

National and Regional Economic Update

Chatham Chamber of Commerce
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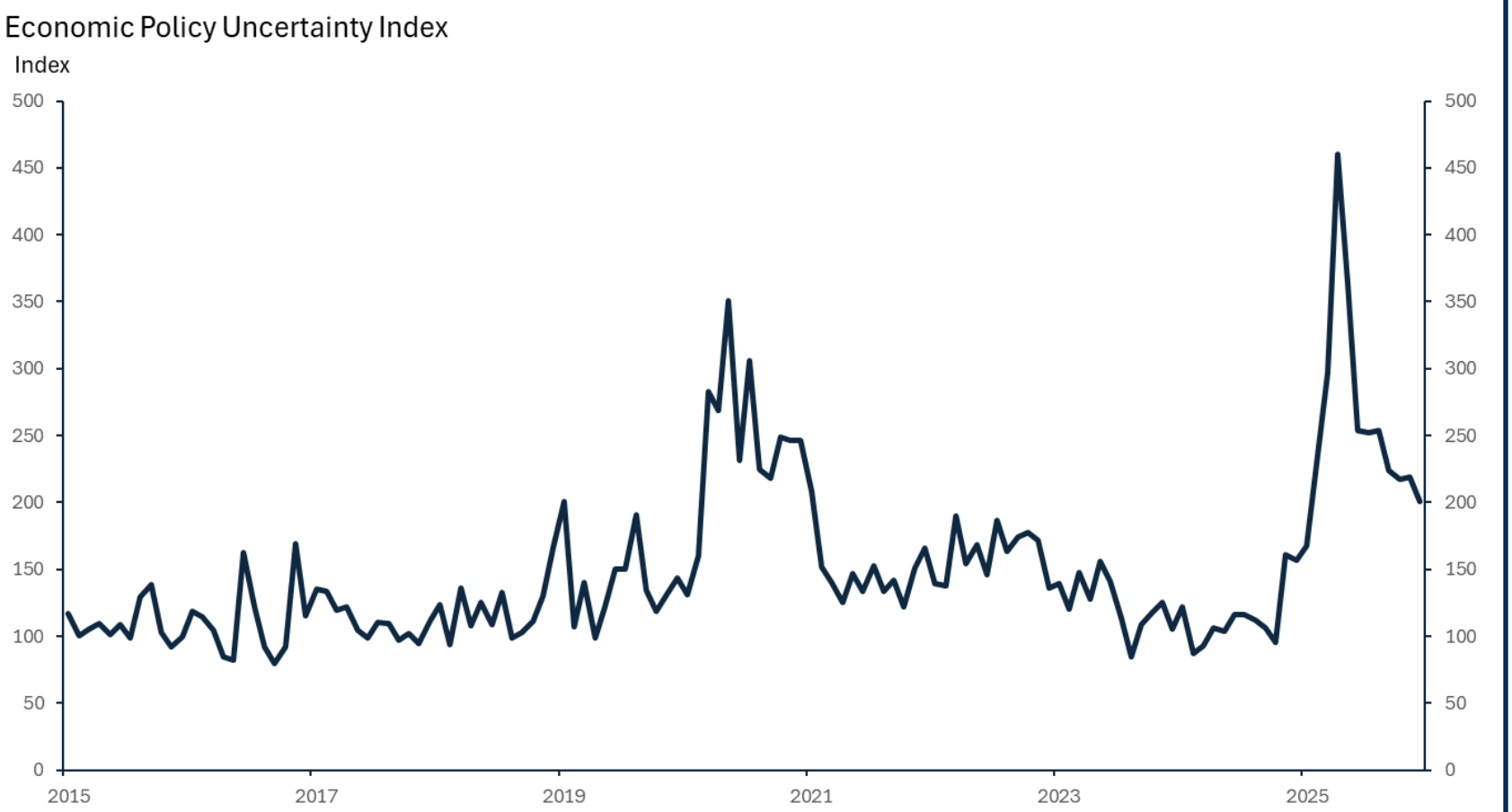
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Where are we now?

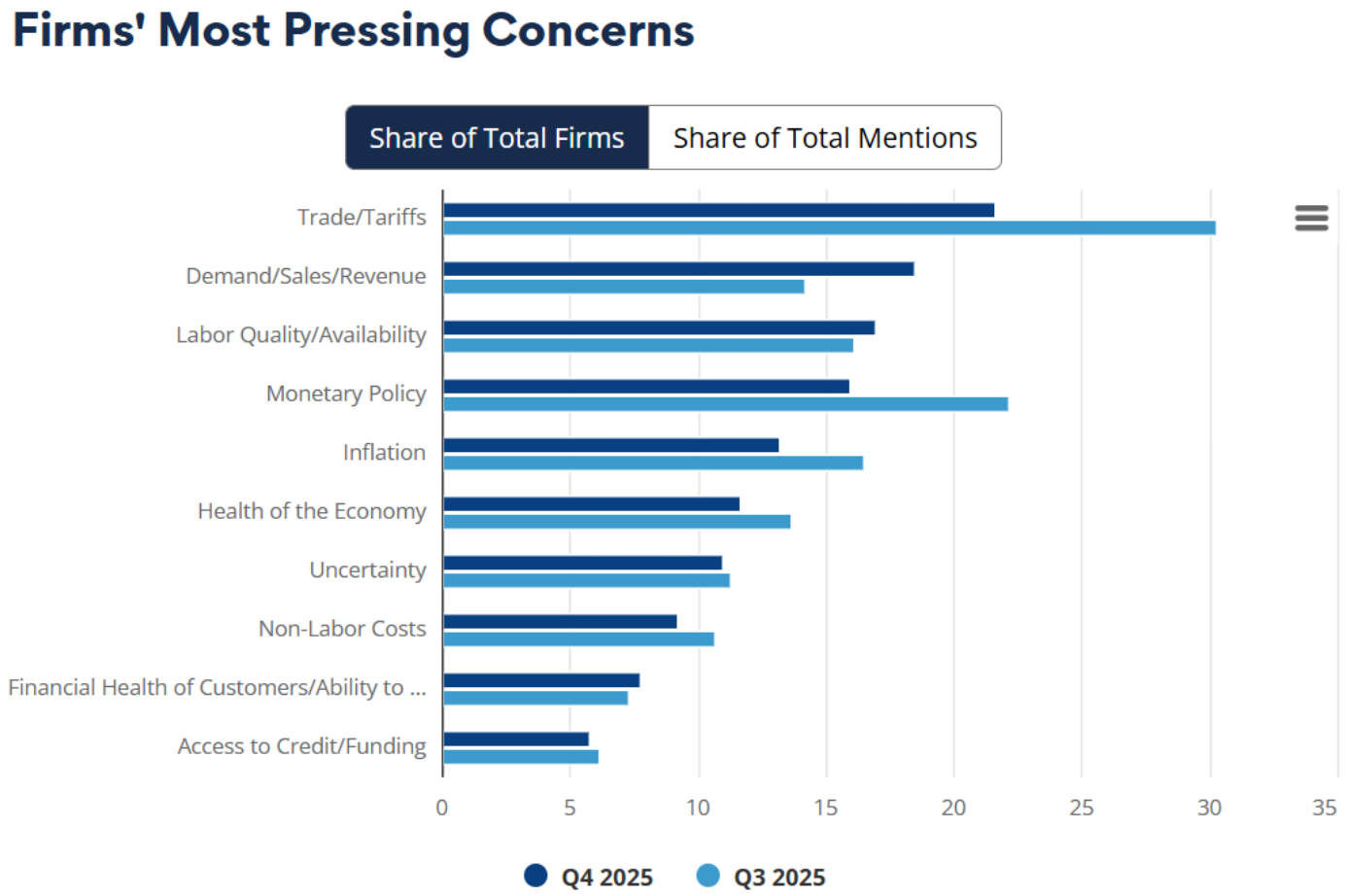
- Economic activity in aggregate is solid, though the drivers of activity appear to have narrowed.
- Consumer spending is still holding up, but this differs by income level
- Inflation has declined considerably but remains stubbornly above the 2 percent average target. Tariffs have driven input costs higher but there has been limited impact on consumer prices data
- The labor market is relatively sable but showing signs of slowing after historically tight conditions.

Economic policy uncertainty diminished but remains elevated



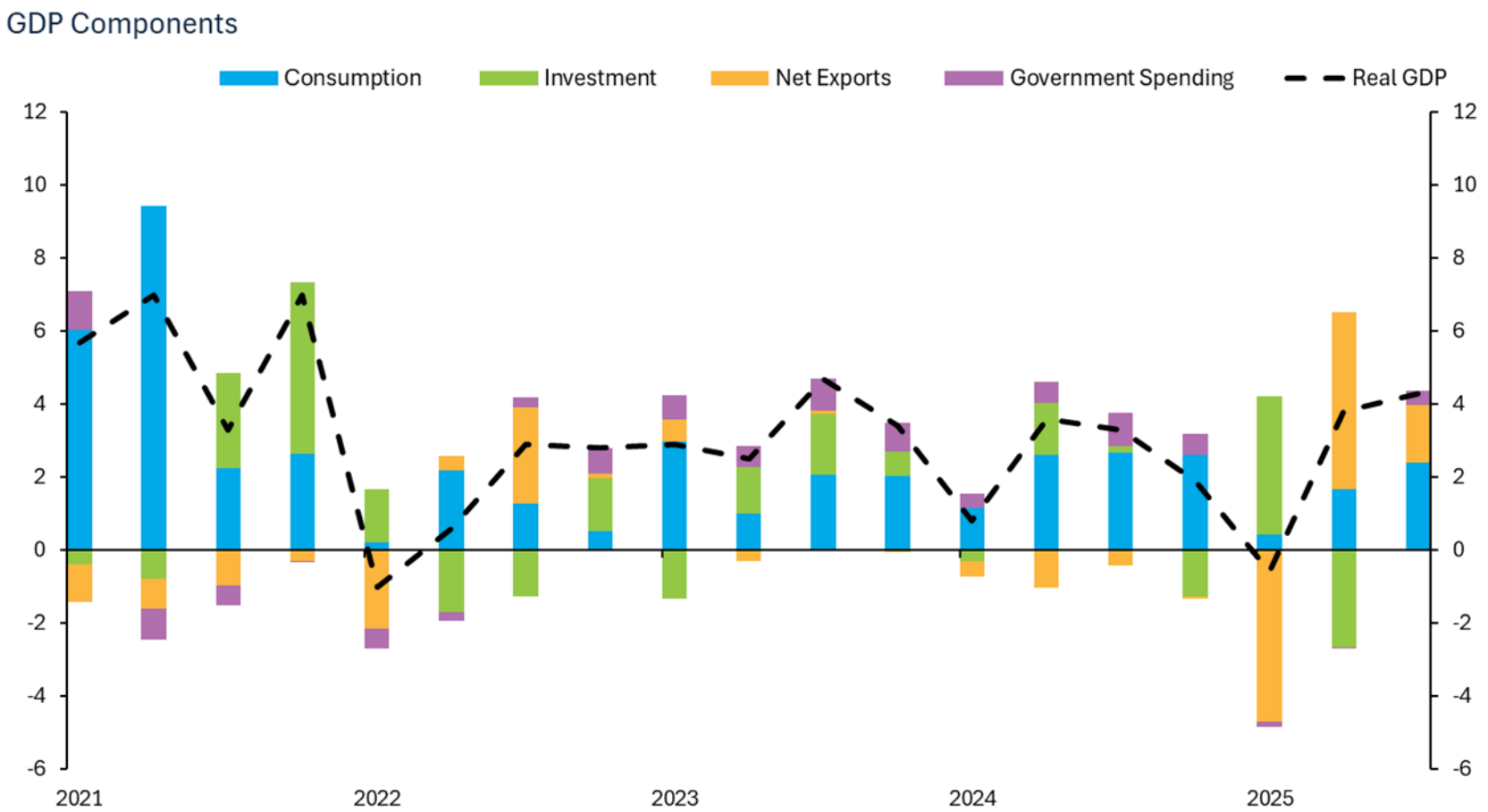
Source: PolicyUncertainty.com/ Haver Analytics

According to survey data, trade policy and tariffs are a top concern for CFOs, though demand came in as a close second



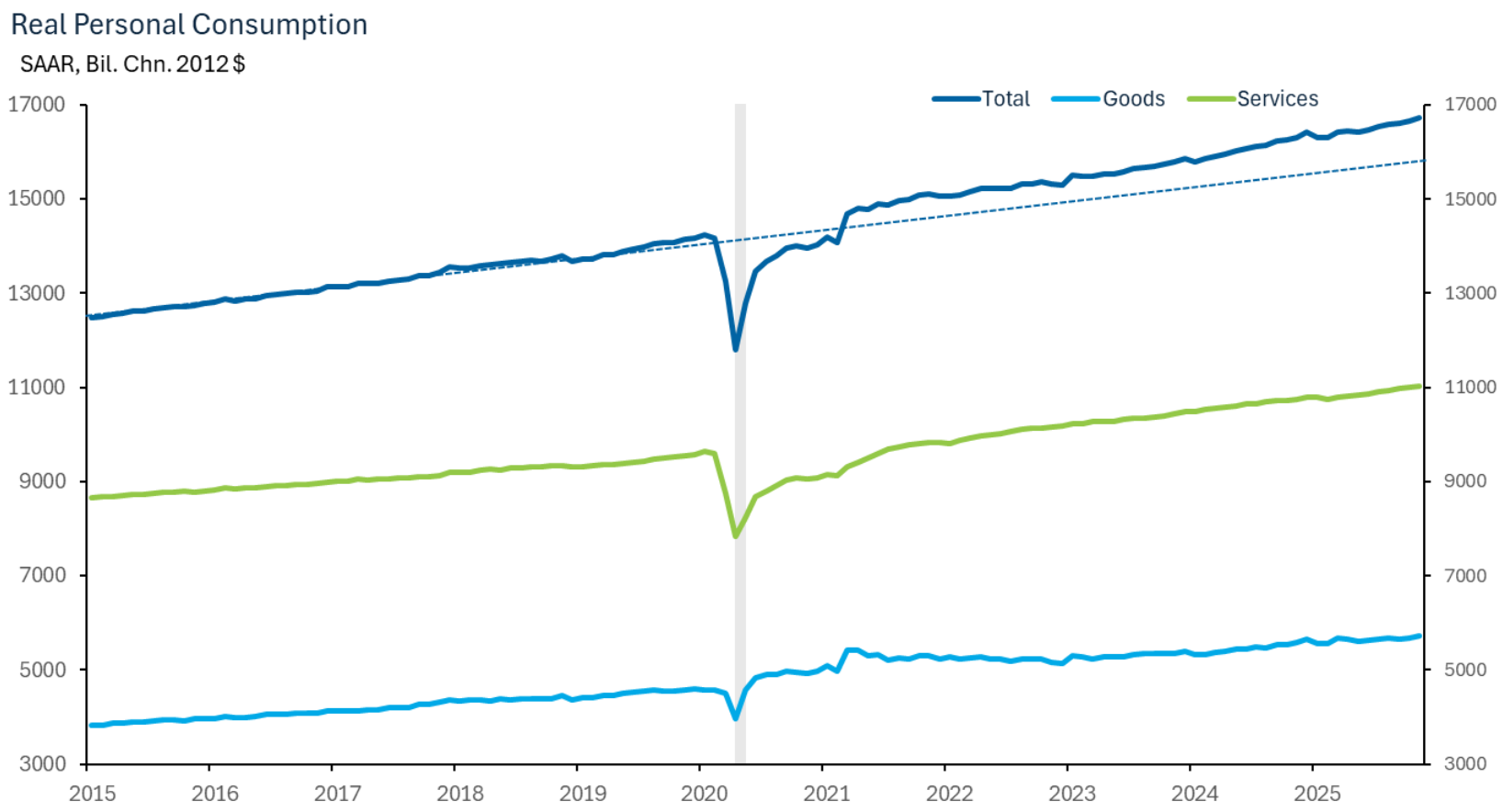
Source: CFO Survey, FRB Richmond, FRB Atlanta, Duke University/Haver Analytics

Q3 GDP growth was strong primarily due to robust consumer spending



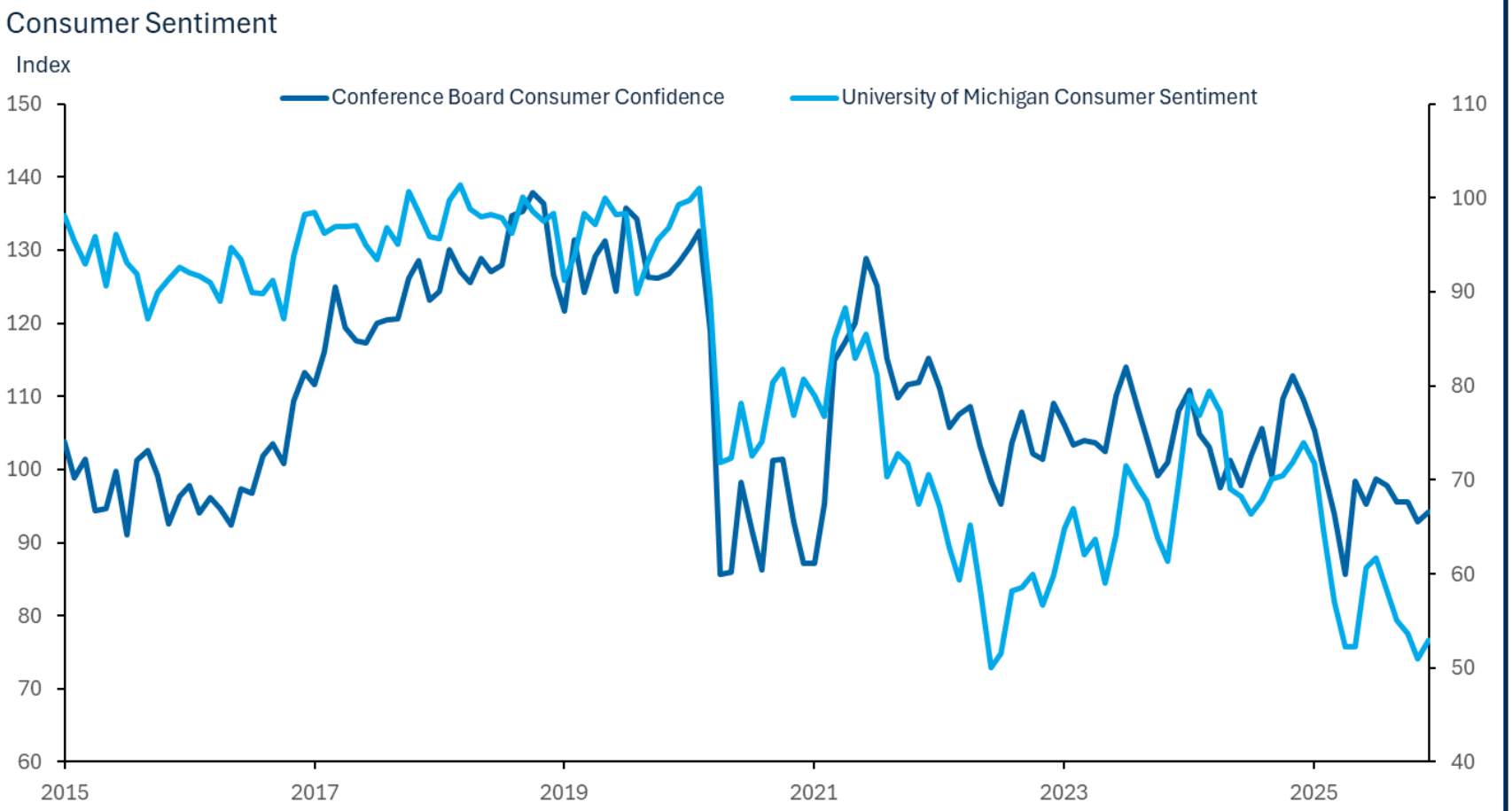
Source: Bureau of Economic Analysis/Haver Analytics

Consumer spending has remained healthy



Source: BEA, Haver

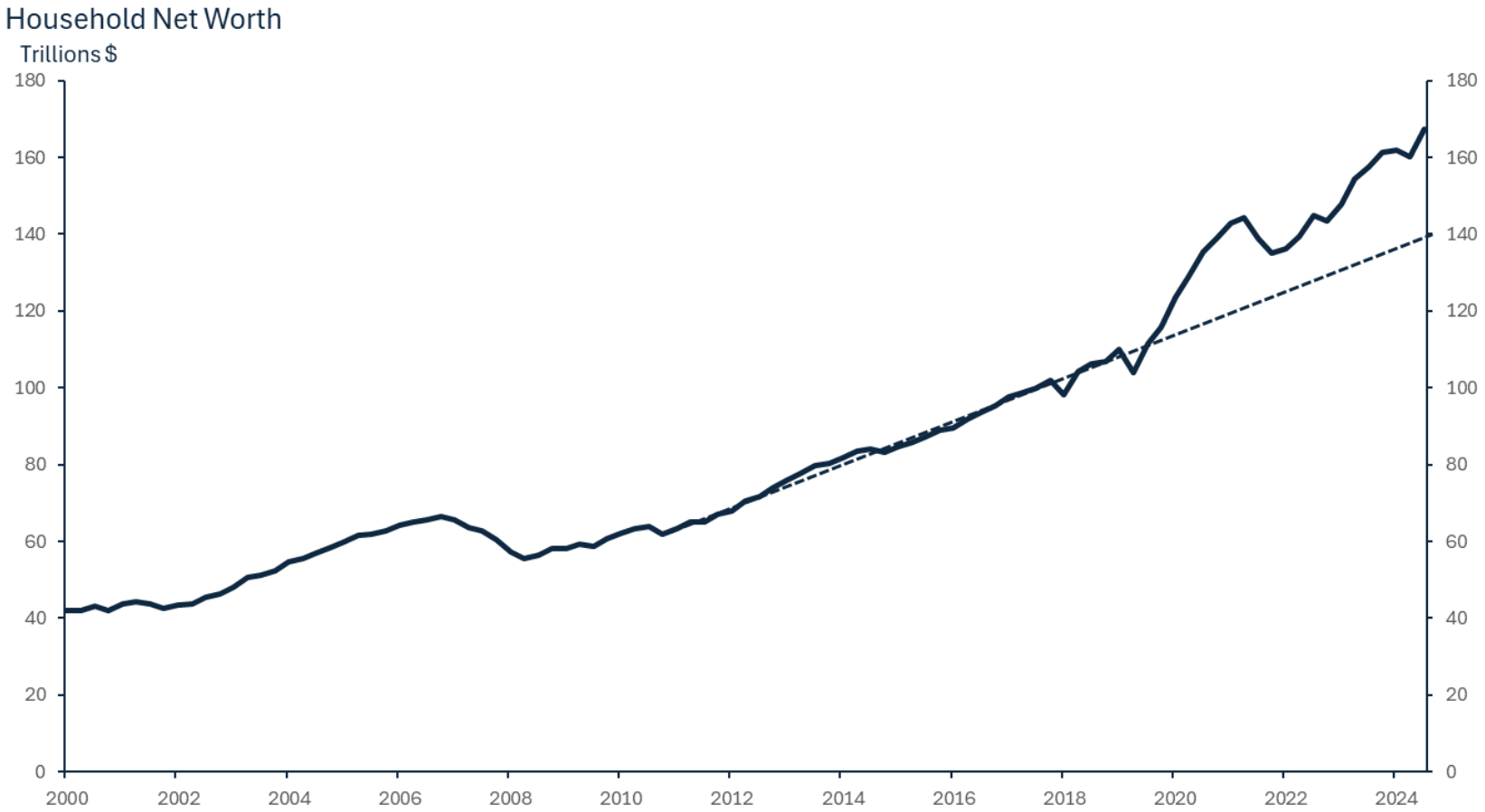
However, consumer sentiment is down



Source: Conference Board, U Mich, Haver

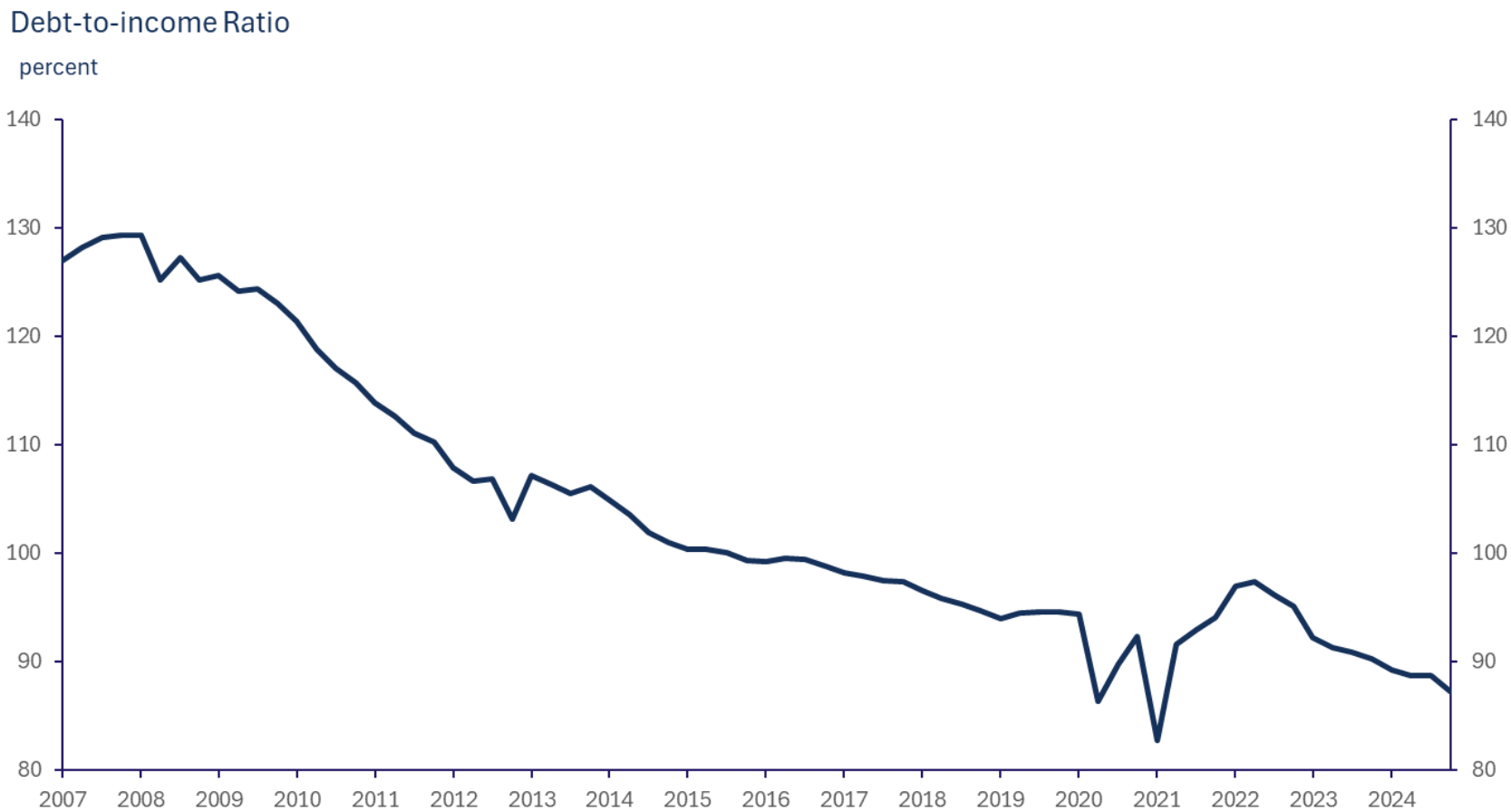
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Asset holders are buoyed by the wealth effect



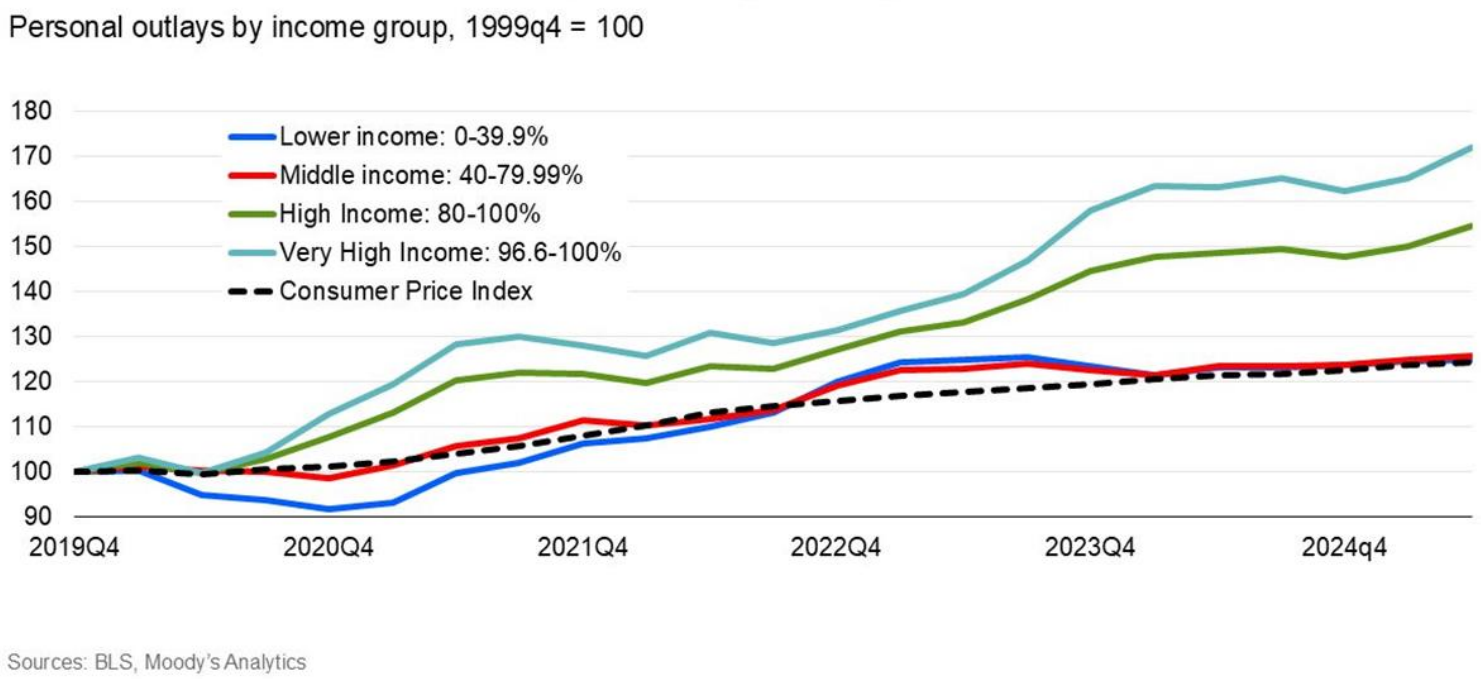
Source: Federal Reserve Board, Haver

Household balance sheets are in good shape in aggregate



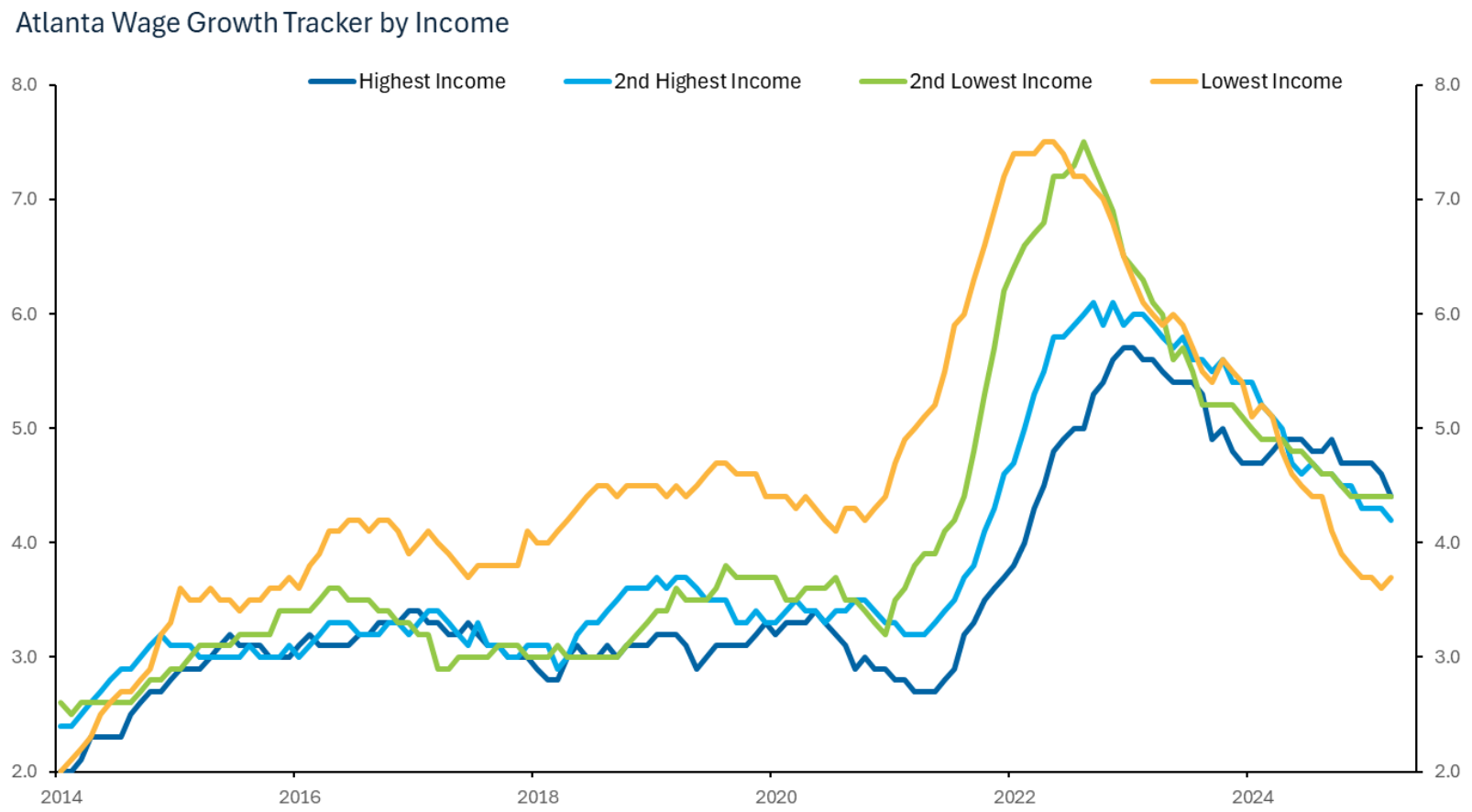
Source: Federal Reserve Board, Haver

High income consumers are driving strong consumption growth



Source: Moody's Analytics, BLS

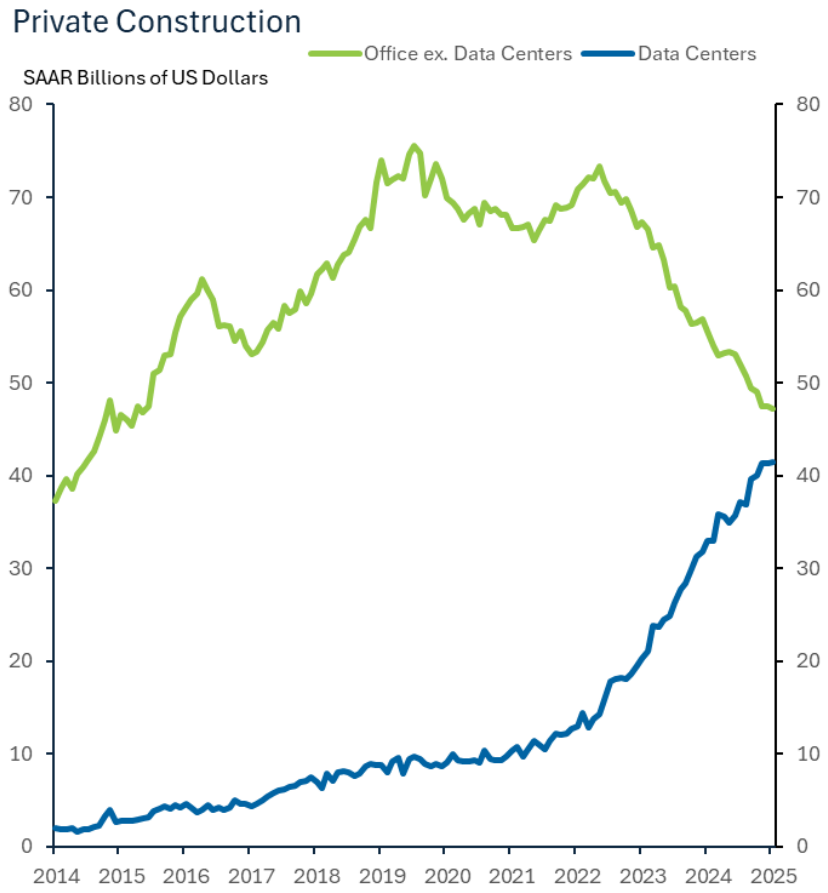
Wage growth has moderated especially for low-income households



Source: Atlanta Fed, Haver

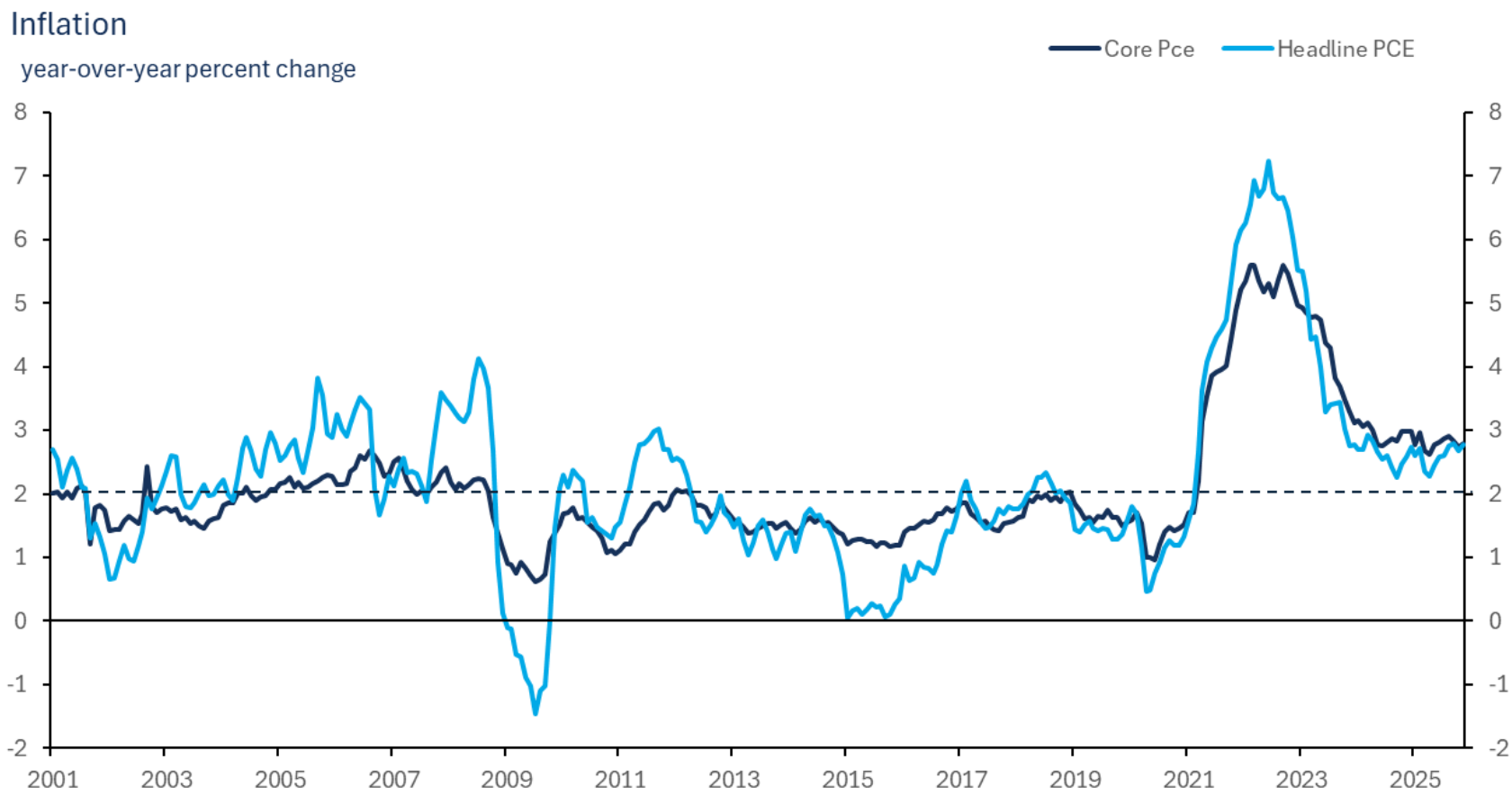
AI-related investment is strong





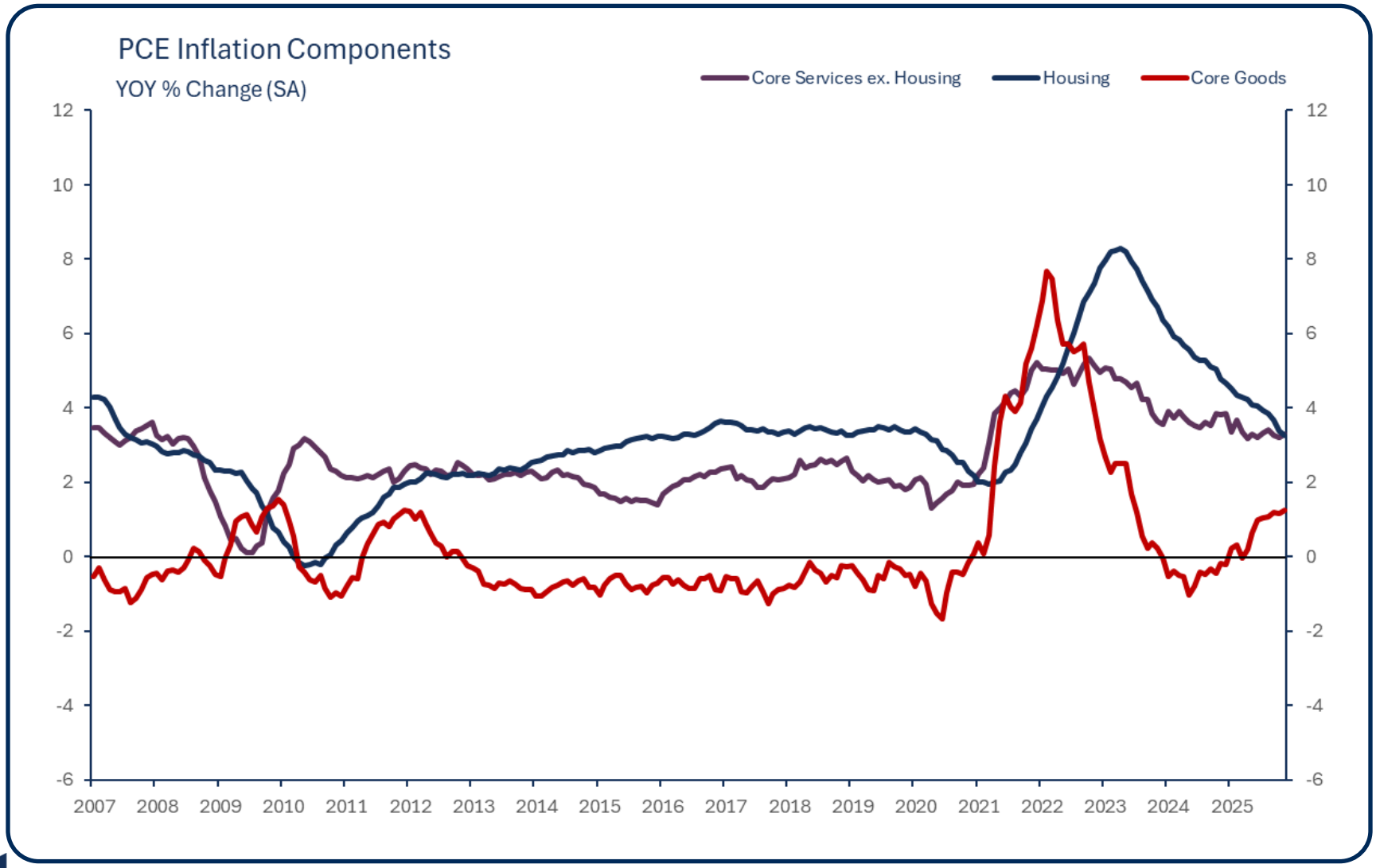
Source: U.S. Census, Federal Reserve Board, Haver

There has been a lot of progress on inflation, but it remains stubbornly above the Fed's 2 percent target



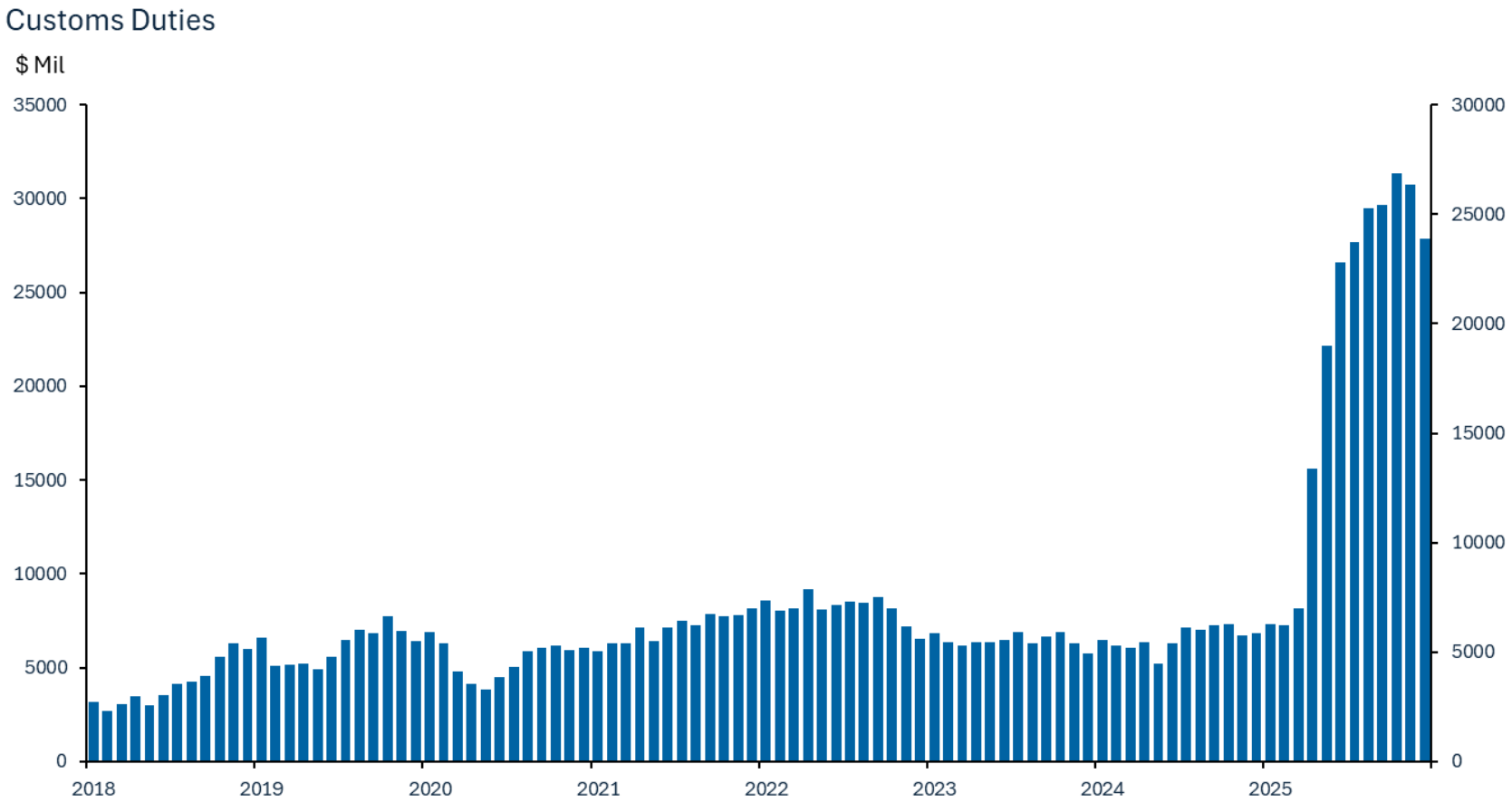
Source: Bureau of Economic Analysis/Haver Analytics

Core goods are now contributing to inflation due to some tariff impact



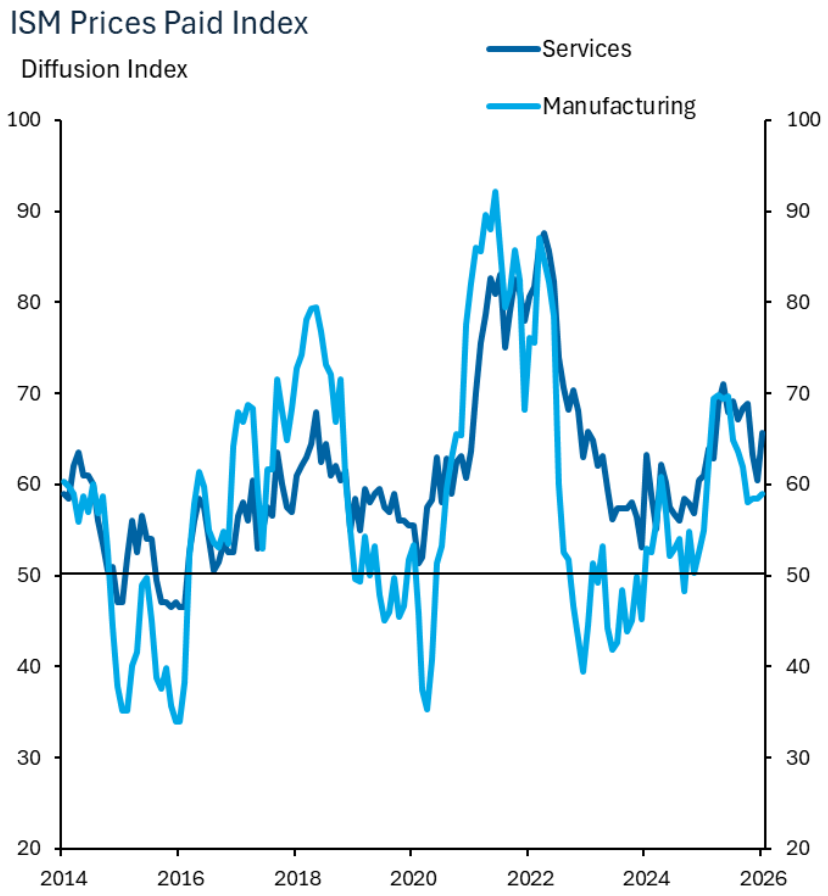
Source: Bureau of Economic Analysis, Haver Analytics

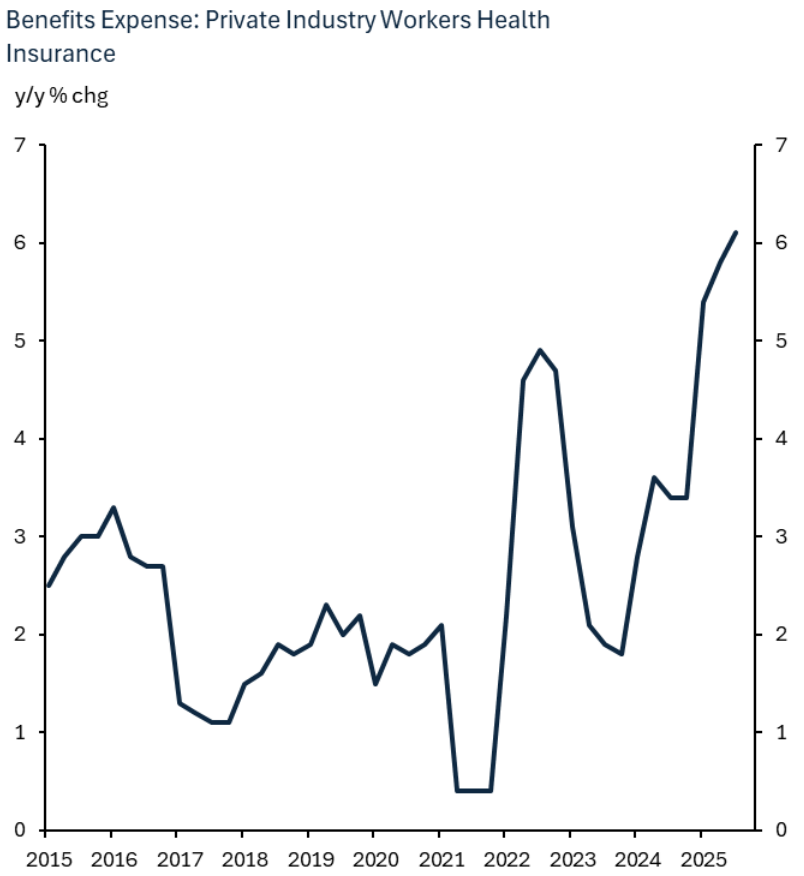
The costs of tariffs are being realized



Source: U.S. Treasury, Haver

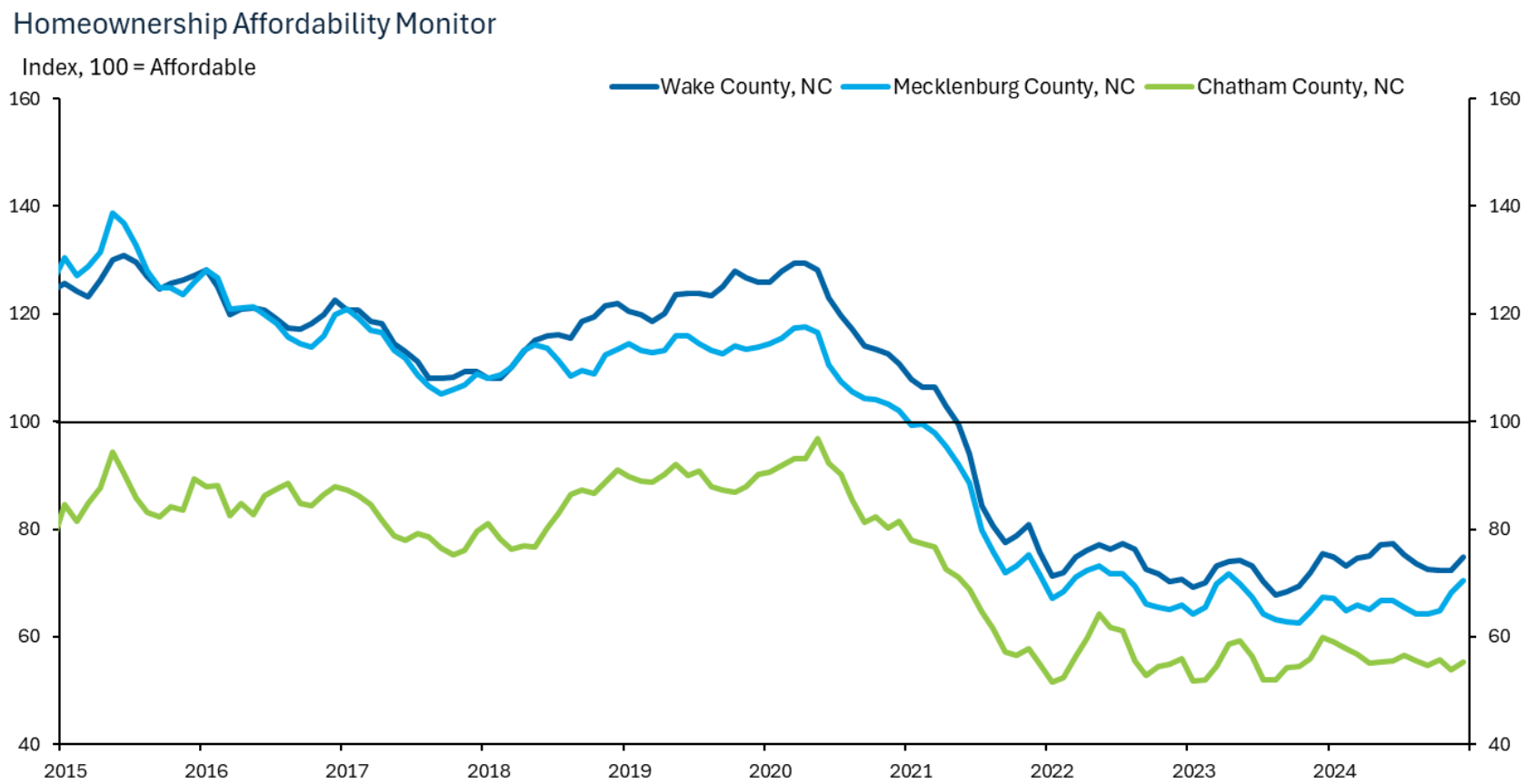
Growth in input costs and healthcare benefits are persistent pressures for employers





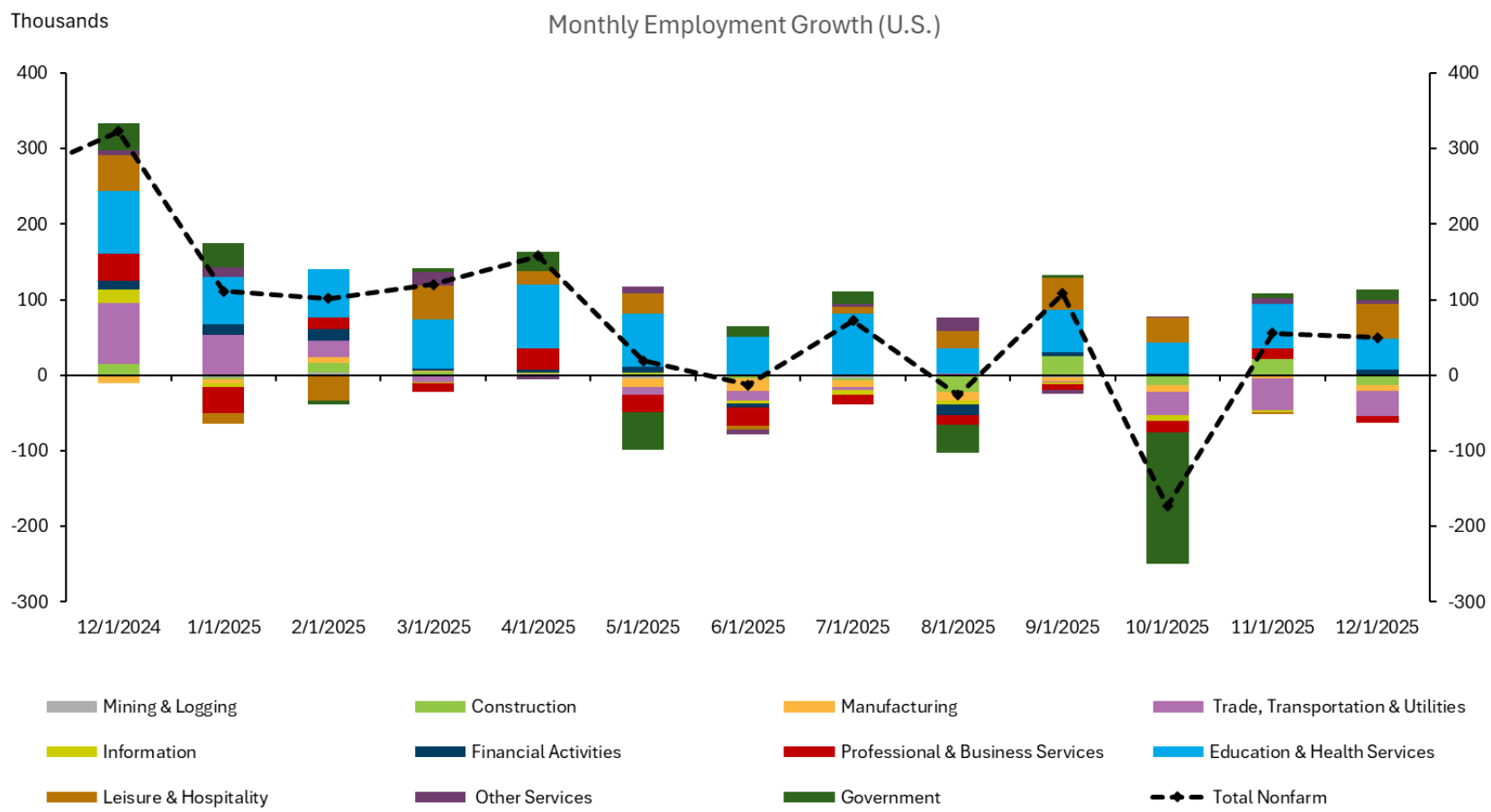
Source: ISM, BLS, Haver

Purchasing a home is unaffordable to the median income earner



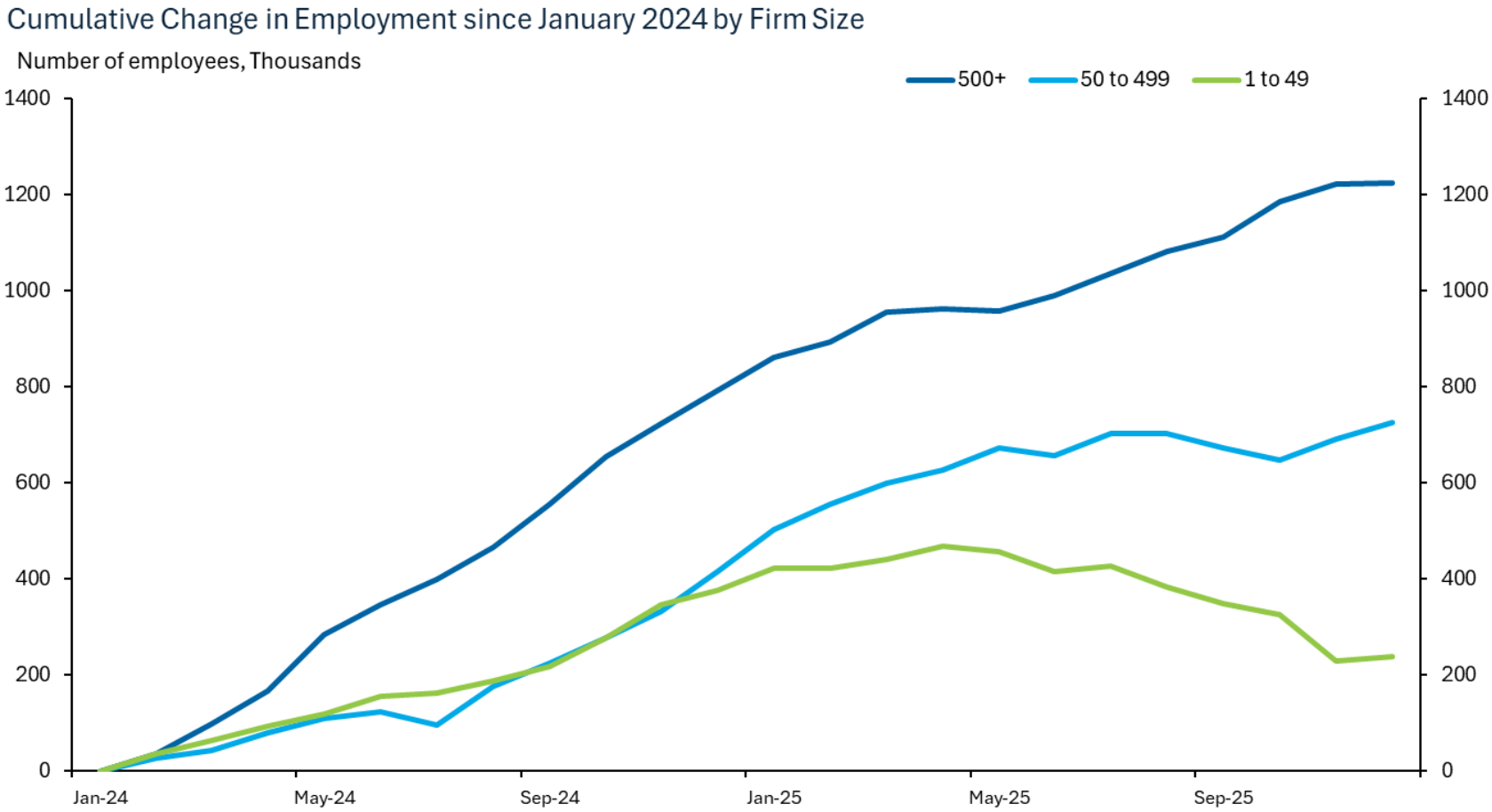
Source: Atlanta Fed, Haver

Recent job gains are dominated by a few industries



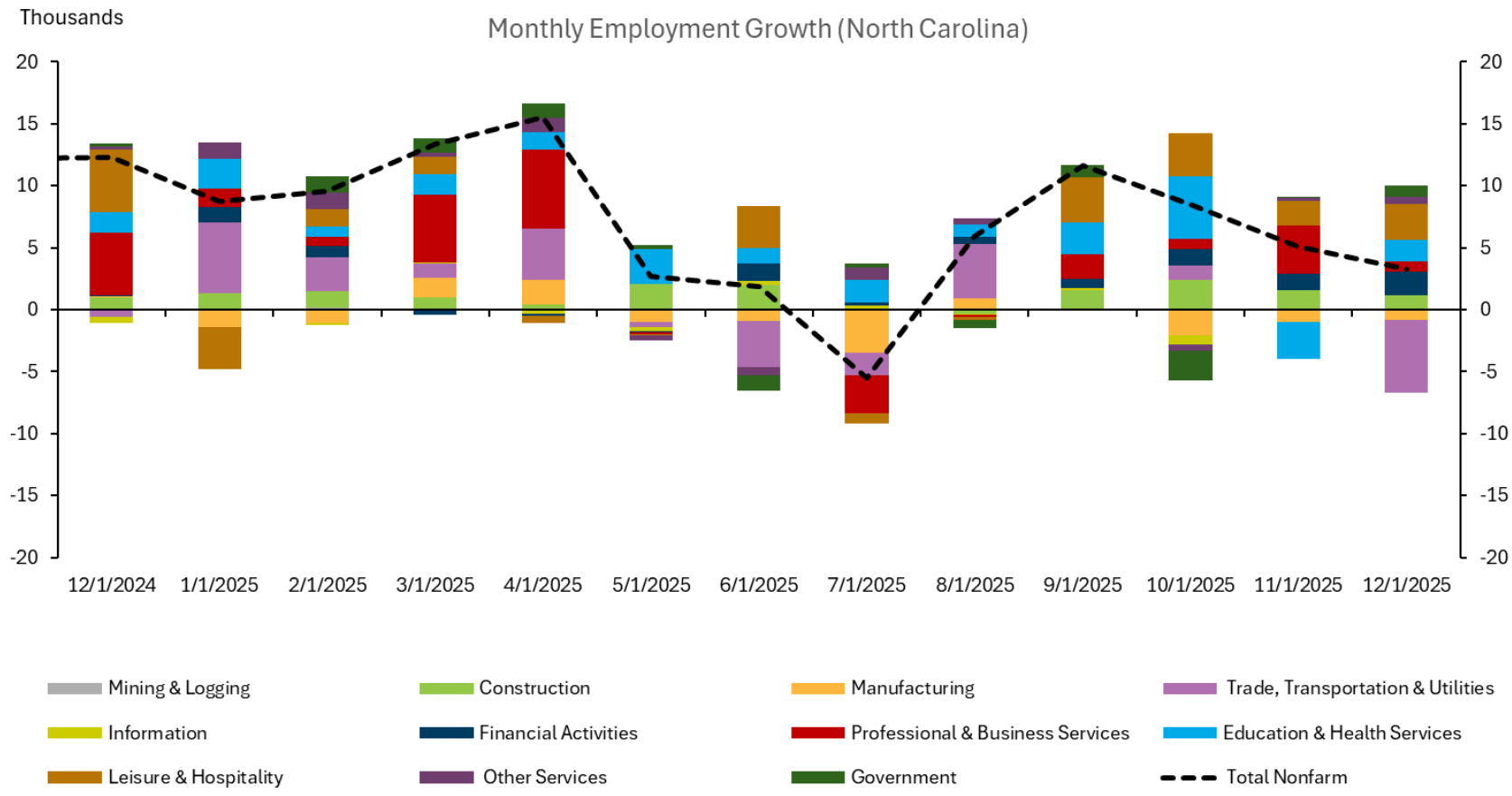
Source: Bureau of Labor Statistics/Haver Analytics

Most of the pullback in hiring demand has been from small firms



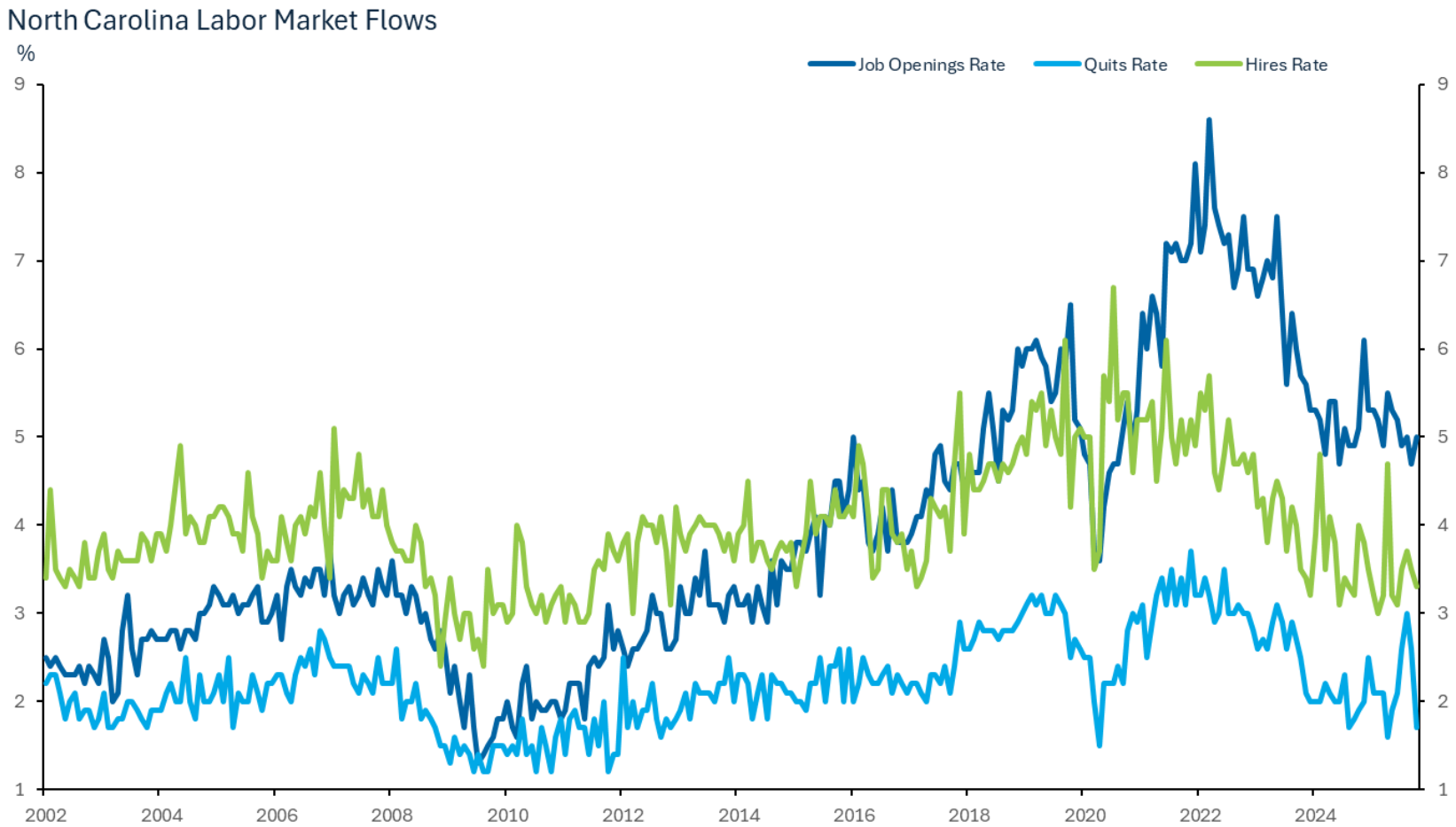
Source: ADP/Haver Analytics

North Carolina's job growth also slowed in 2025



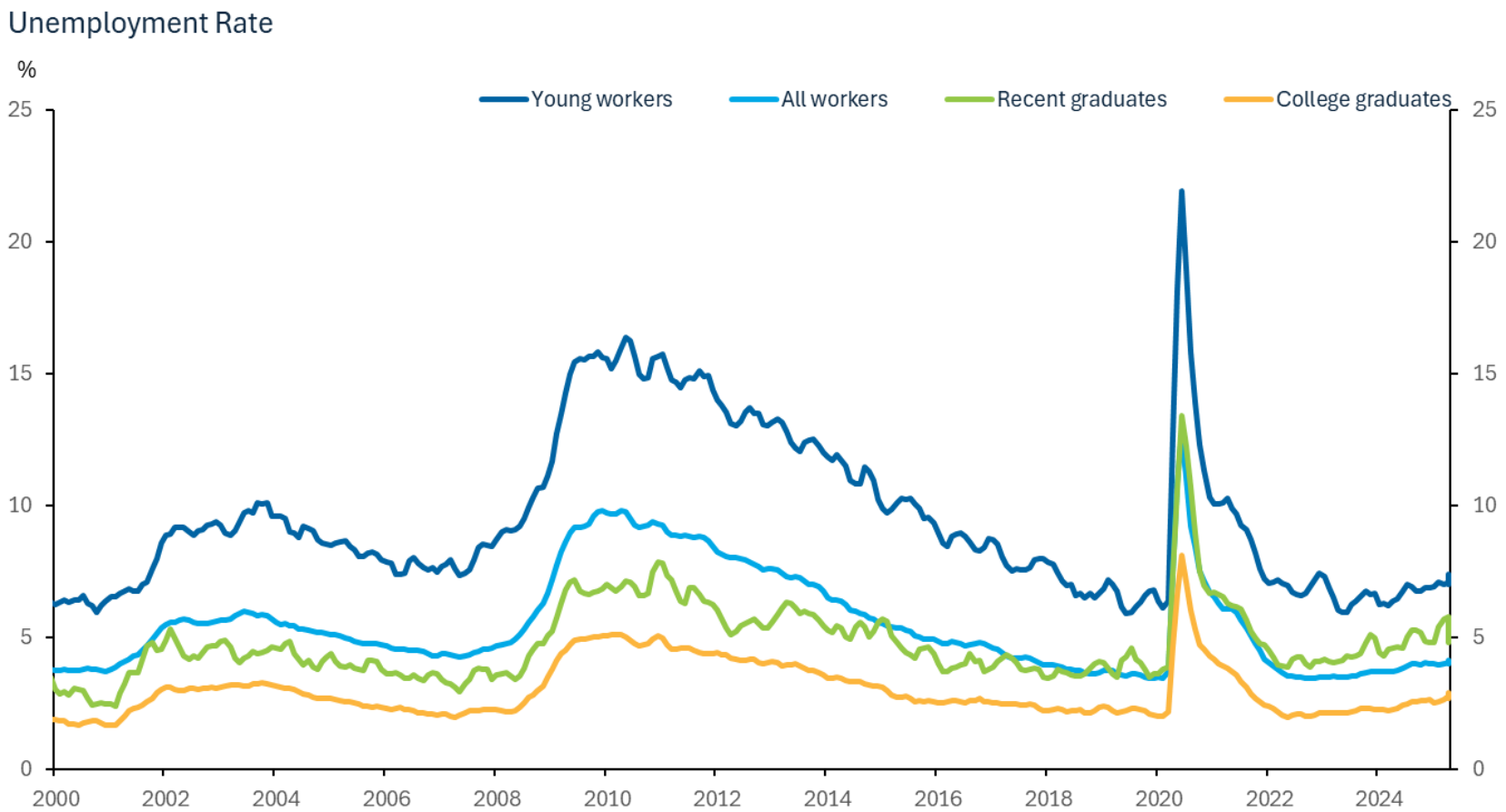
Source: Bureau of Labor Statistics/Haver Analytics

We are currently in a low hire, low (or some) fire environment



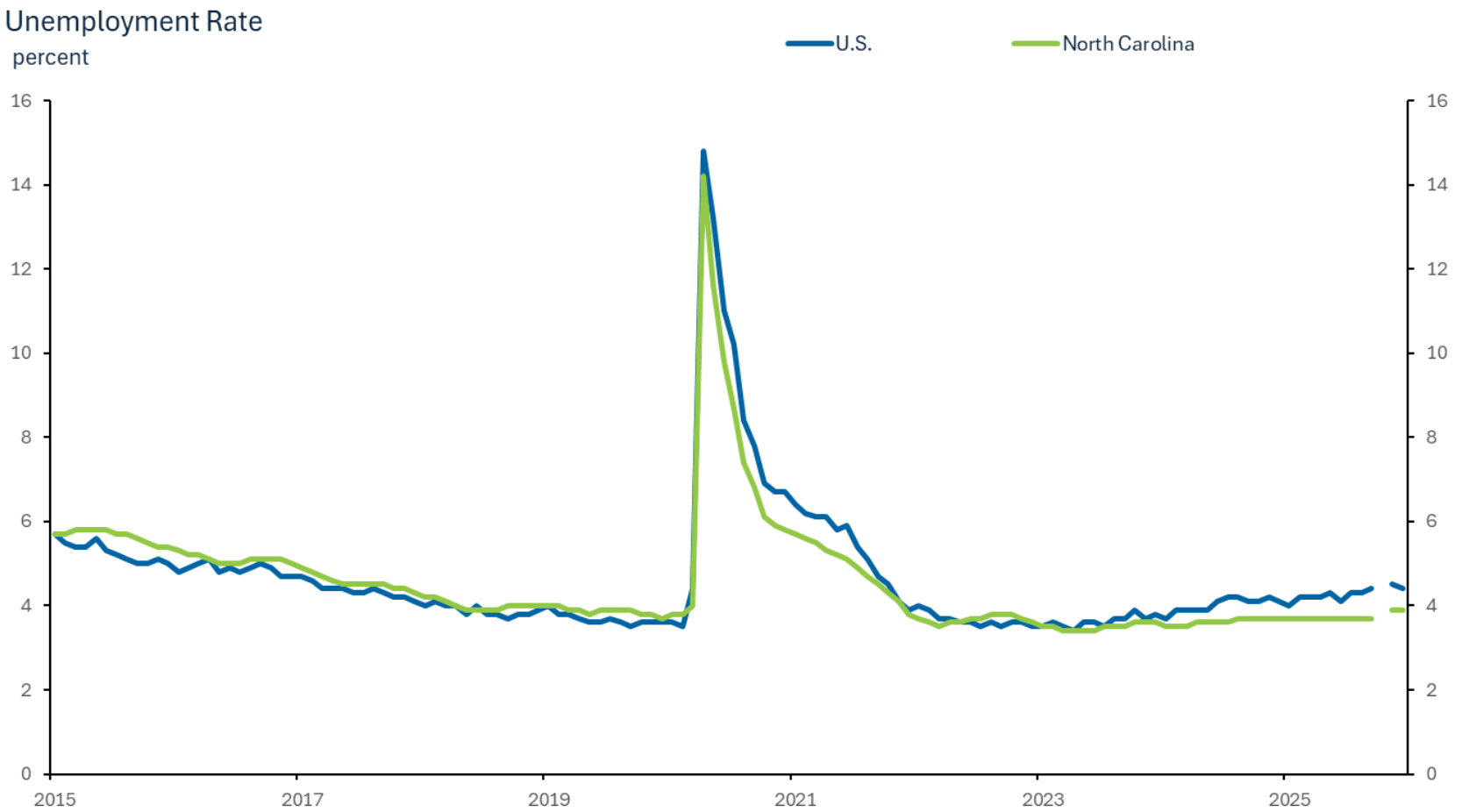
Source: Bureau of Labor Statistics/Haver Analytics

And navigating the labor market has been particularly difficult for recent graduates



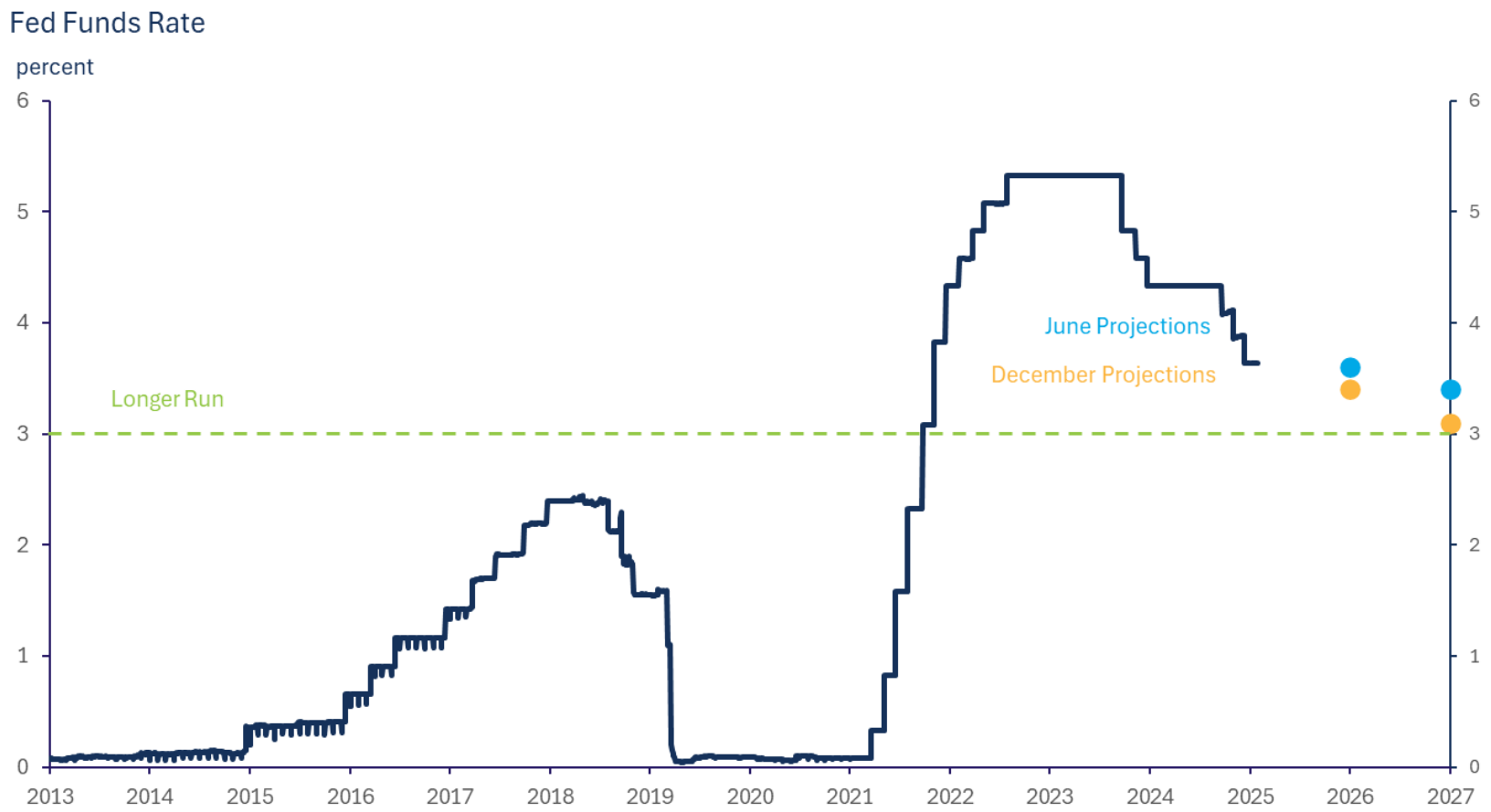
Source: U.S. Census Bureau and U.S. Bureau of Labor Statistics, Current Population Survey (IPUMS)/ NY Fed

However, the unemployment rate is still at historic lows



Source: Bureau of Labor Statistics/Haver Analytics

The FOMC paused rate cuts at the most recent meeting



Source: Board of Governors/ Summary of Economic Projections

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Questions/Comments?

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