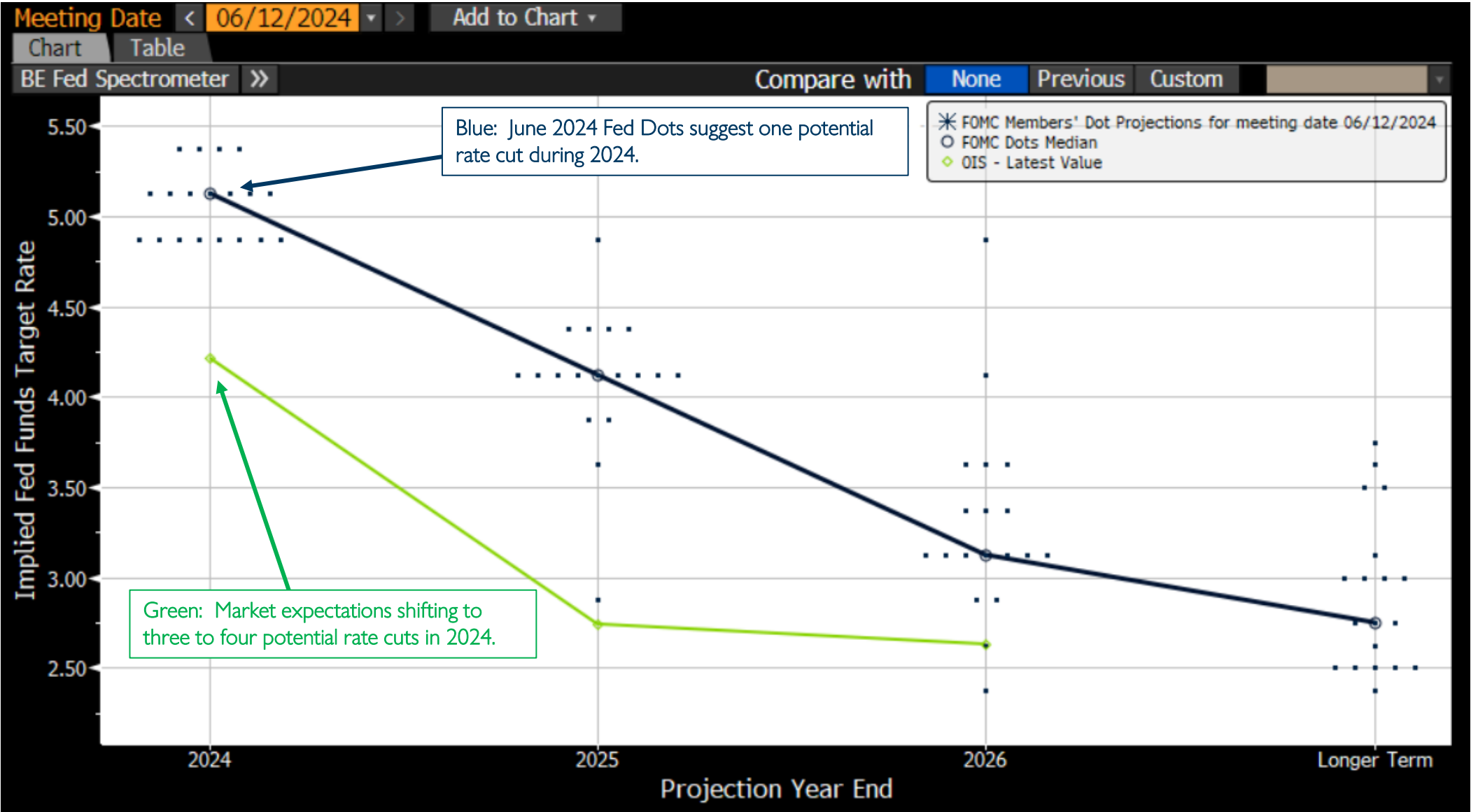


Unemployment Levels Remain Low

- The national unemployment decreased 0.1% to 4.2% in August, reversing the four month trend higher unemployment rates.
- While unemployment has increased 0.8% from the low of 3.4%, the rate remains below the 10 year average of 4.75%.



FOMC Dot Plot – June 12, 2024 – Market as of September 9, 2024



Federal Funds Rate Expectations – Jan vs. Aug 2024

Pricing Date 01/01/2024

Meeting	#Hikes/Cuts	%Hike/Cut	Imp. Rate Δ	Implied Rate
01/31/2024	-0.150	-15.0%	-0.038	5.290
03/20/2024	-0.965	-81.5%	-0.241	5.086
05/01/2024	-2.065	-110.0%	-0.516	4.811
06/12/2024	-2.463	-39.9%	-0.616	4.712
07/31/2024	-3.960	-149.7%	-0.990	4.338
09/18/2024	-4.973	-101.3%	-1.243	4.084
11/07/2024	-5.614	-64.2%	-1.404	3.924
12/18/2024	-5.685	-7.1%	-1.421	3.906
01/29/2025	-7.010	-132.5%	-1.753	3.575

Pricing Date 09/09/2024

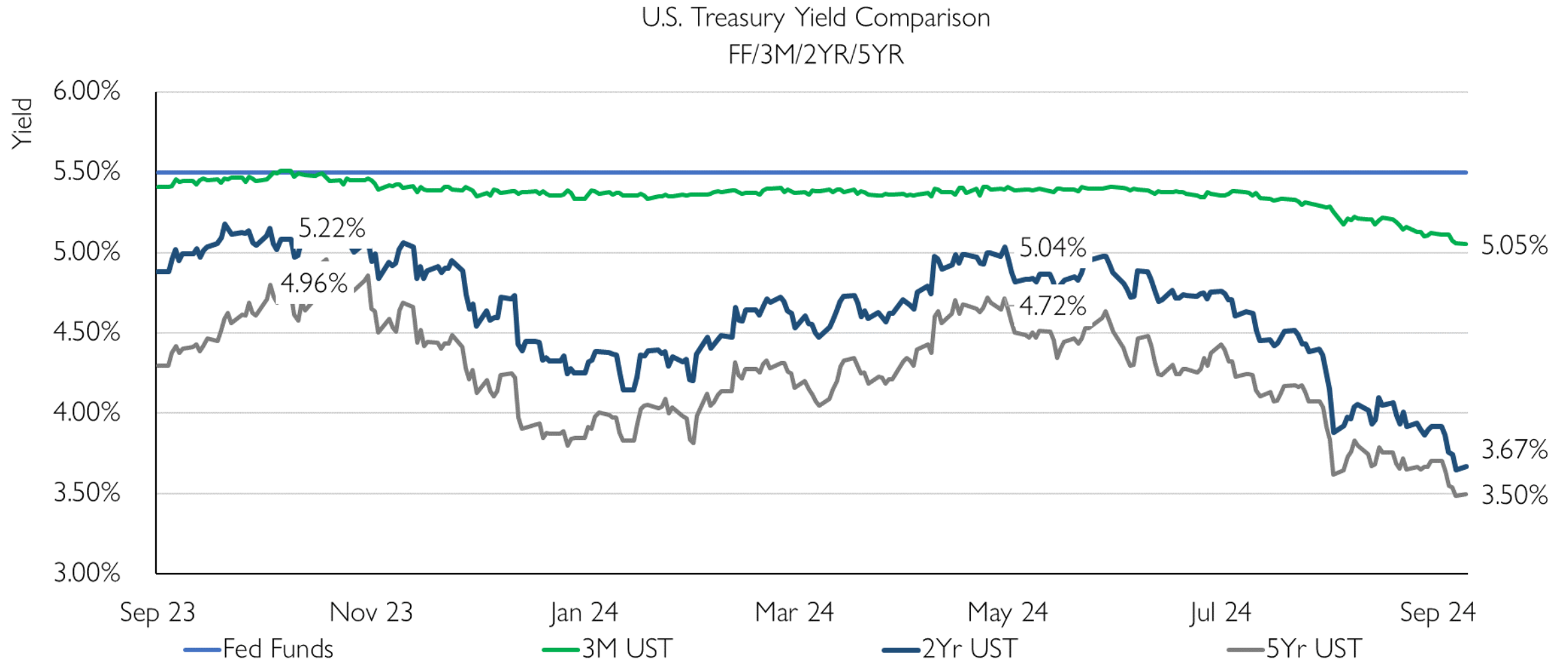
Meeting	#Hikes/Cuts	%Hike/Cut	Imp. Rate Δ	Implied Rate
09/18/2024	-1.308	-130.8%	-0.327	5.008
11/07/2024	-2.847	-153.9%	-0.712	4.623
12/18/2024	-4.473	-162.5%	-1.118	4.216
01/29/2025	-5.928	-145.6%	-1.482	3.852
03/19/2025	-7.275	-134.7%	-1.819	3.516
05/07/2025	-8.247	-97.2%	-2.062	3.273
06/18/2025	-8.872	-62.5%	-2.218	3.117
07/30/2025	-9.348	-47.6%	-2.337	2.998
09/17/2025	-9.673	-32.4%	-2.418	2.916

Volatility of Federal Funds Rate Cut Expectations – December 2024 Meeting



Interest Rates Continue Decline

- Interest rates continue downward trend following renewed fears of a U.S./Global economic slowdown.



Longer Term Yields Decline from Spring 2024 highs

- U.S. Treasury yields with maturities between two years and five years have declined by more than 1% since April as slower job growth in the summer months sparked recession fears, resulting in a further inversion of the Treasury curve.

