

Advanced Sales Forum

Seeing the Horizon Clearly
Through Economic
Uncertainty





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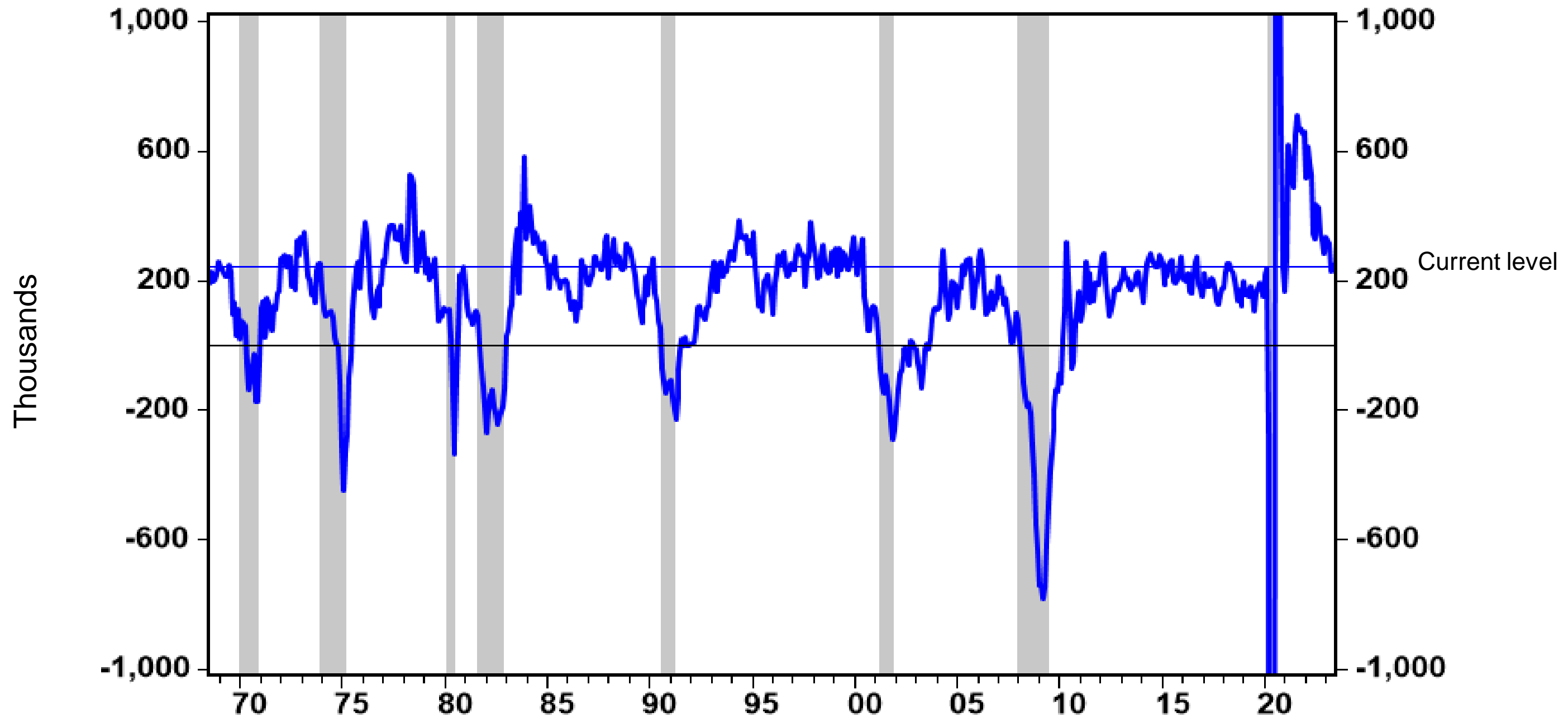


Continued strong job gains are holding up growth



3-month average for nonfarm payroll growth

June 2023



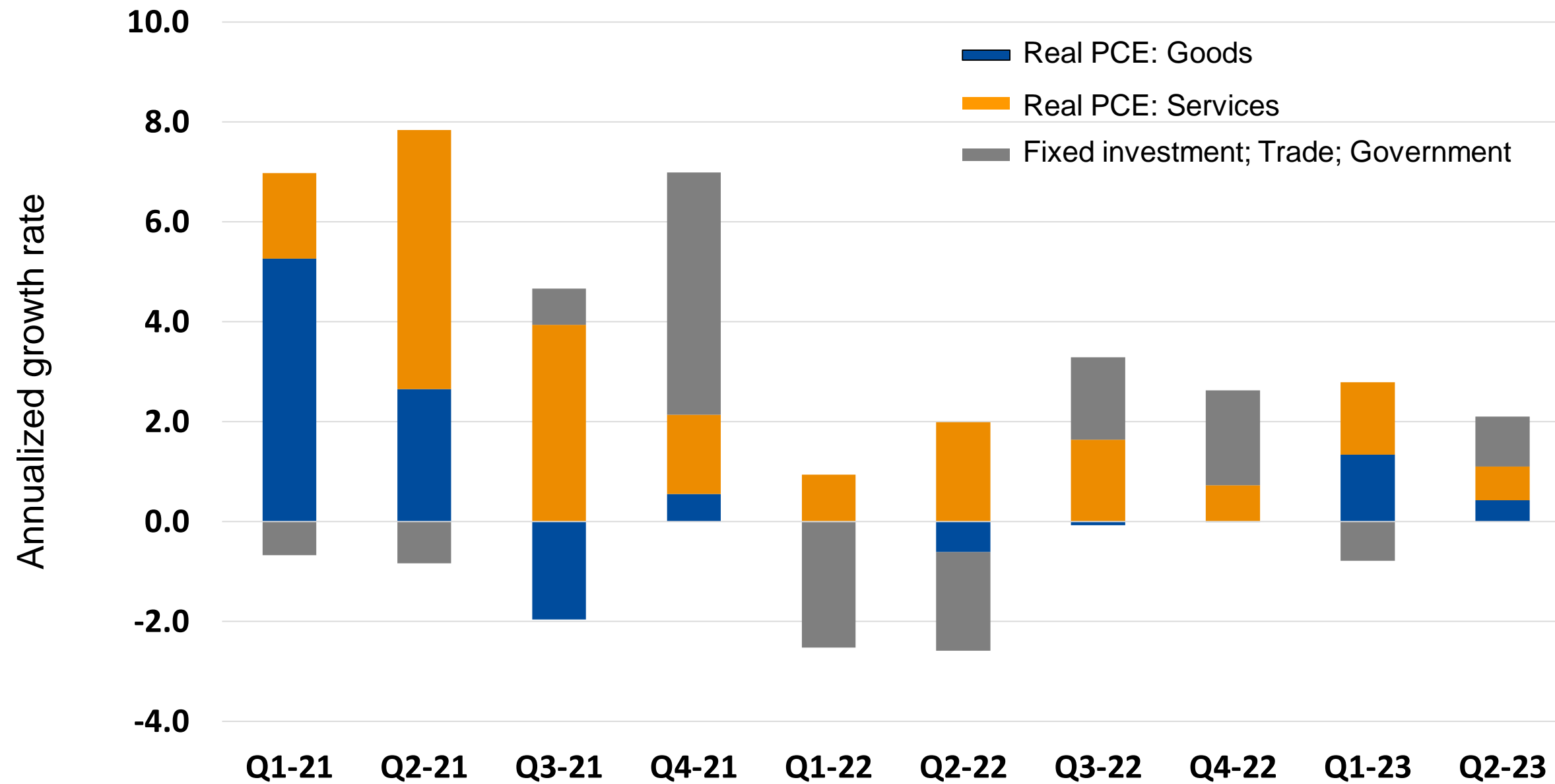
Sources: BLS/Haver Analytics; Shaded areas depict recessionary periods



Consumer activity is extending the expansion



Contribution to real GDP growth
Q2 2023

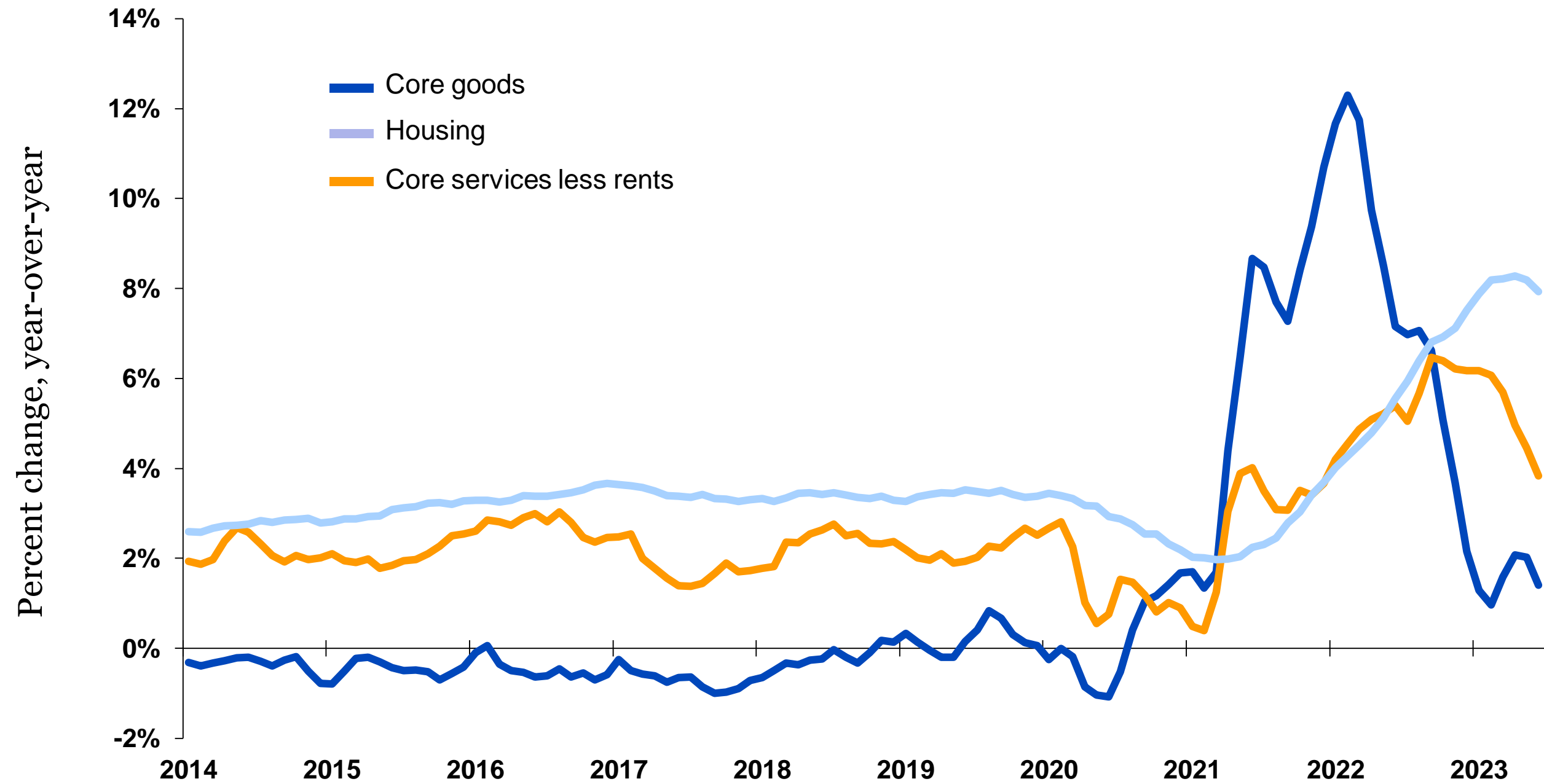


Sources: BEA; Haver Analytics

Housing and services inflation remains high



Consumer inflation breakdown
June 2023



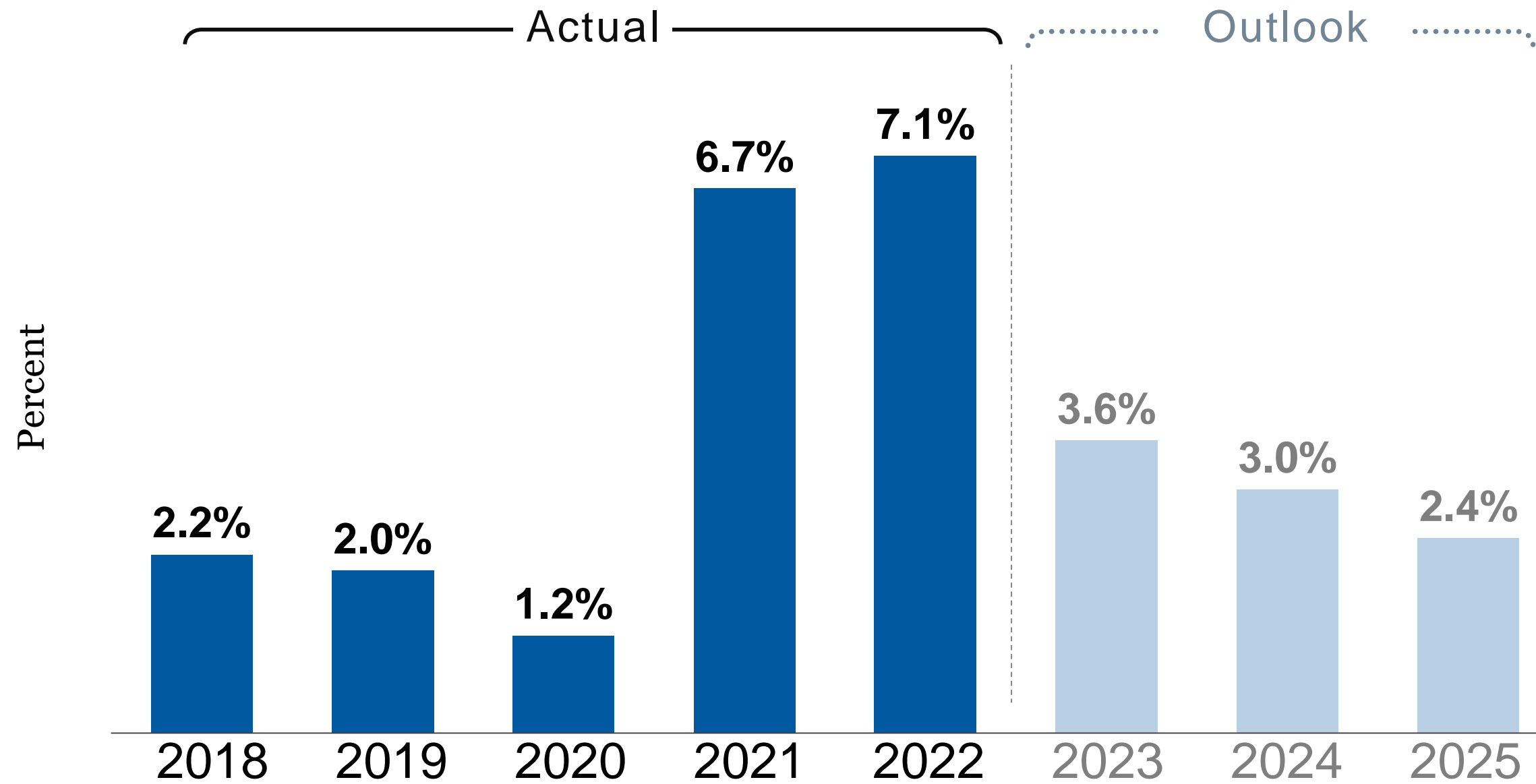
Sources: Bureau of Labor Statistics; Haver Analytics



Inflation projected to be elevated into 2024



Consumer price index (Q4-to-Q4 change)



Source: BLS; Haver Analytics; Nationwide Economics (outlook)

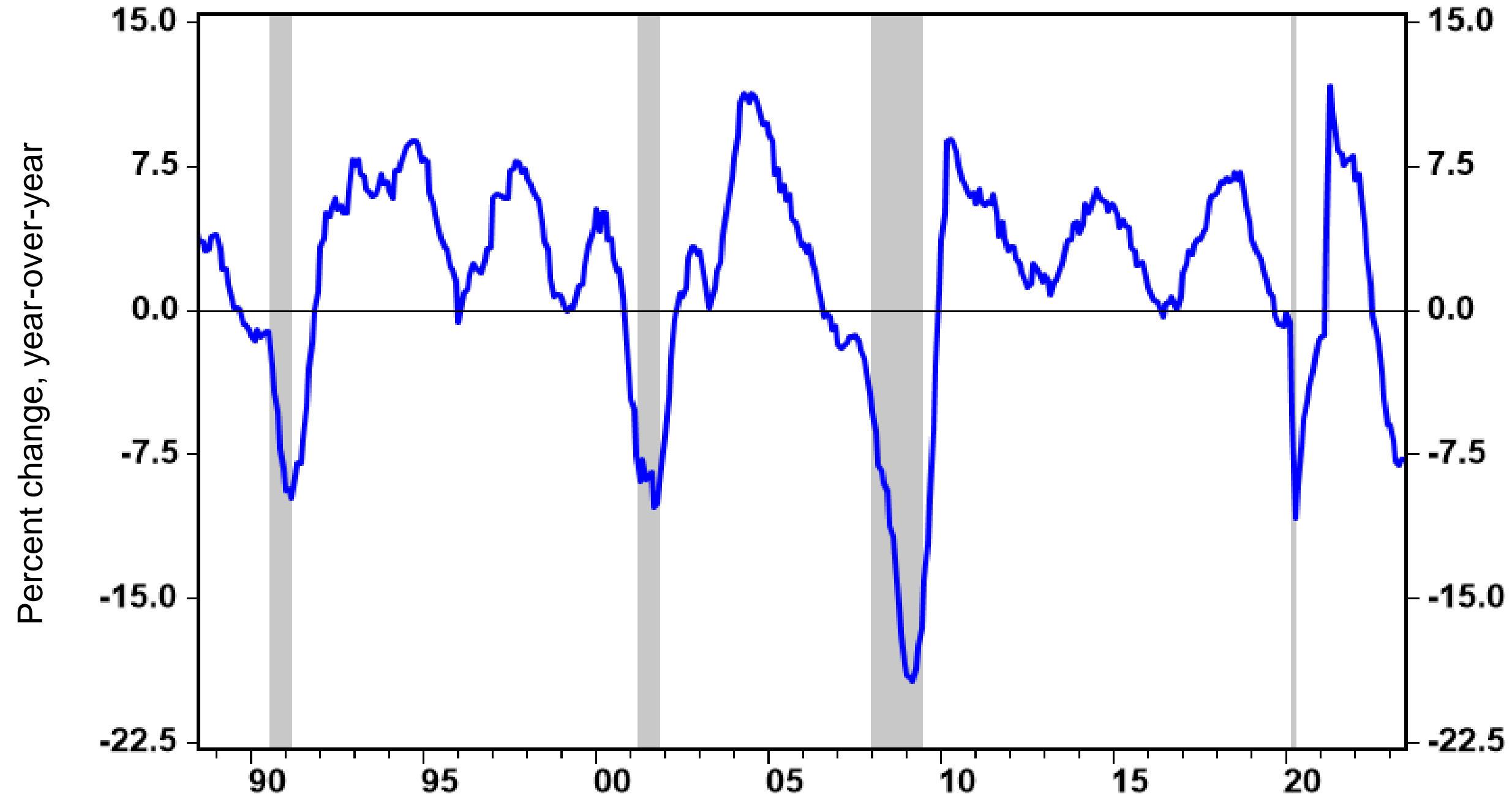


Leading indicators point to high recession risks



Index of Leading Economic Indicators

June 2023



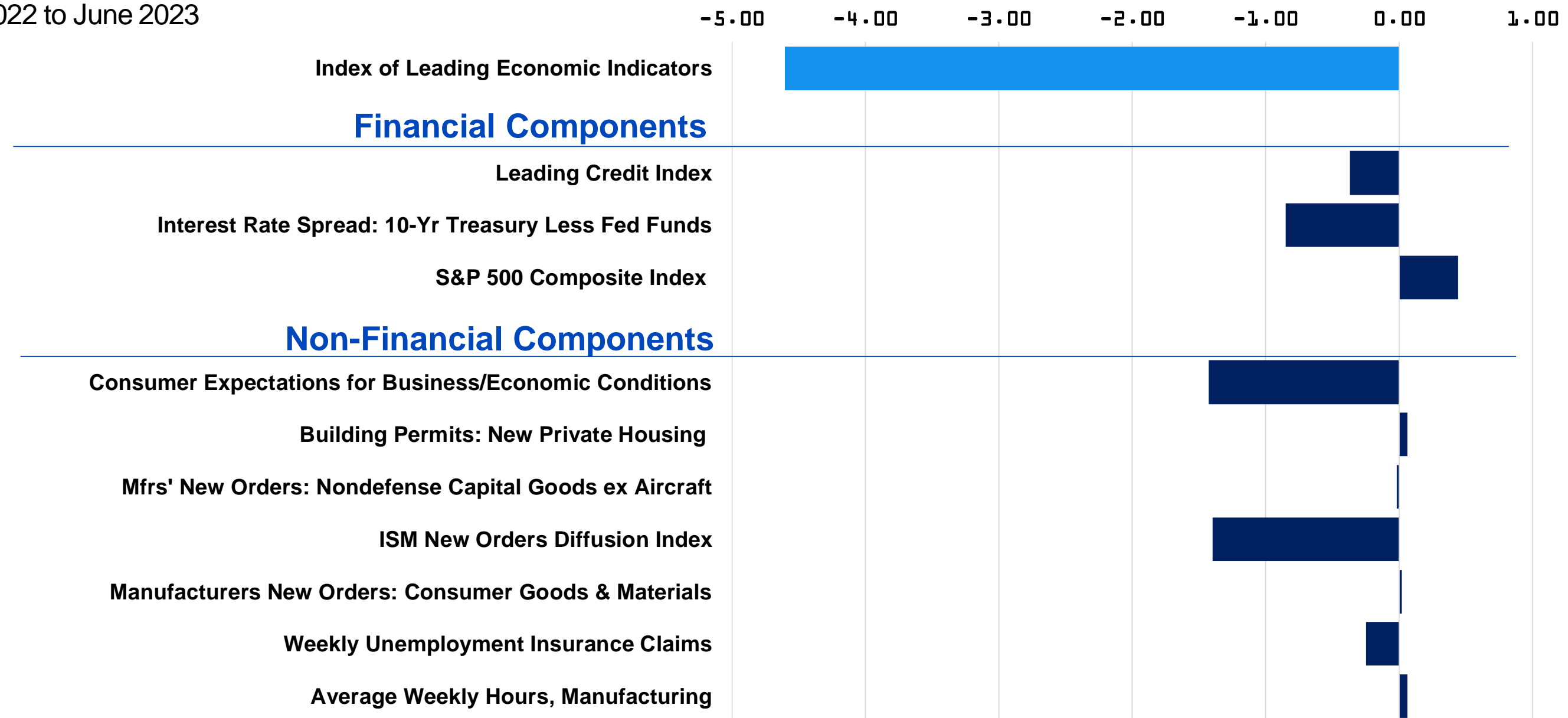
Sources: Conference Board; Haver Analytics; Shaded areas depict recessionary periods



Widespread deterioration of leading signals

Change in LEI by component

December 2022 to June 2023



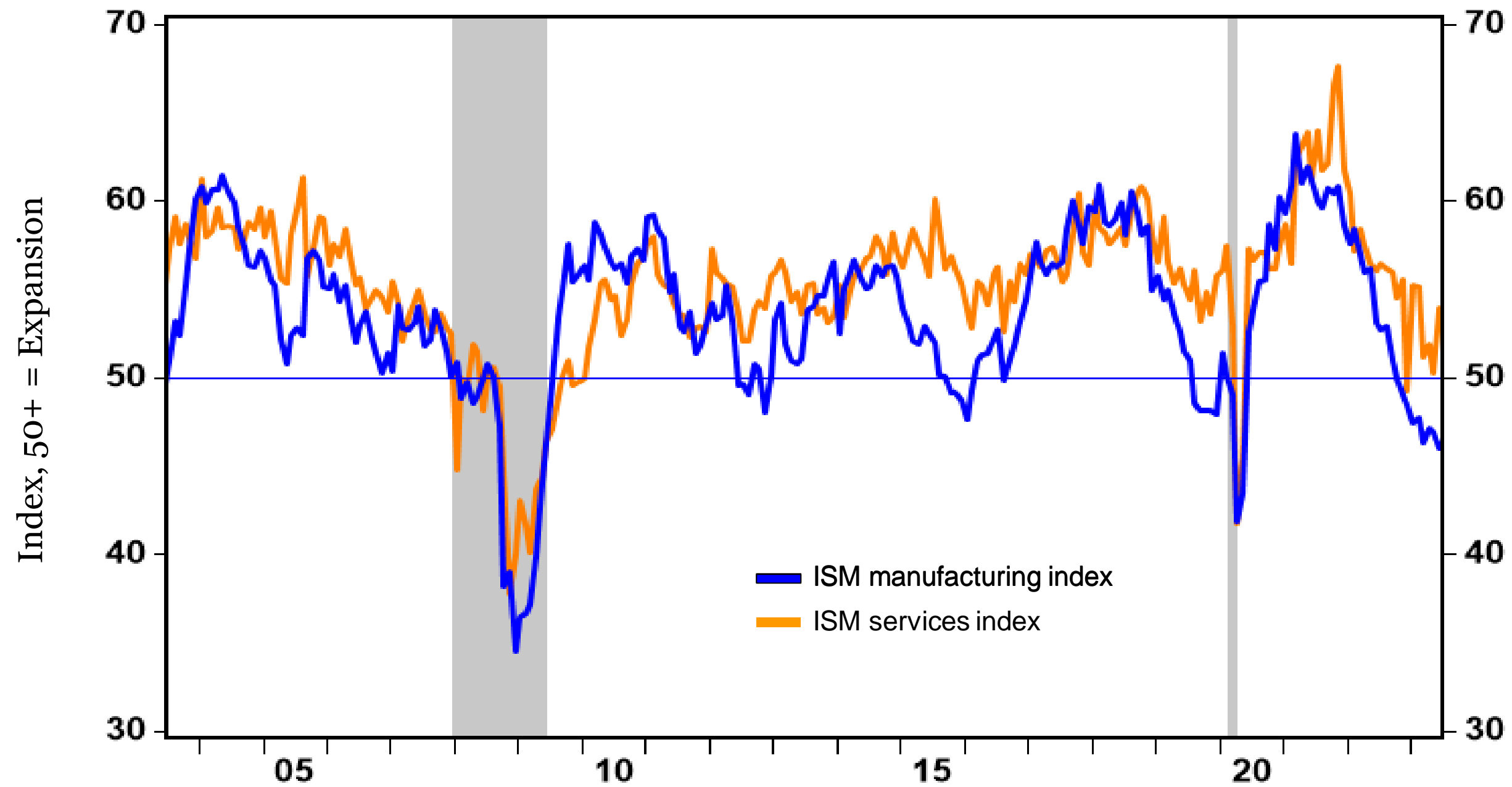
Source: Conference Board

More key sectors are trending towards contraction



Business surveys

June 2023



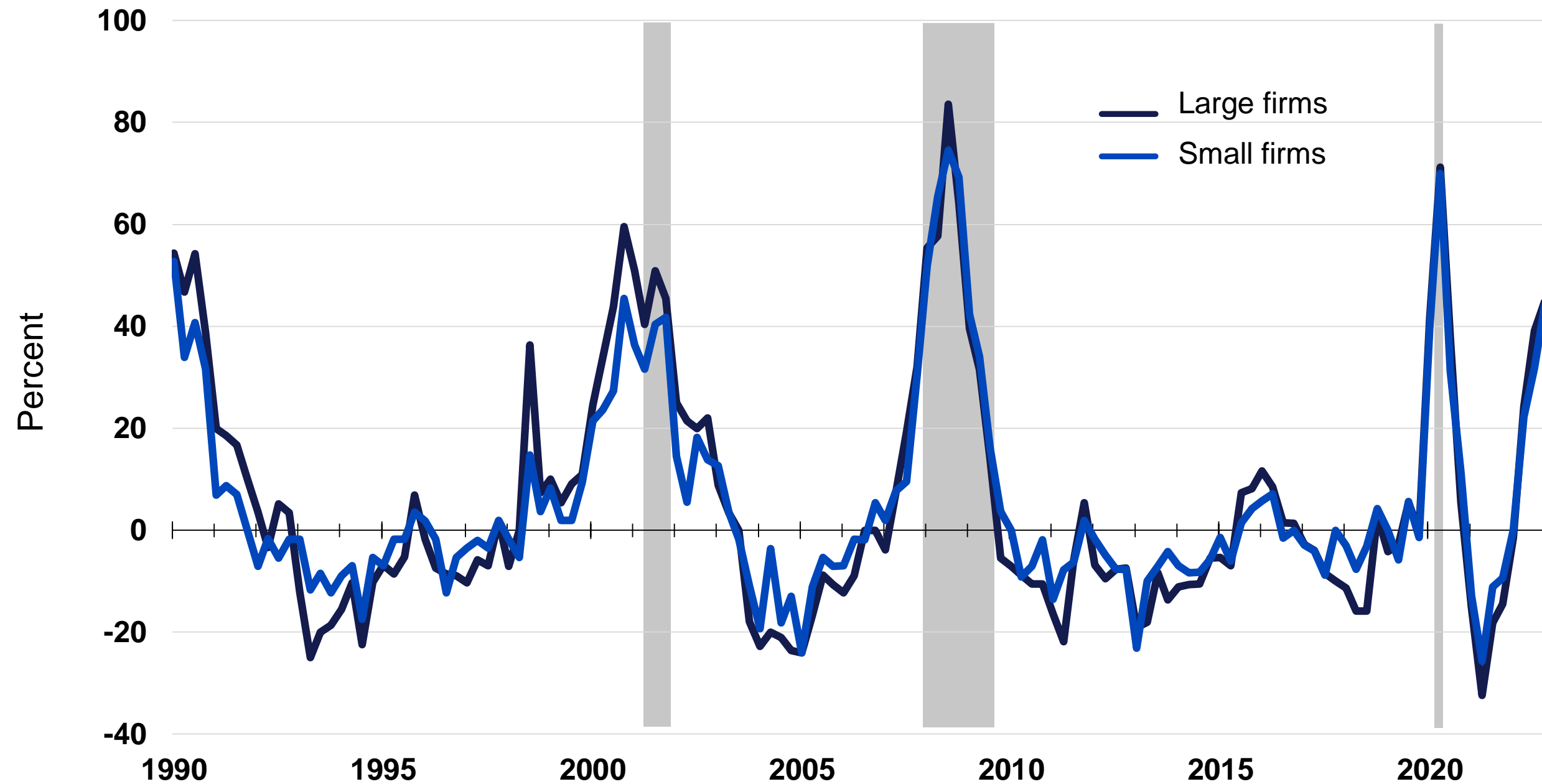
Sources: Institute for Supply Management; Haver Analytics; Shaded areas depict recessionary periods



Banking stress creates further downside risk



Percentage of banks that are tightening C&I loan standards
Q2 2023



Sources: Federal Reserve Board; Haver Analytics; Shaded areas depict recessionary periods

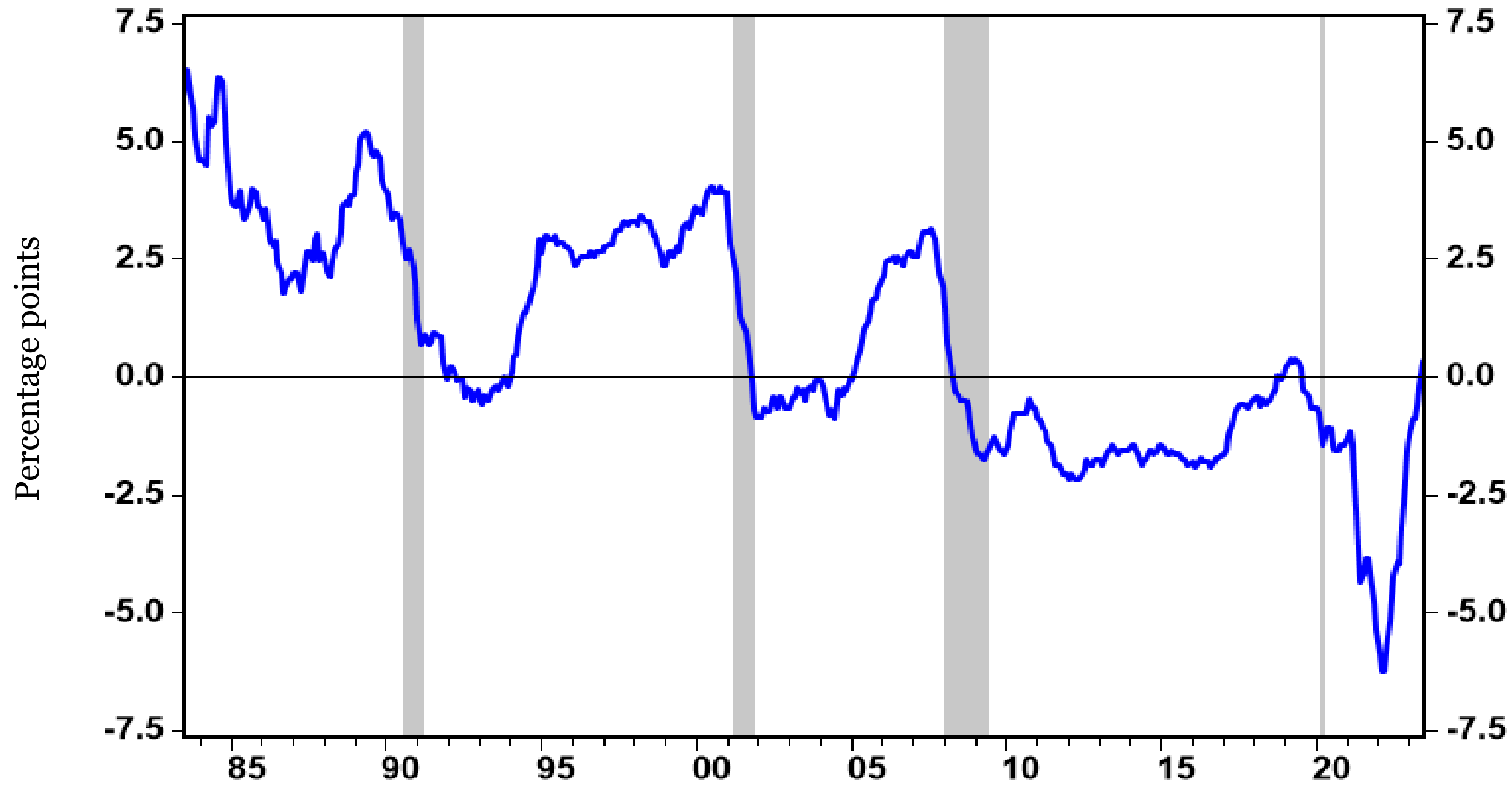


Monetary policy might not be restrictive yet



Fed funds target rate less core CPI inflation

June 2023



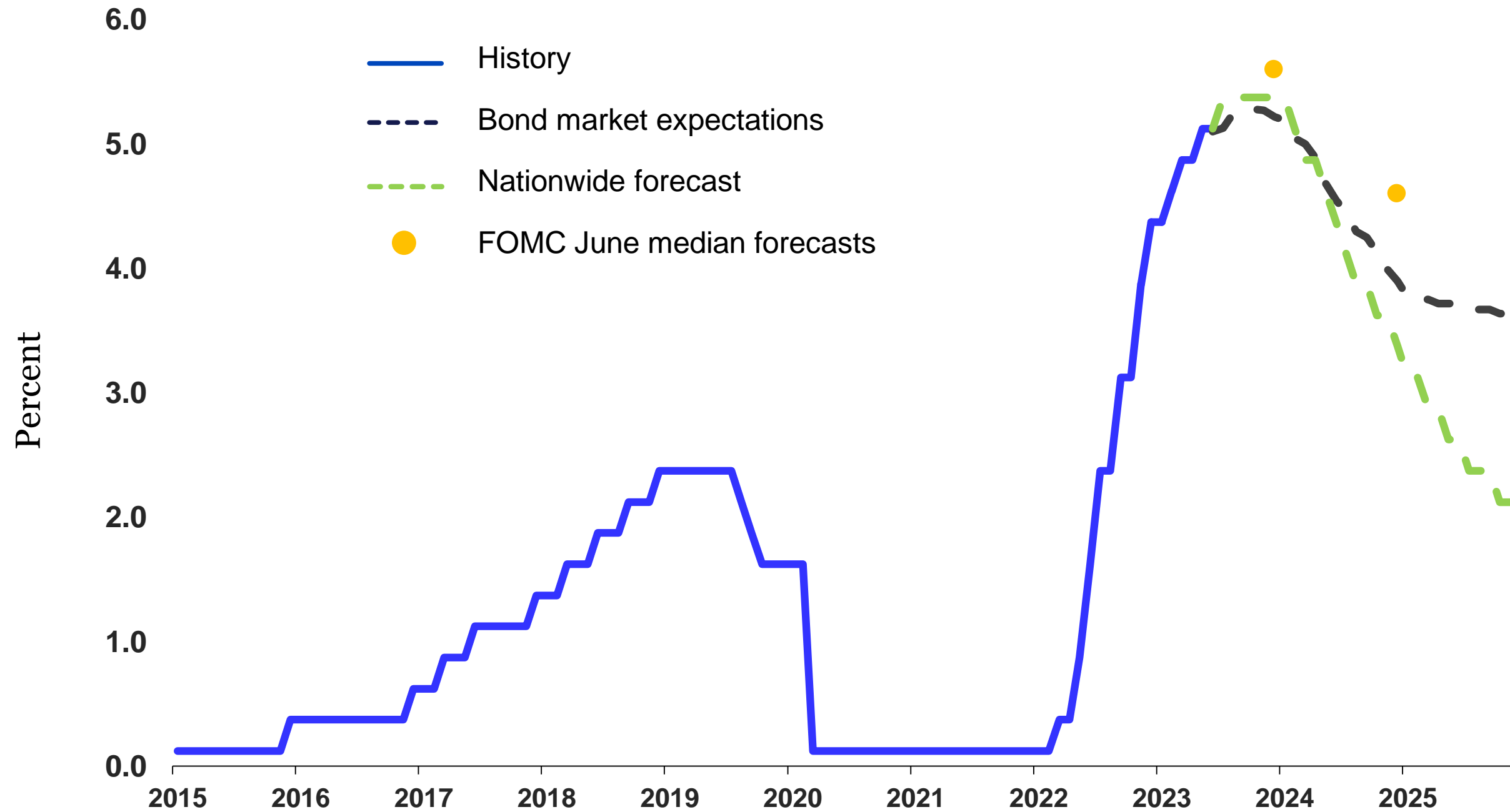
Sources: Federal Reserve Board; BLS; Haver Analytics; Shaded areas depict recessionary periods



Consensus that rates will remain higher into 2024



Fed funds rate estimates



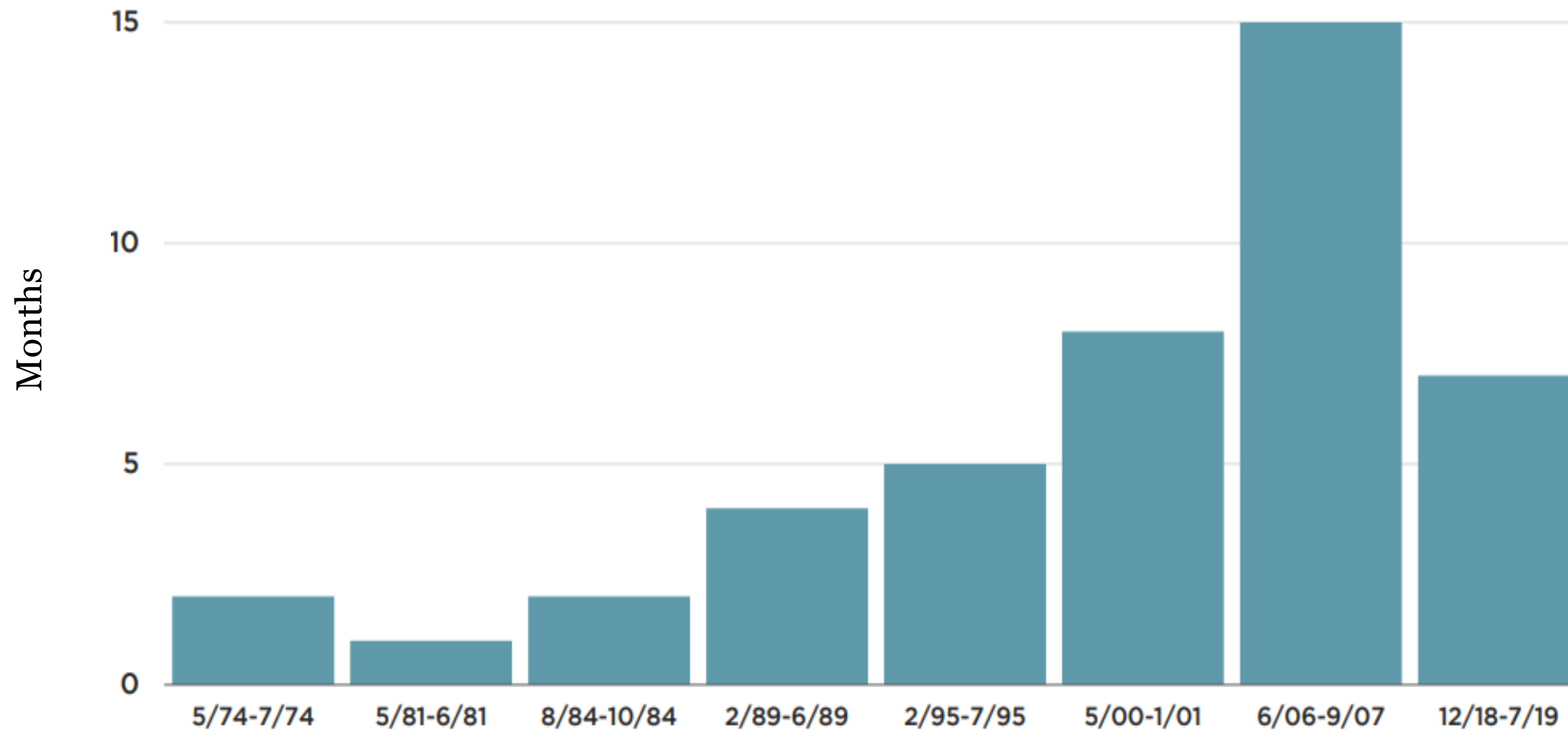
Source: Federal Reserve Board; CME Group



Usually, a quick pivot from tightening to easing



Time between the end of monetary tightening cycles and the beginning of easing cycles



Sources: Federal Reserve Board

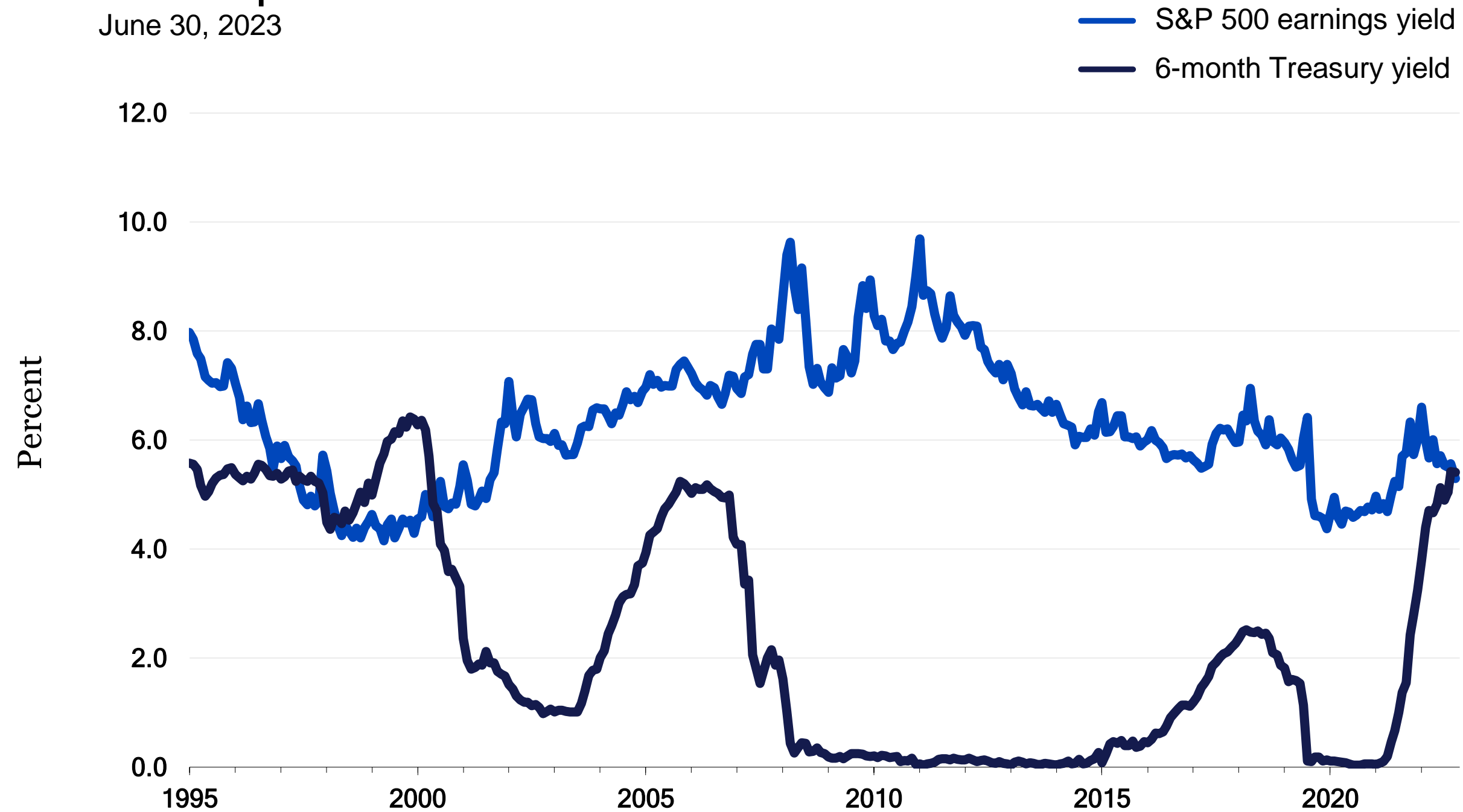


New competition for market yield



Yield comparison

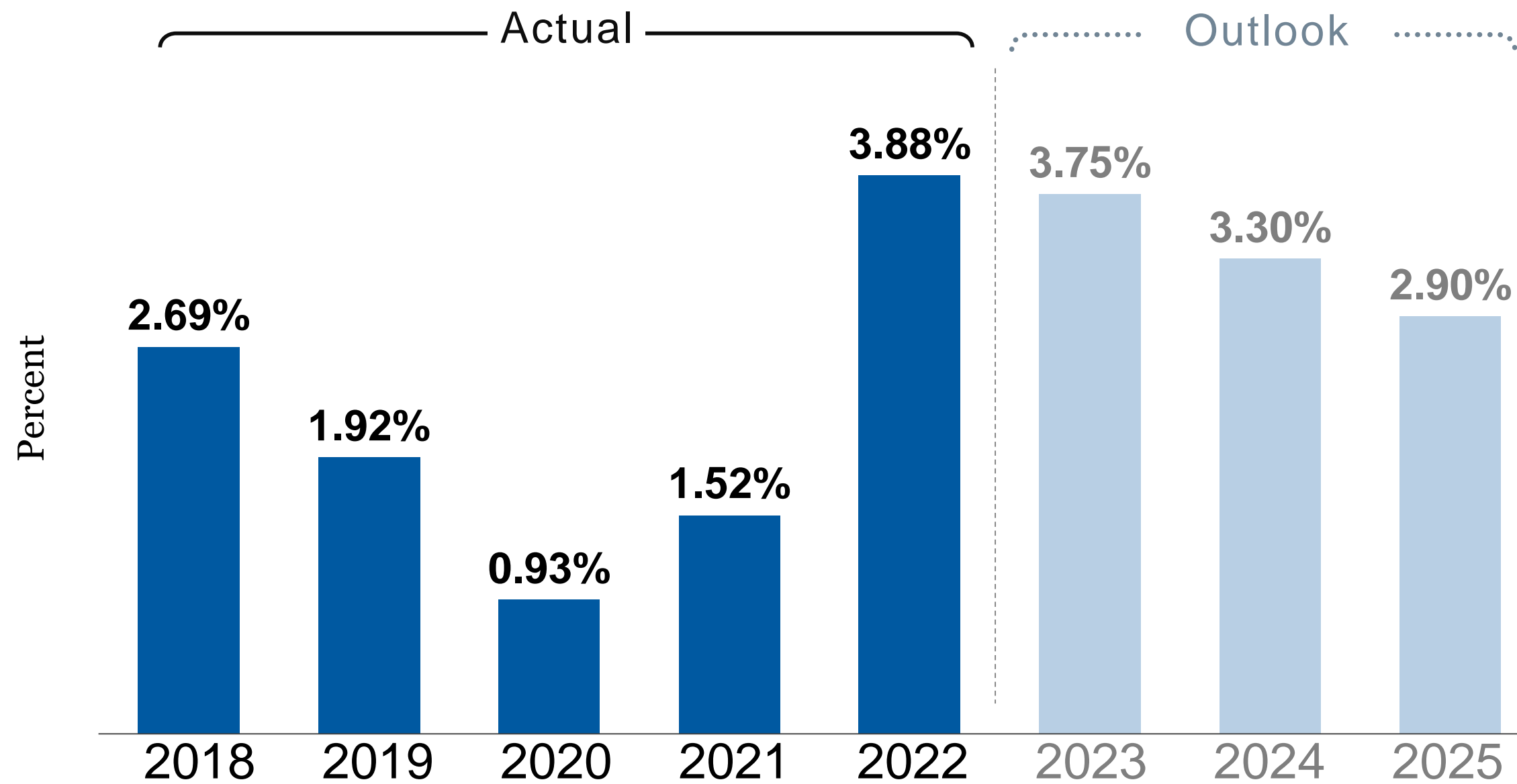
June 30, 2023



Higher lending rates until the Fed starts to ease



10-year Treasury note yield (year-end)



Source: Federal Reserve Board; Haver Analytics; Nationwide Economics (outlook)

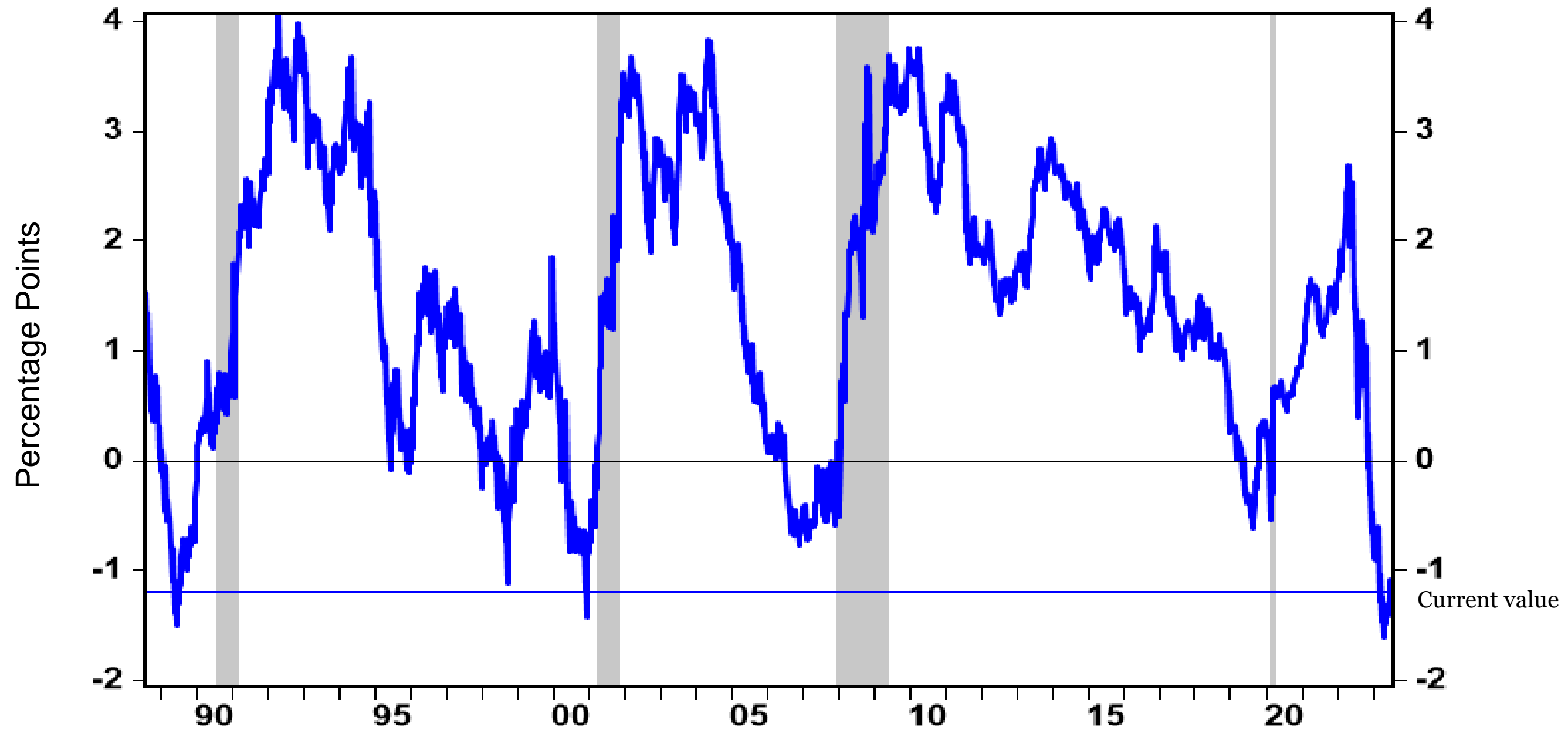


Inverted yield curve is another recession signal



Spread between the 10-year Treasury yield and the federal funds rate

July 21, 2023



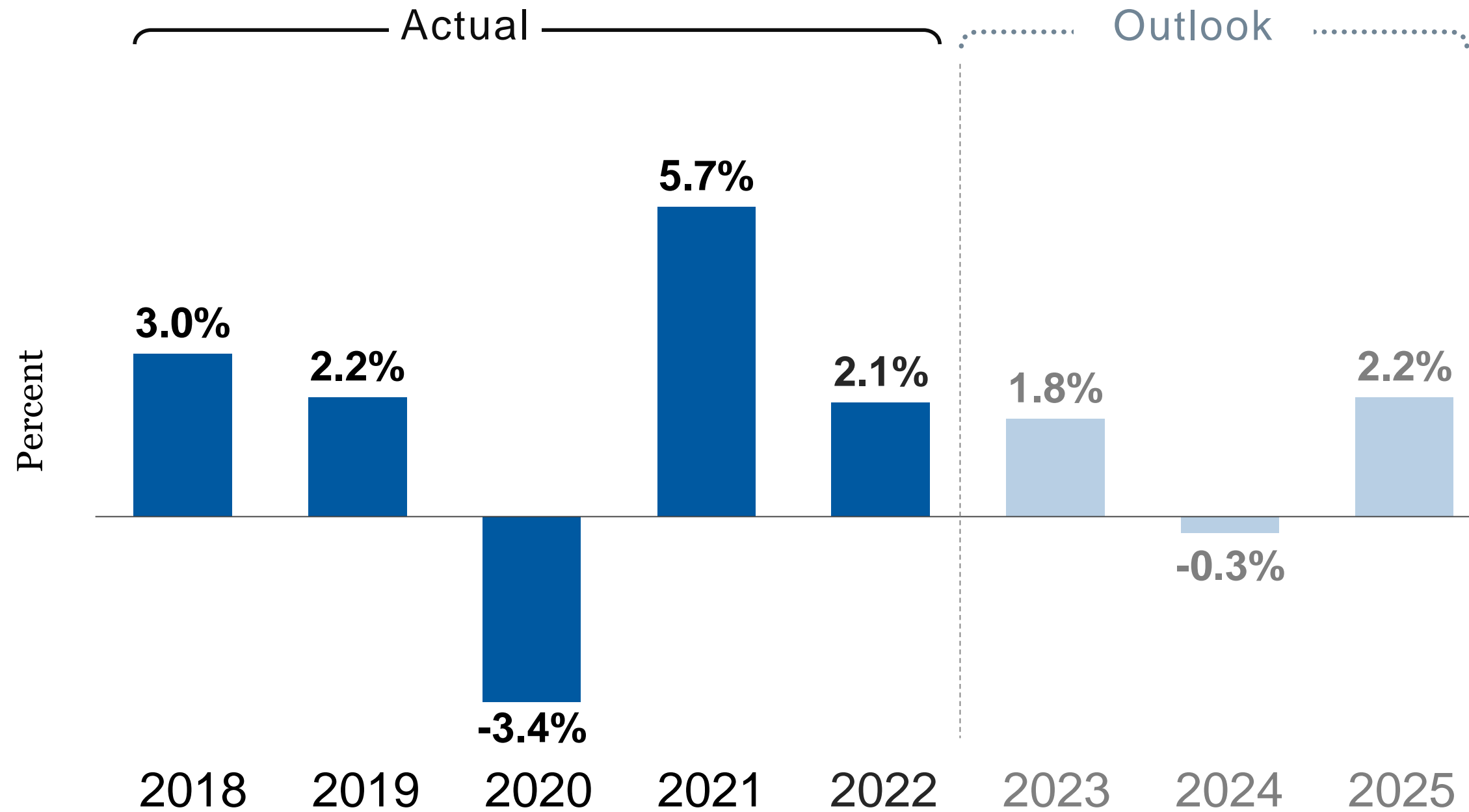
Sources: Federal Reserve Board; Haver Analytics; Shaded areas depict recessionary periods



A moderate recession at end of 2023 and into 2024



Real GDP Growth (year-over-year)



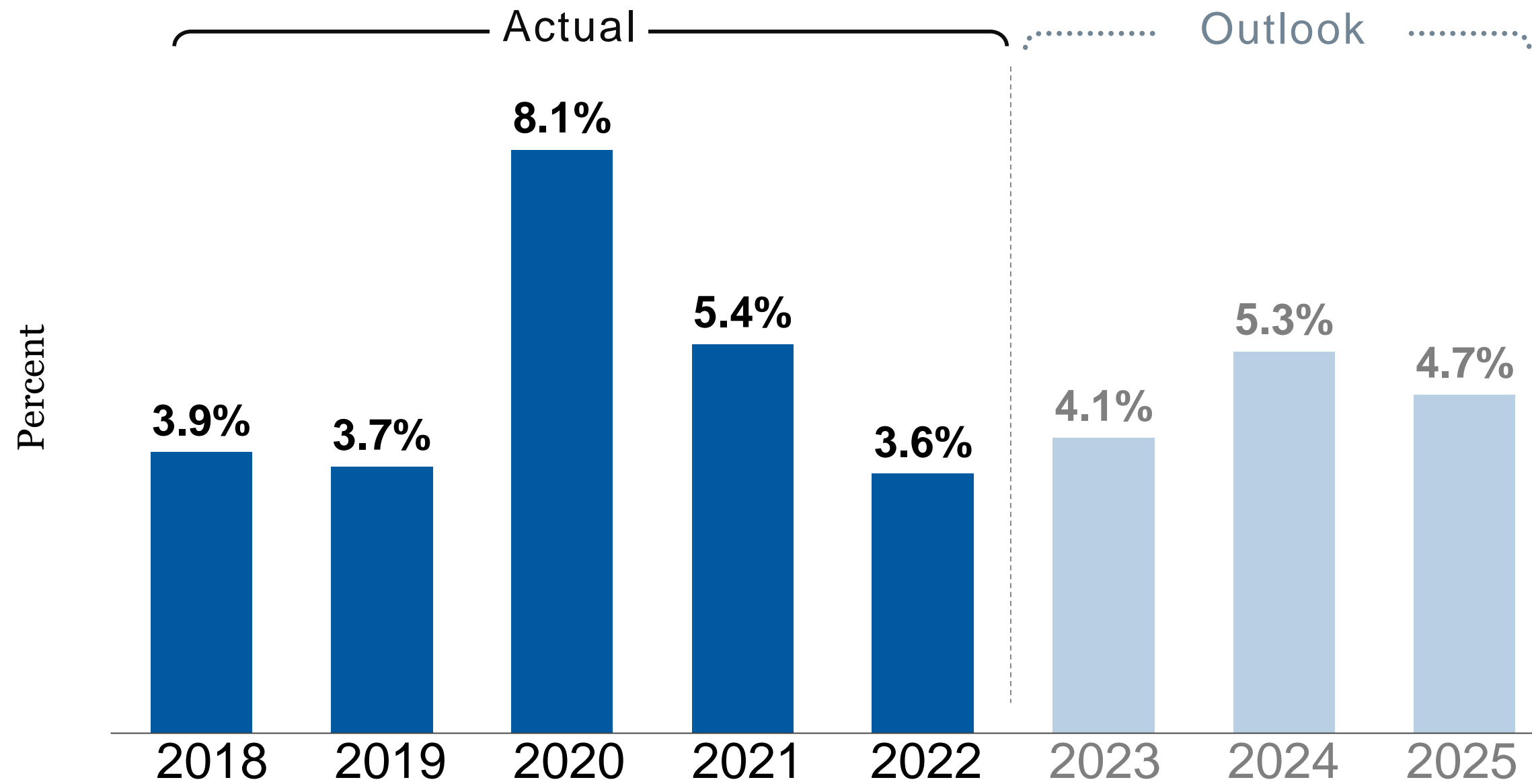
Source: BEA; Haver Analytics; Nationwide Economics (outlook)



Higher unemployment as layoffs build



Unemployment rate (annual average)



Source: BLS; Haver Analytics; Nationwide Economics (outlook)

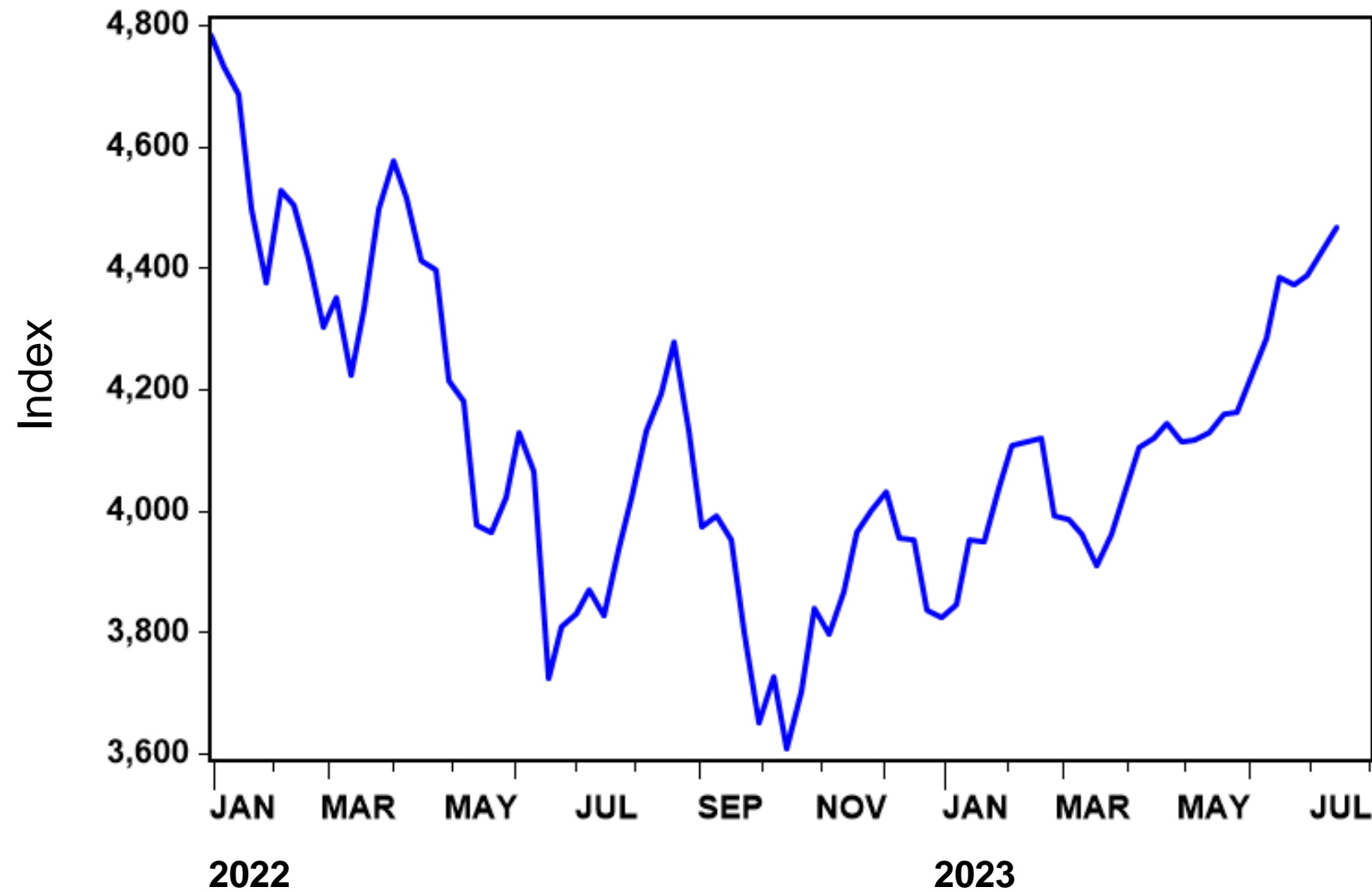


Equity markets dependent on the tech sector



S&P 500 stock index

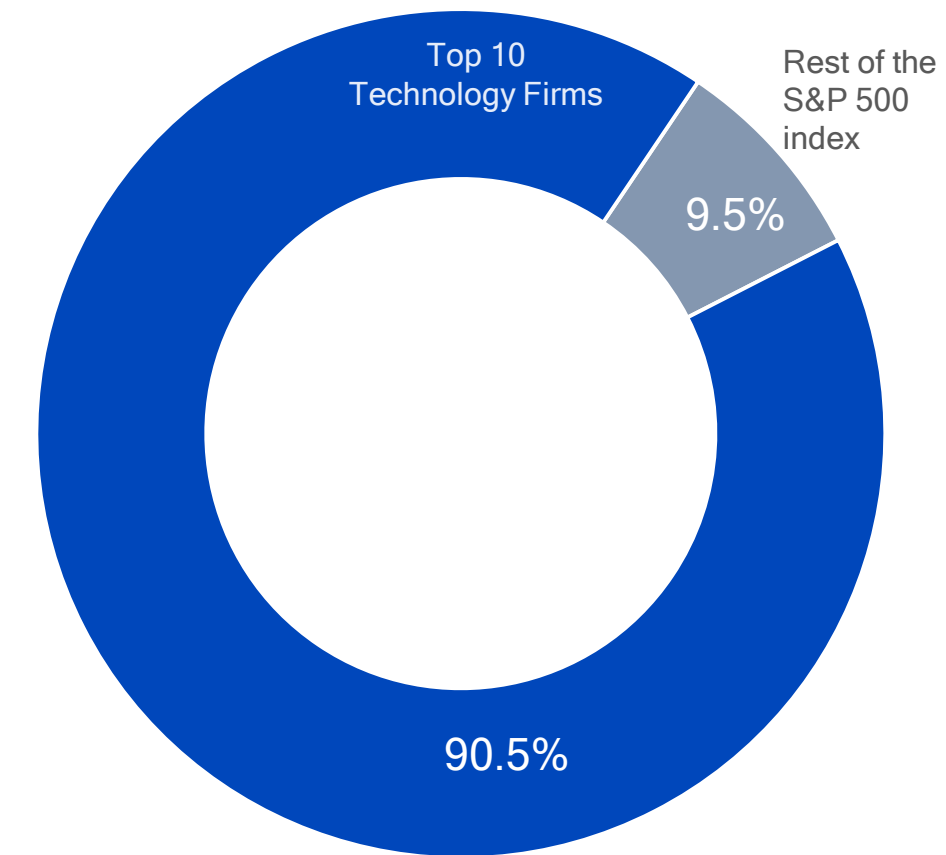
July 21, 2023



Sources: Standard & Poor's; Bloomberg

Share of S&P 500 Index gain

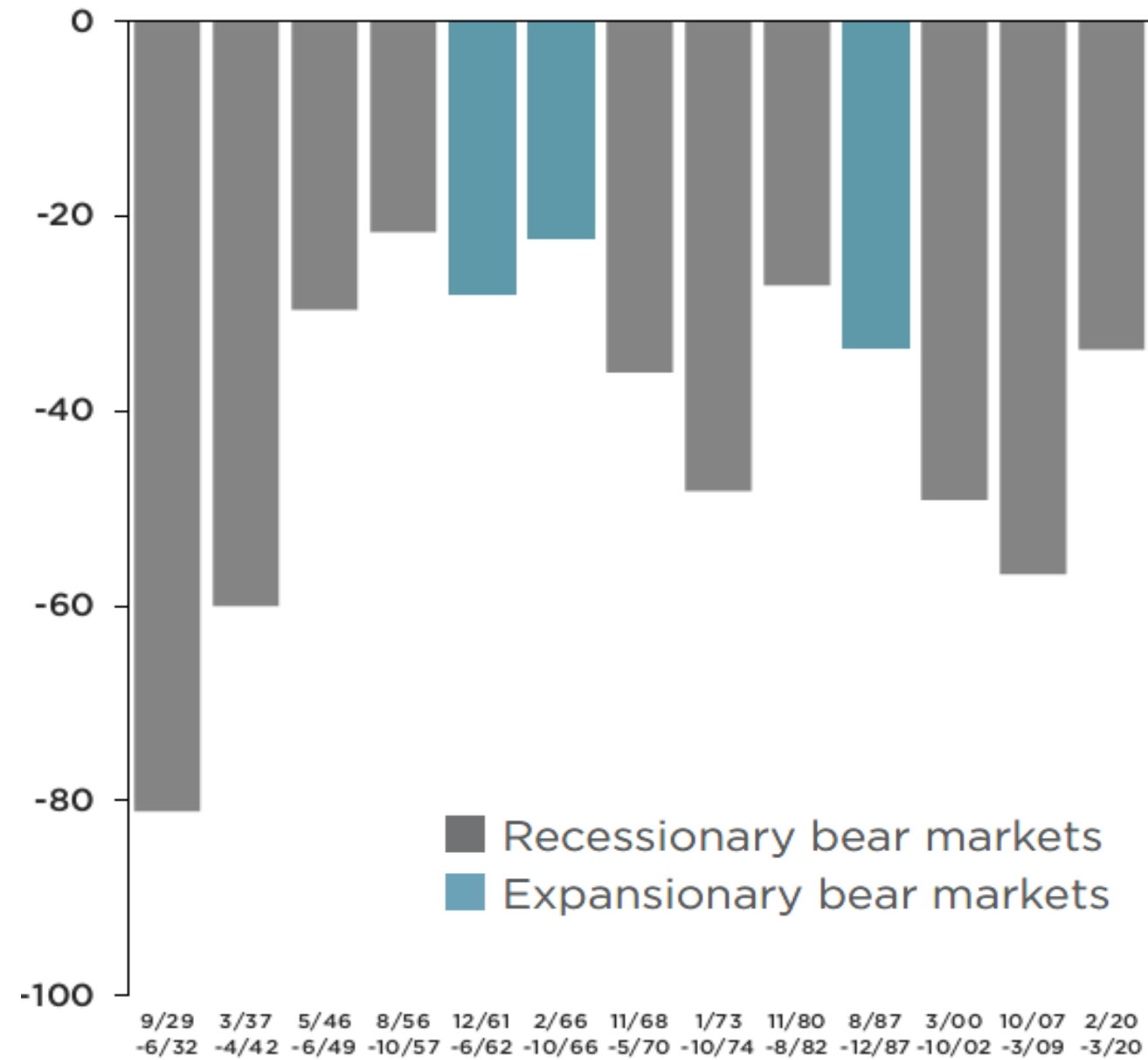
YTD through July 21, 2023



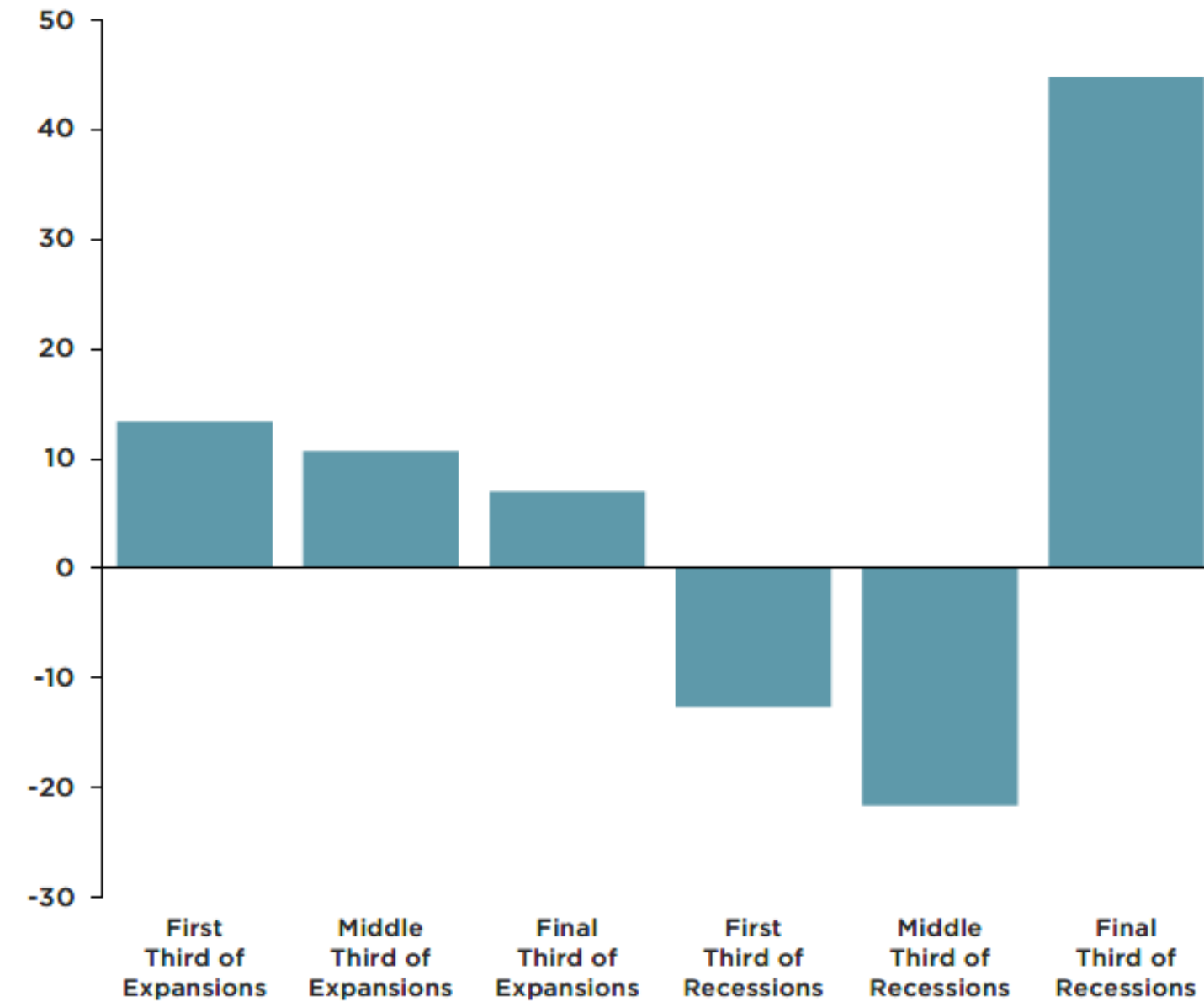
Stocks typically rise before recessions end



Changes in the S&P 500 by bear market
Percent



Median annualized change in the S&P 500 across the business cycle
Months



Sources: Standard & Poor's



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S&P 500[®] Index: An unmanaged, market capitalization-weighted index of 500 stocks of leading large-cap U.S. companies in leading industries; gives a broad look at the U.S. equities market and those companies' stock price performance.

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