

Economic Update: Q2 Performance

Dr. Charlie Hall



YOUR
MARKET
METRICS

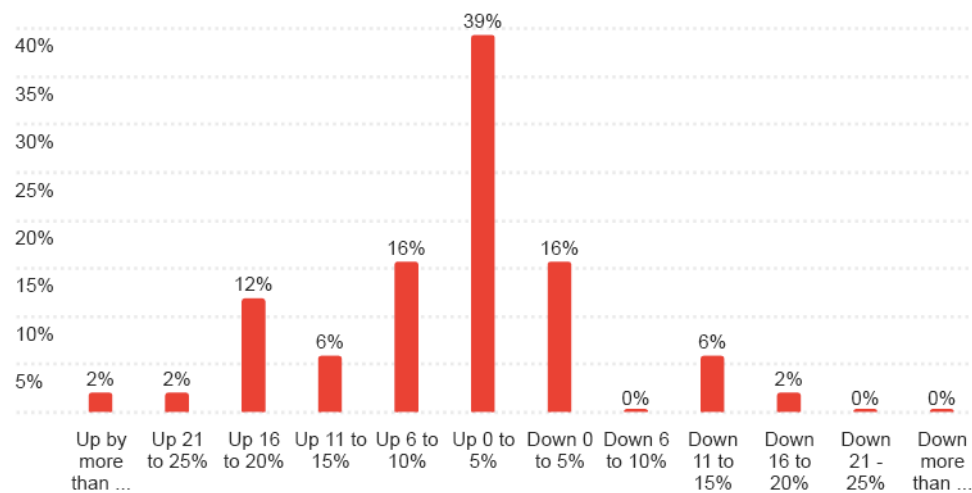


EAGL

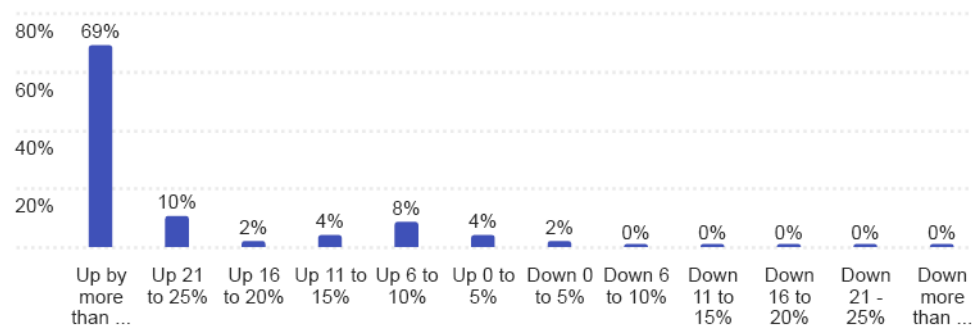
EXECUTIVE ACADEMY
FOR GROWTH & LEADERSHIP



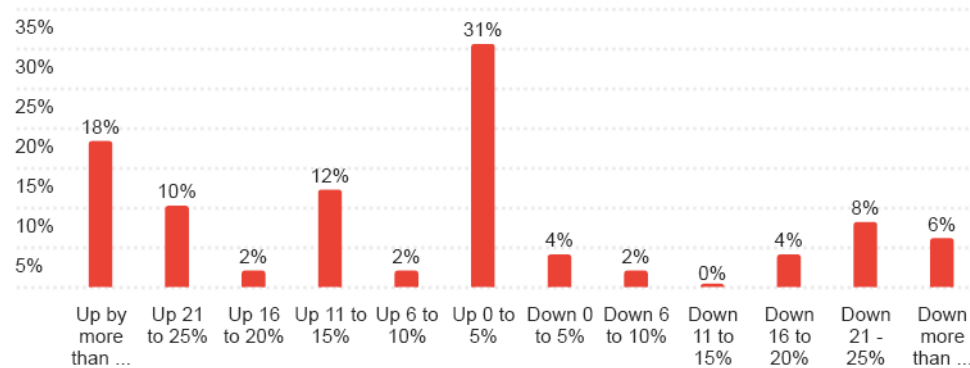
Q1 - What are your top line GROSS SALES trending YTD as compared to Jan-June 2024?



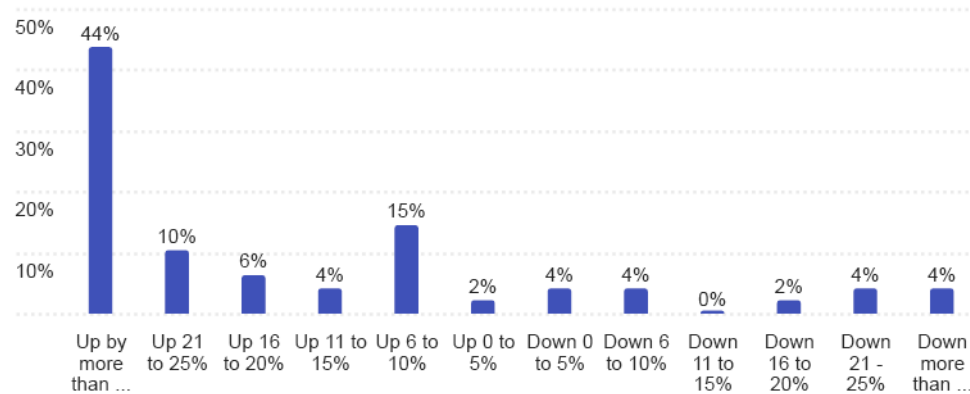
Q2 - Now, let's compare this year to the pre-pandemic period -- How do your YTD top line GROSS SALES compare to pre-pandemic Jan-June 2019?



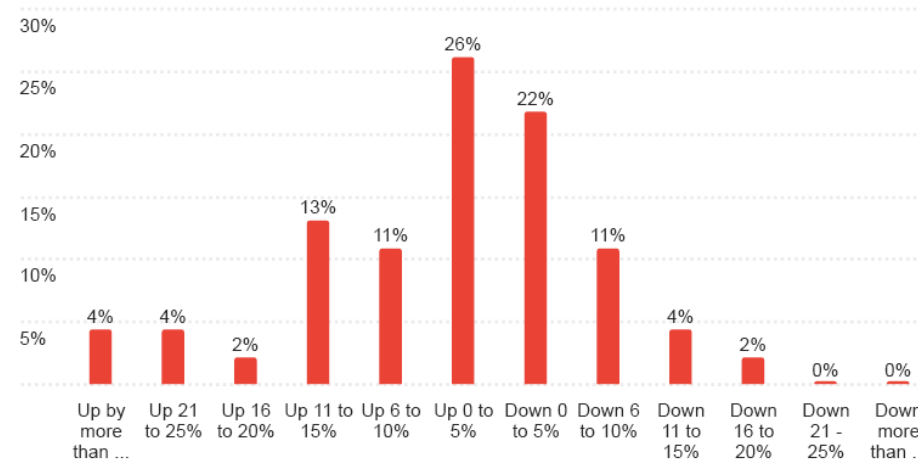
Q3 - How is your bottom line NET PROFIT trending YTD as compared to Jan-June 2024?



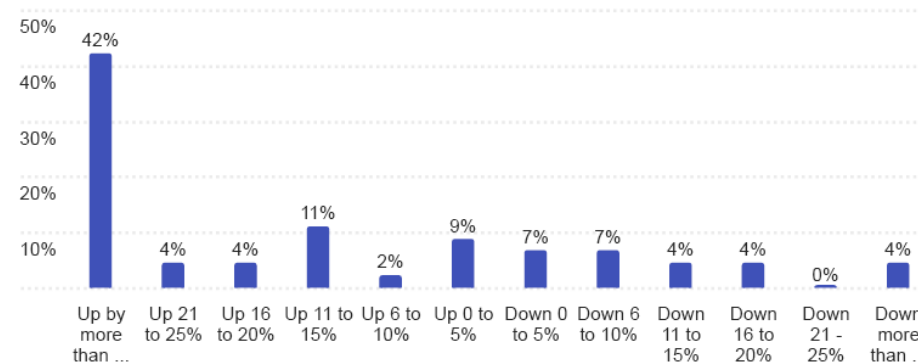
Q4 - Now, let's compare this year to the pre-pandemic period -- What is your YTD bottom line NET PROFIT percentage as compared to pre-pandemic Jan-June 2019?



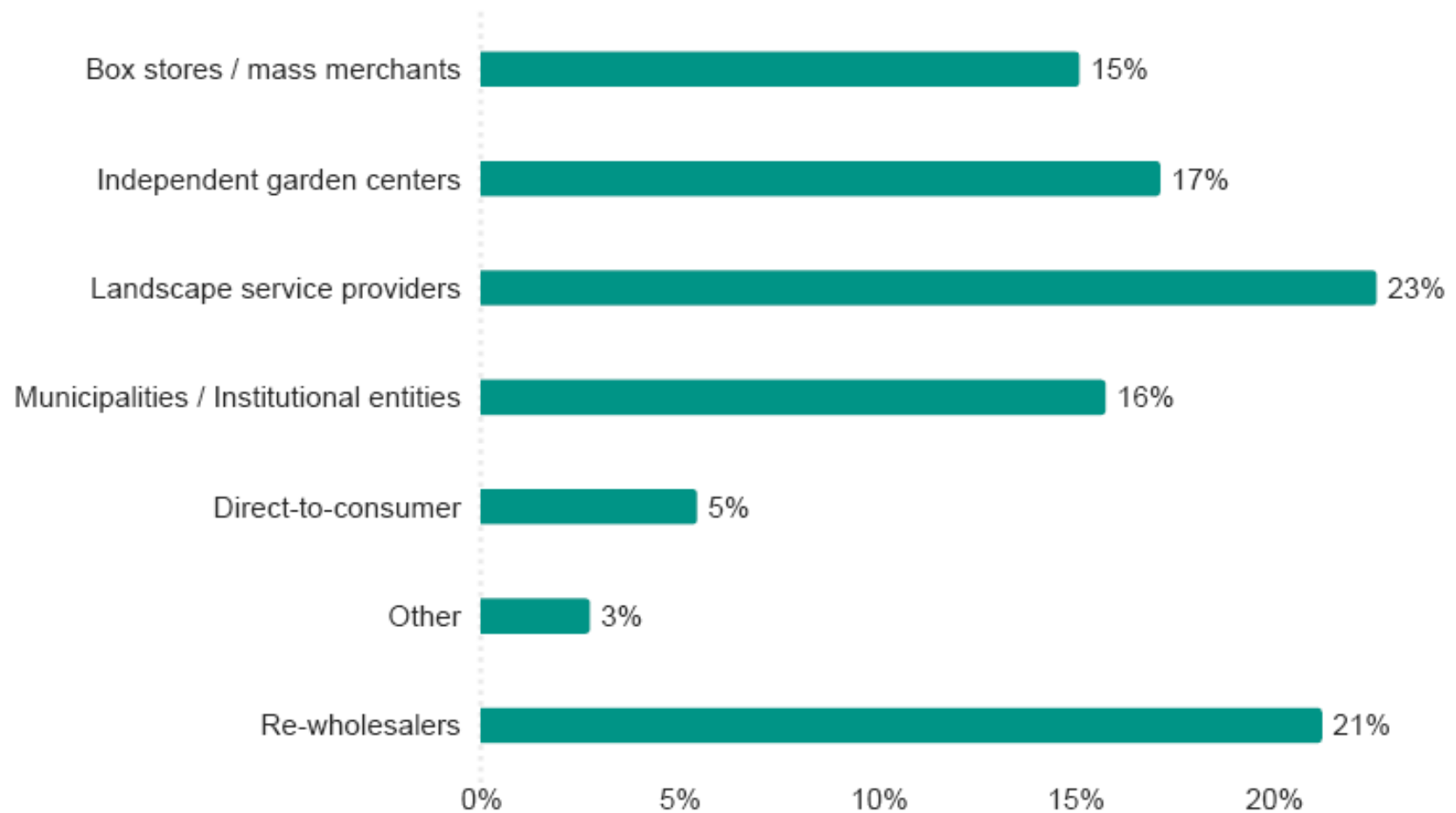
Q5 - How do UNITS sold YTD compare to the UNITS sold Jan-June 2024?



Q6 - Now, let's compare this year to the pre-pandemic period -- How do the UNITS sold YTD compared to UNITS sold pre-pandemic Jan-June 2019?



Q7 - What markets do you serve? (select all that apply)



[illegible]

Now let's talk about the economy



A BETTER
ALTERNATIVE TO
GDP DURING
UNCERTAINTY



INDEX OF
PRICES PAID BY
GROWERS



A DEEP DIVE
ON HOUSING &
CONSUMERS

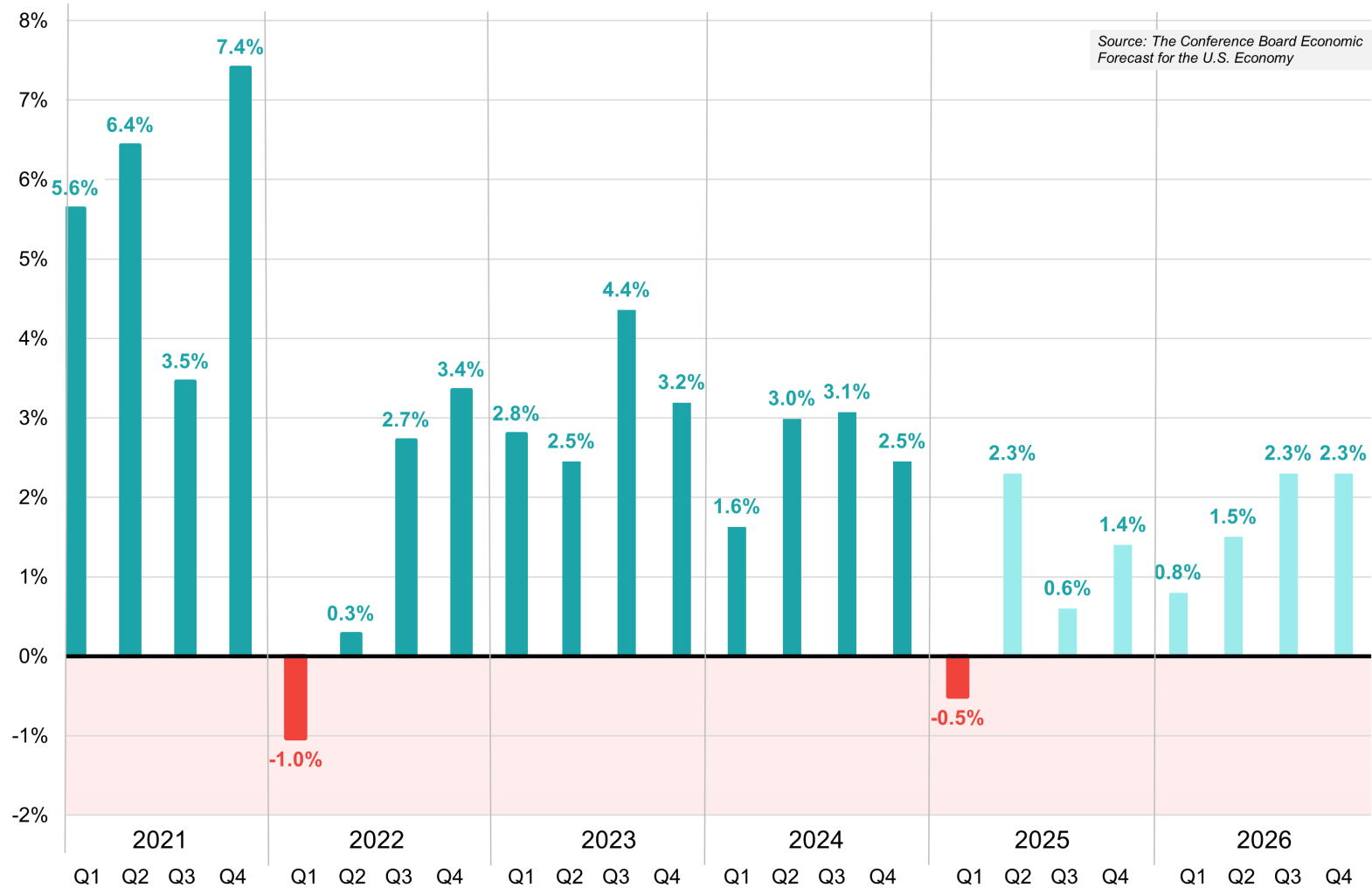


RECESSION
OUTLOOK

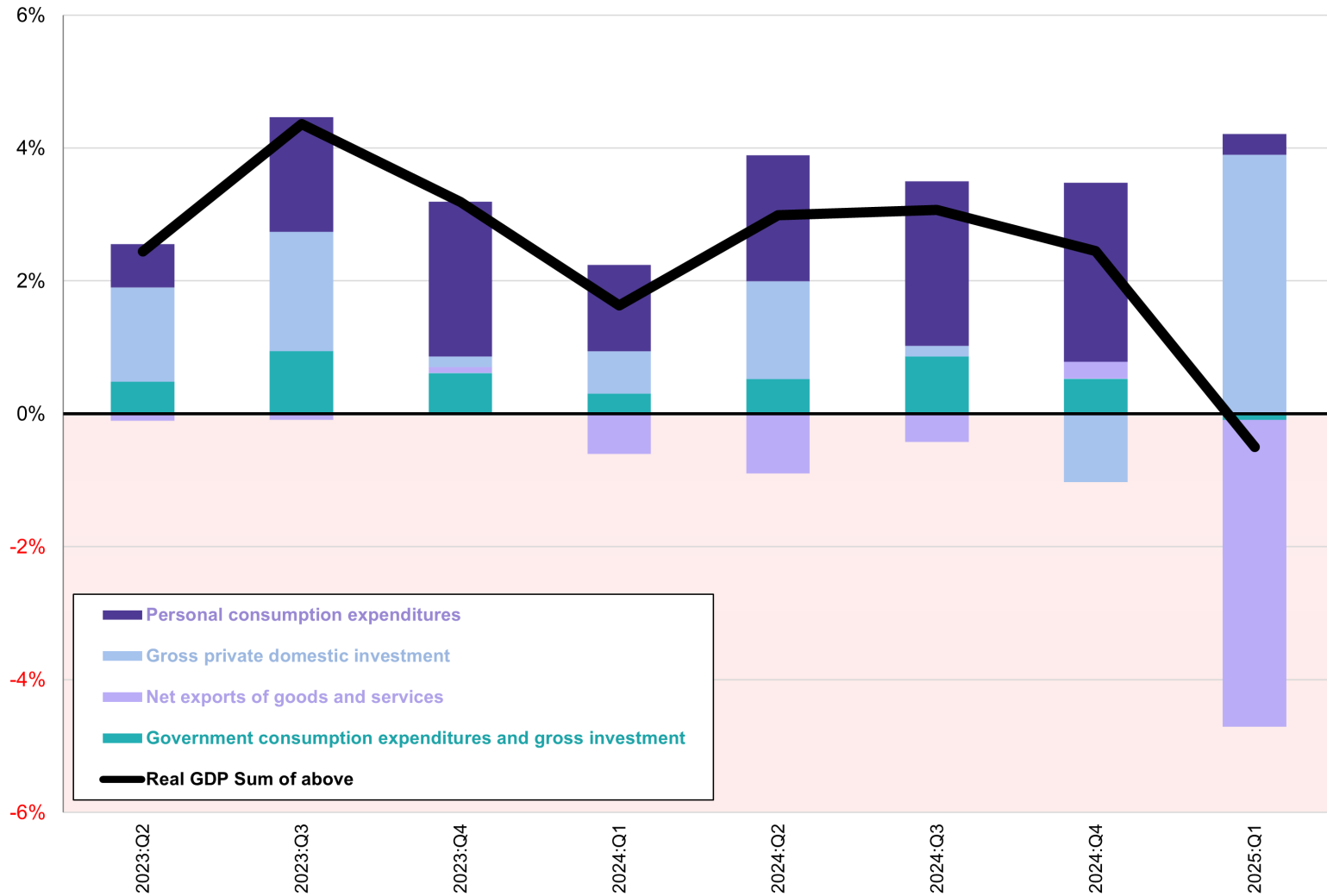


Gross Domestic Product (GDP)

Source: The Conference Board Economic
Forecast for the U.S. Economy

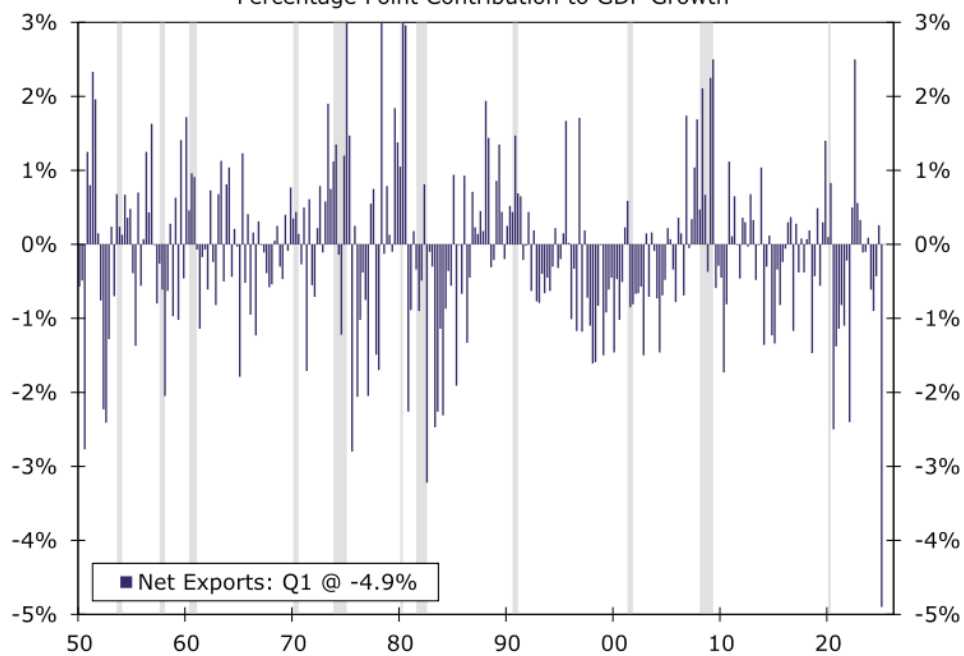


Contributions to Percent Change in Real GDP



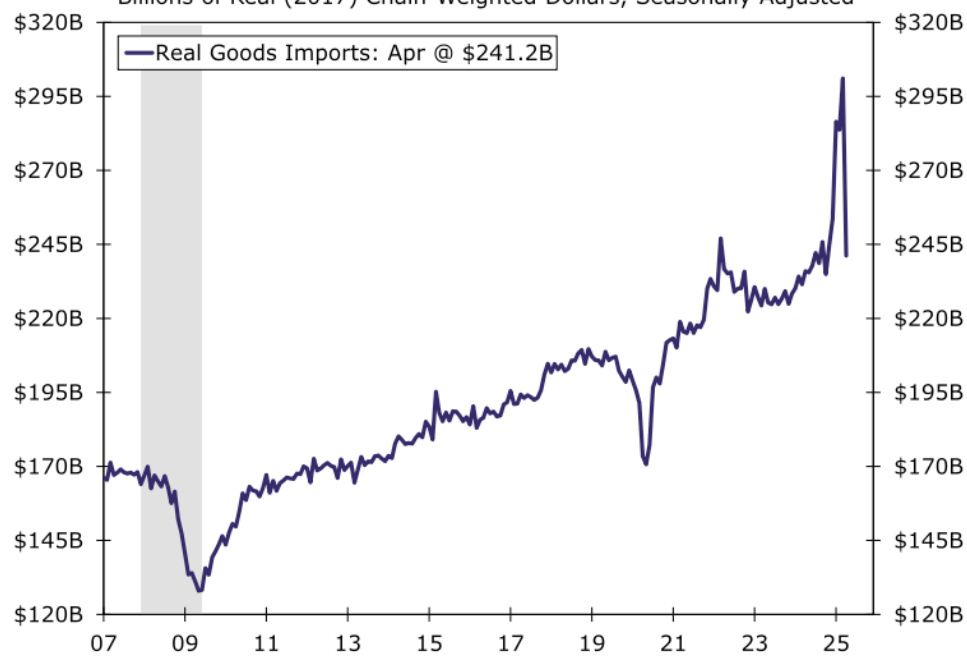
Real Net Exports

Percentage Point Contribution to GDP Growth



Real Goods Imports

Billions of Real (2017) Chain-Weighted Dollars, Seasonally Adjusted



$$\mathbf{GDP = C + I + G + NX}$$

GDP	=	<u>C</u> onsumption	+	<u>I</u> nvestment	+	<u>G</u> overnment	+	<u>N</u> et <u>E</u> xports
		Household		Business Spending		Federal		Exports Less
		Consumption		Inventory		State & Local		Imports

GDP

Less Inventories

= Final Sales

Less Net Exports

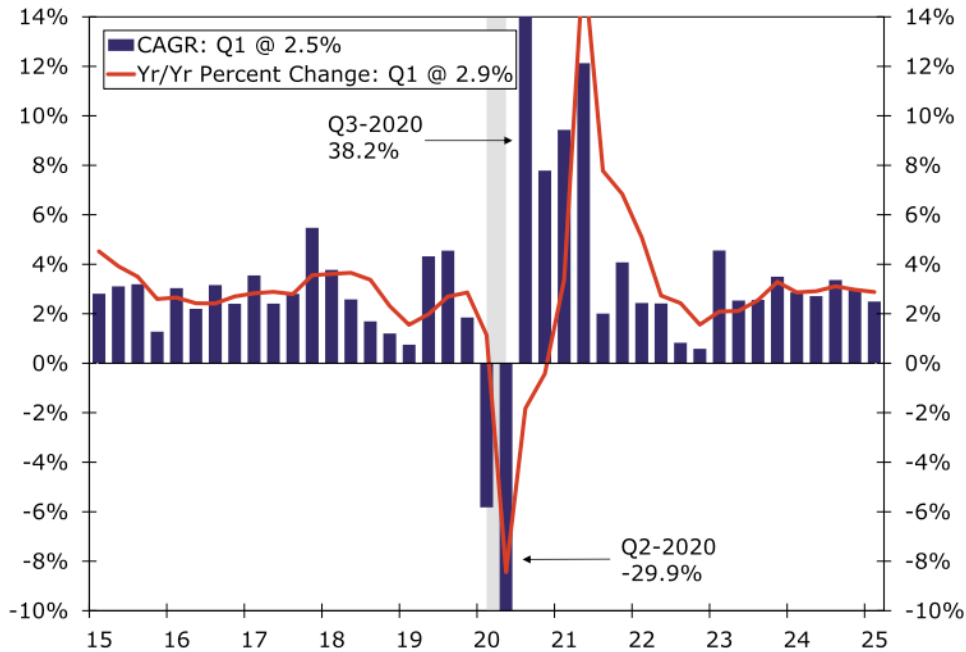
= Final Sales to Domestic Purchasers

Less Government Spending

= Final Sales to Private Domestic Purchasers (PDFP)

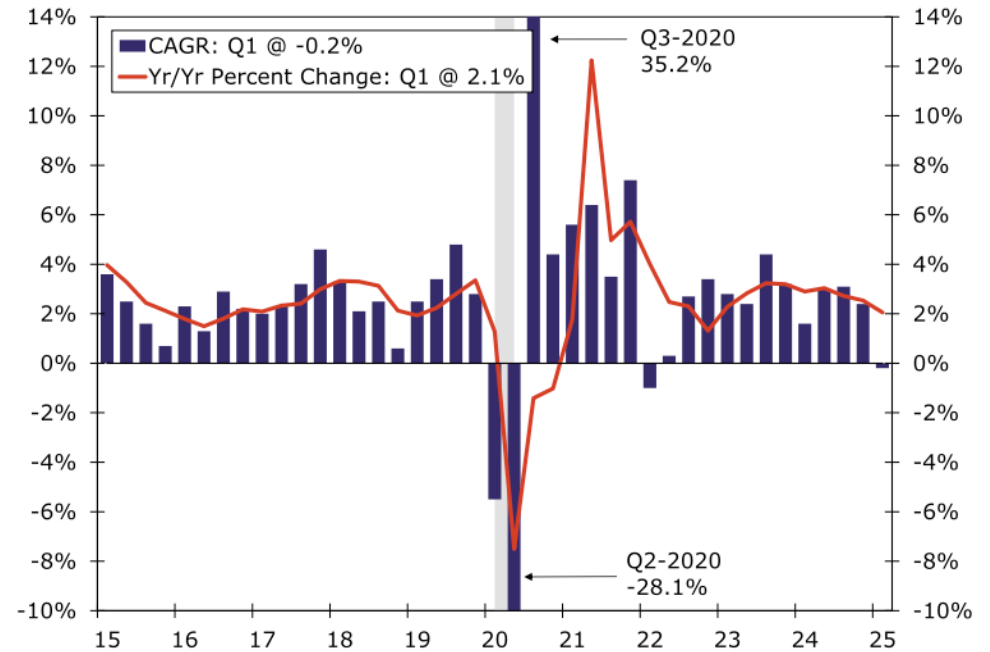
U.S. Real PDPF Growth

Real Final Sales to Private Domestic Purchasers (PDPF)



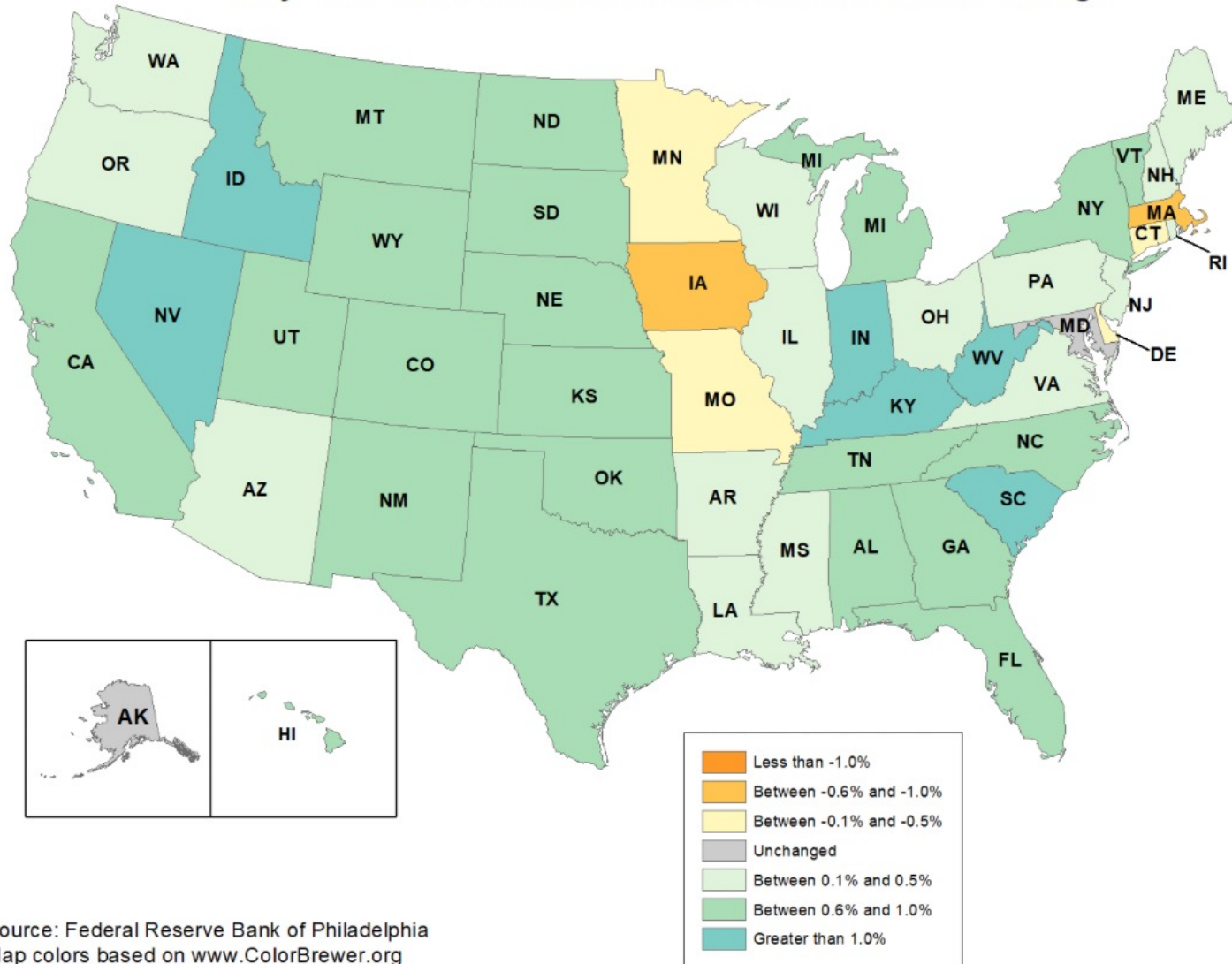
Source: U.S. Department of Commerce and Wells Fargo Economics

U.S. Real GDP Growth



Source: U.S. Department of Commerce and Wells Fargo Economics

May 2025 State Coincident Indexes: Three-Month Change



Source: Federal Reserve Bank of Philadelphia
Map colors based on www.ColorBrewer.org



Global Supply Chain Pressure Index (GSCPI)



OVERVIEW **GSCPI** FAQs

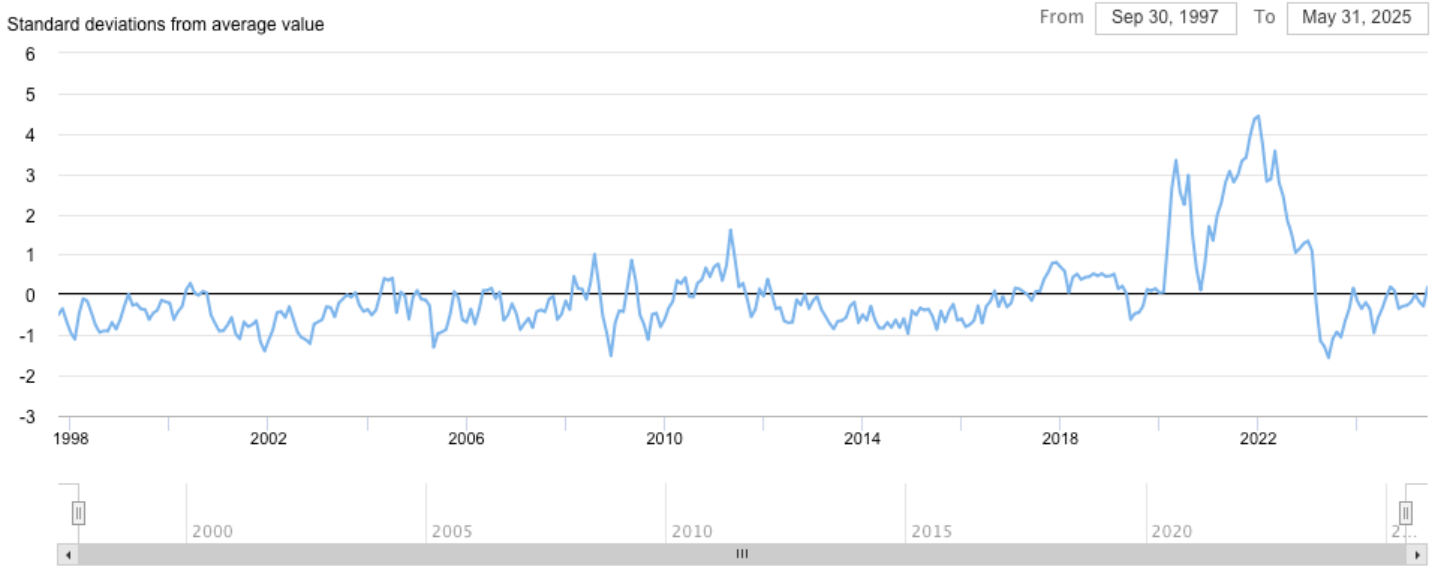
DOWNLOADS

Estimates for May 2025

- The GSCPI rose to 0.19 in May, up from -0.28 in April (revised up from an initial reading of -0.29). GSCPI readings measure standard deviations from the index's historical average.

Latest Update May 2025

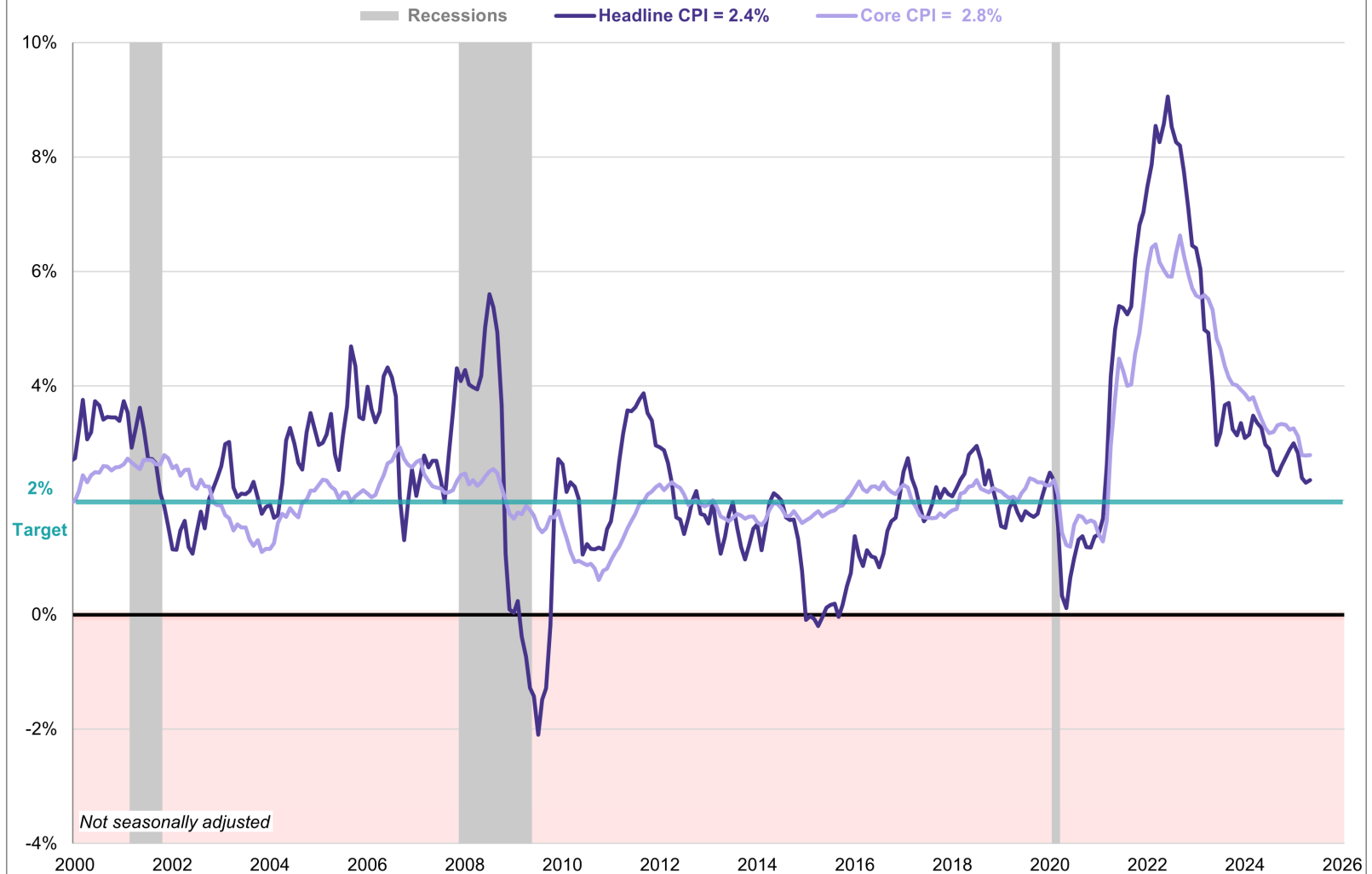
Enter a date range to see monthly estimates or use the slider below to view a specific date range.



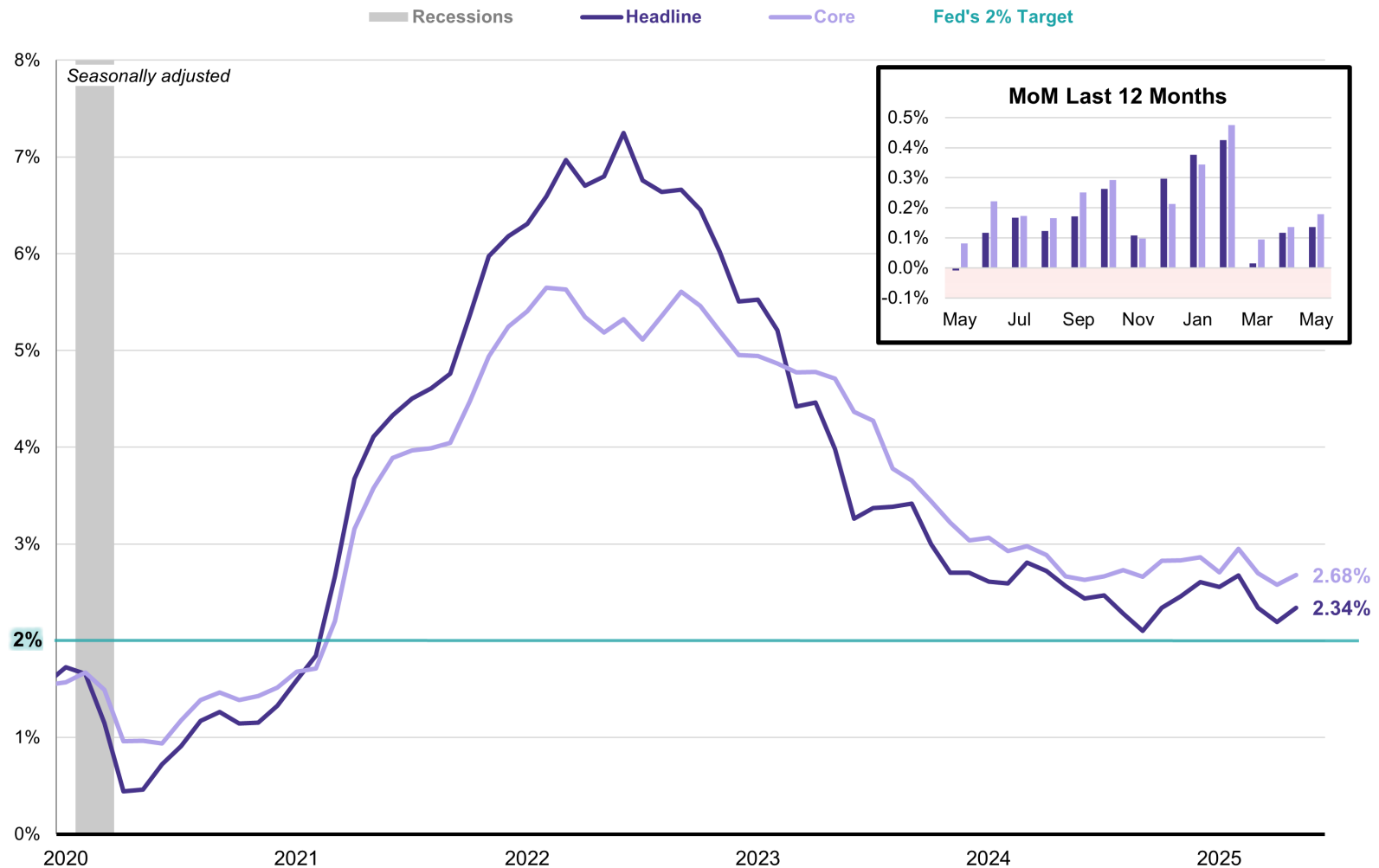
Sources: Bureau of Labor Statistics; Harper Petersen Holding GmbH; Baltic Exchange; IHS Markit; Institute for Supply Management; Haver Analytics; Refinitiv; authors' calculations.

Notes: GSCPI readings for the most recent months can be revised as realized data become available, replacing the imputed values generated through principal component analysis. Further, for some series, mainly the BLS airfreight cost indices, each new release comes with revisions to up to twelve months of previous data. Thus, revisions can have an impact up to a year back in time.

Consumer Price Index: Year-Over-Year



PCE Price Index



Projected input cost increases



Index of Prices Paid by Growers in the Green Industry (2007=100)

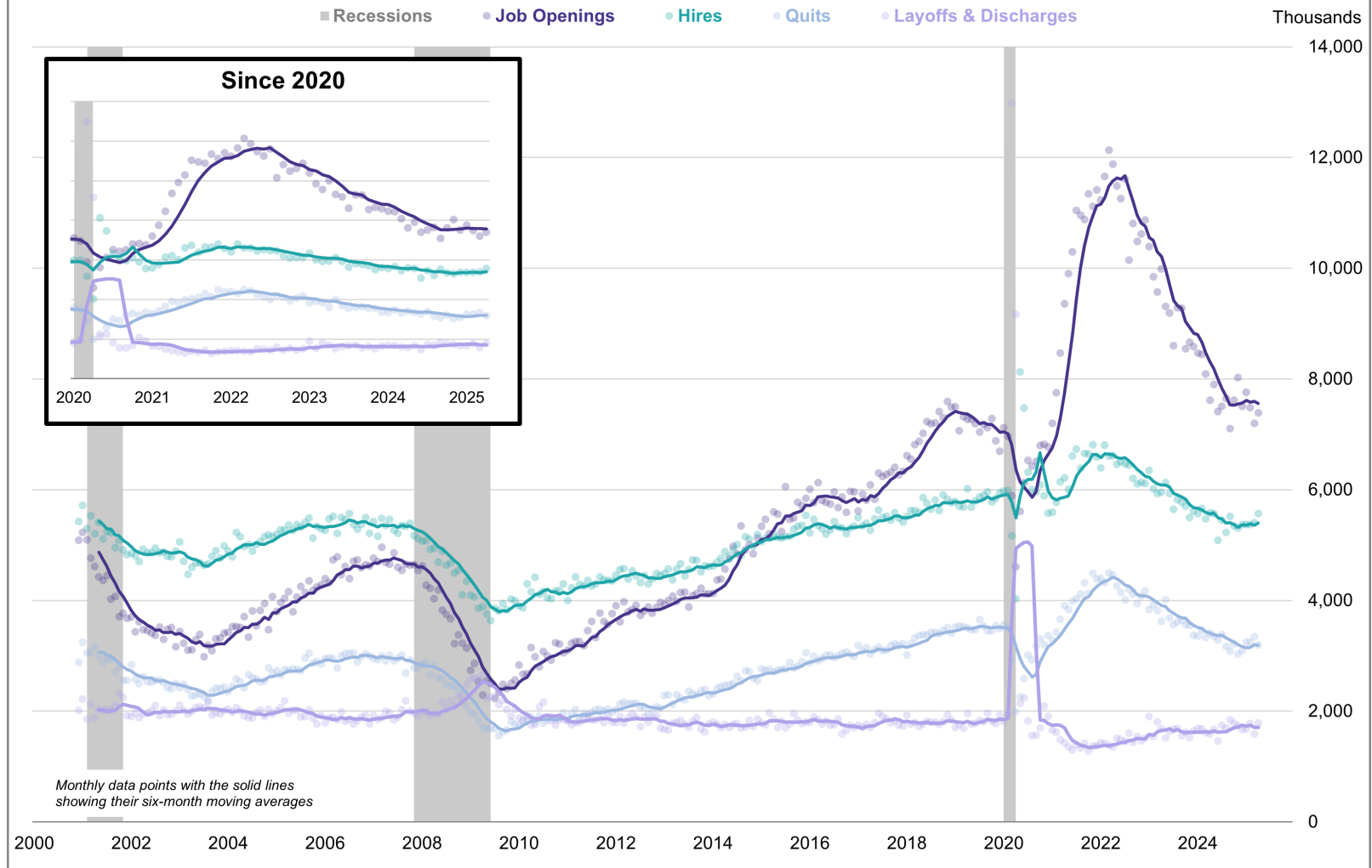
Cost category	Weight	2007	2019	2020	2021	2022	2023	2024	2025f	2026p	2026p
Containers & other plastics	8.90%	100.0	127.3	126.4	143.5	166.8	166.7	167.0	167.8	171.2	186.6
Media (soilless mixes)	4.37%	100.0	120.5	122.0	135.8	140.1	160.1	142.7	145.5	151.4	157.4
Propagative materials	18.97%	100.0	128.3	136.8	142.1	141.8	142.7	161.0	161.8	174.8	188.8
Plant protection products	1.629%	100.0	109.8	107.0	115.1	175.0	154.0	142.3	143.5	150.7	164.2
Fertilizers	1.626%	100.0	109.5	103.5	138.6	225.8	168.4	159.3	160.1	166.5	181.4
Labor	42.99%	100.0	144.2	149.6	158.1	169.8	179.1	185.1	194.8	203.6	213.8
Fuel & energy	4.57%	100.0	93.3	79.3	105.6	152.7	131.7	123.0	123.5	135.8	149.4
Supplies & repairs	2.95%	100.0	127.6	129.6	138.9	154.7	160.5	162.0	166.9	171.9	180.5
Freight & trucking	14.00%	100.0	130.5	124.9	138.9	151.1	136.1	131.8	134.4	142.4	153.8
Weighted index (2007=100)		100.0	132.8	135.2	146.1	160.1	160.9	165.0	170.1	178.9	190.5
YOY increase/decrease		---	3.6%	1.8%	8.1%	9.5%	0.5%	2.5%	3.1%	5.2%	6.5%

f=EOY forecast; p=preliminary

LABOR



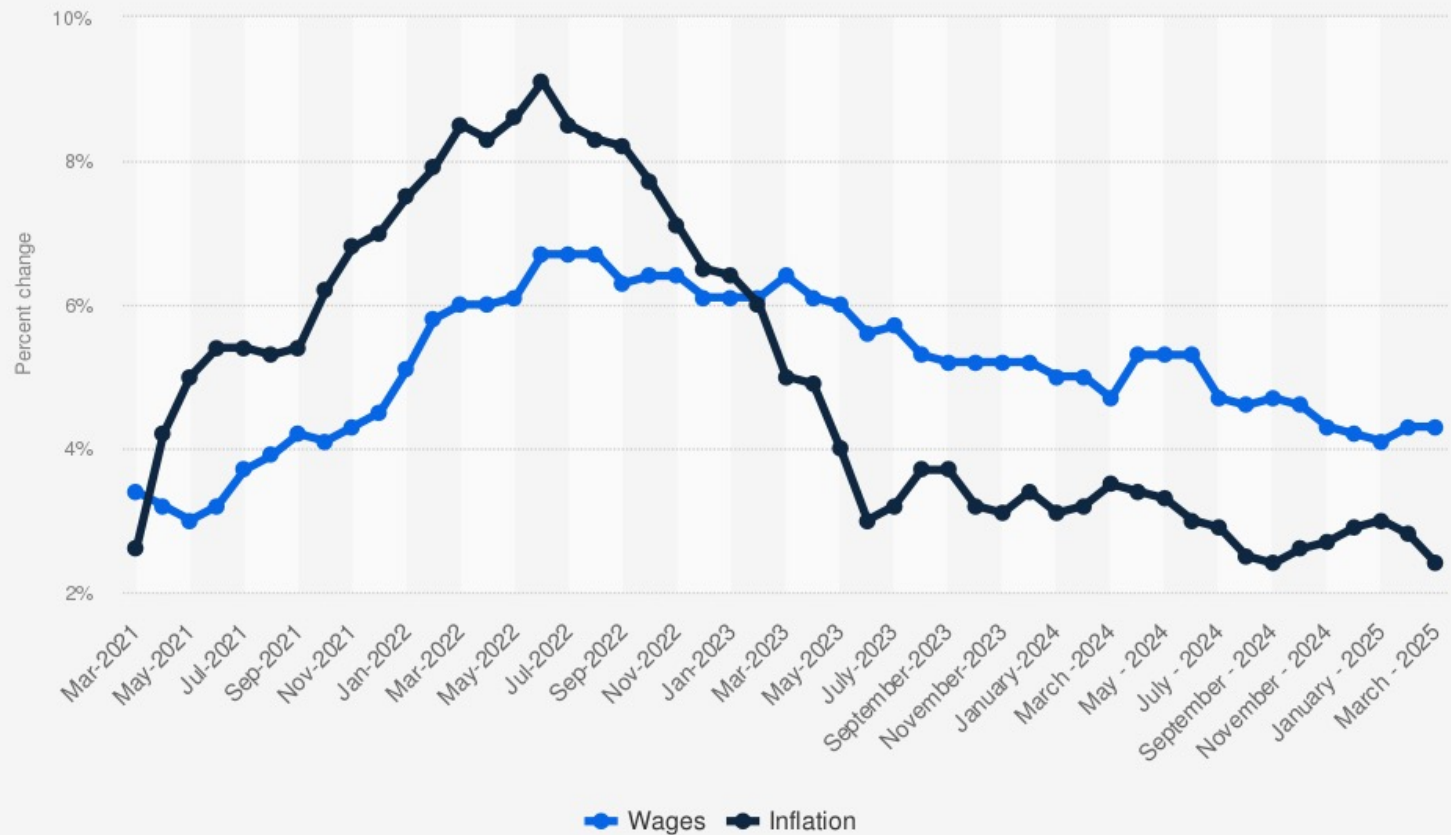
JOLTS Report for Total Nonfarm Employment: *Job Openings and Labor Turnover*



Job Openings per Unemployed Worker



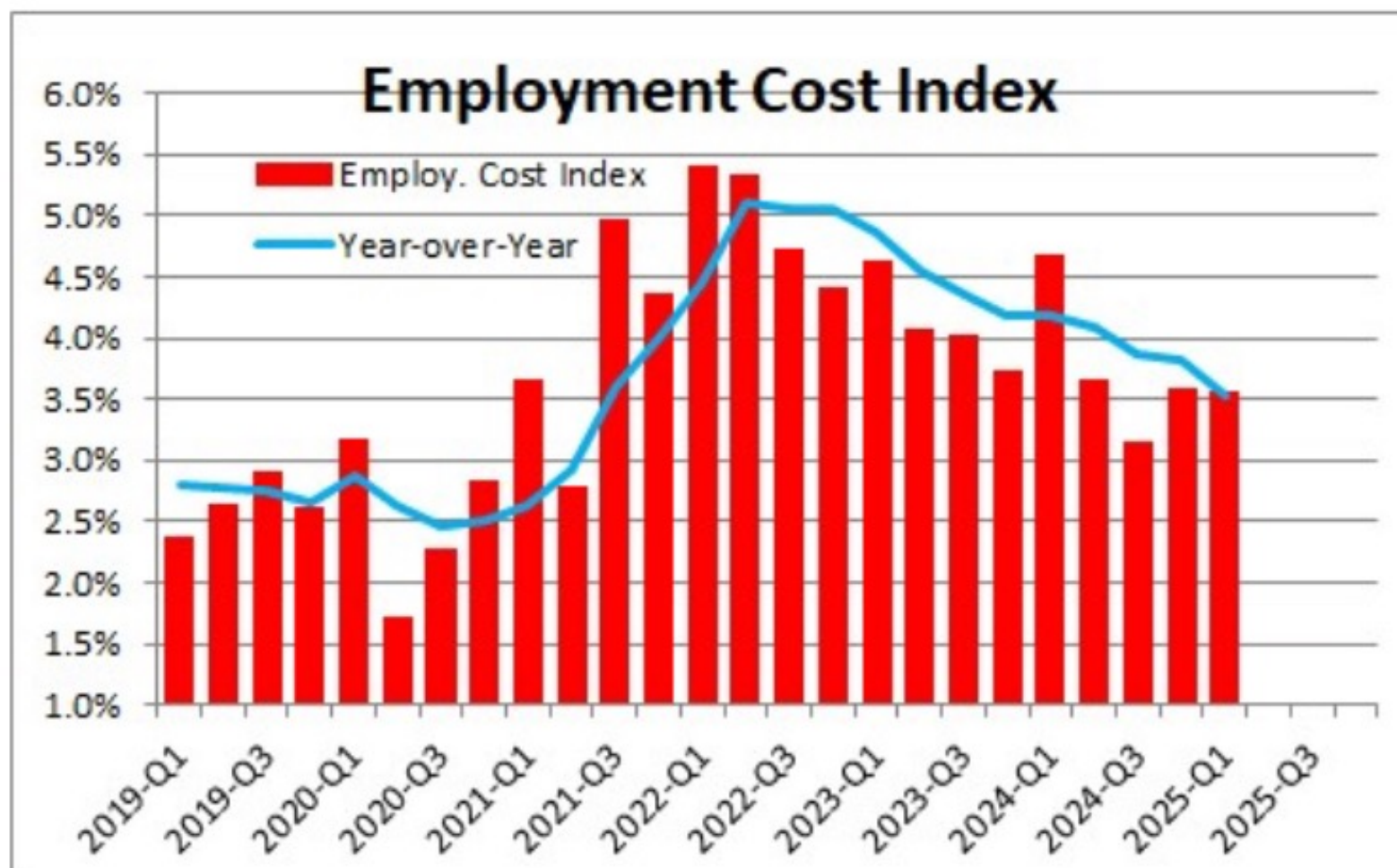
Difference between the inflation rate and growth of wages in the United States from March 2020 to March 2025



Sources

Bureau of Labor Statistics; Federal Reserve Bank United States; March 2020 to March 2025 of Atlanta; US Census Bureau
© Statista 2025

Additional Information:

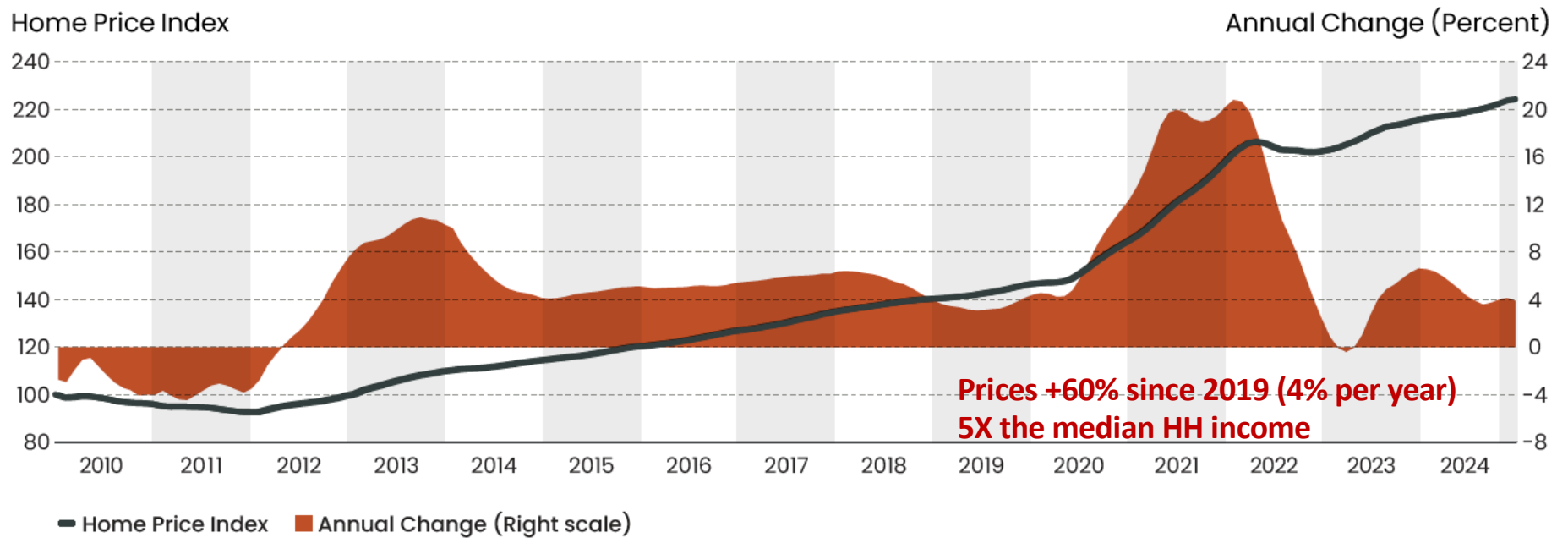


Adverse Effect Wage Rates by Year, 2018-2025

State	2019 AEWR	2020 AEWR	2021 AEWR	2022 AEWR	2023 AEWR	2024 AEWR	2025 AEWR	YOY increase 2024 to 2025	Percent increase from 2019 to 2025
(effective date)	1/9/19	1/1/20	2/23/21	12/29/21	1/1/23	1/1/24	1/1/25		
Texas	12.23	12.67	13.03	13.88	14.87	15.55	15.79	1.5%	29.1%
National Average	\$12.96	\$13.68	\$14.28	\$15.03	\$16.13	\$16.98	\$17.78	4.7%	37.27%
YOY increase	-----	5.6%	4.4%	5.3%	7.3%	5.3%	4.7%		
	2019	2020	2021	2022	2023	2024	2025		
Median	\$13.25	\$14.26	\$14.72	\$15.54	\$16.55	\$17.20	\$17.96		



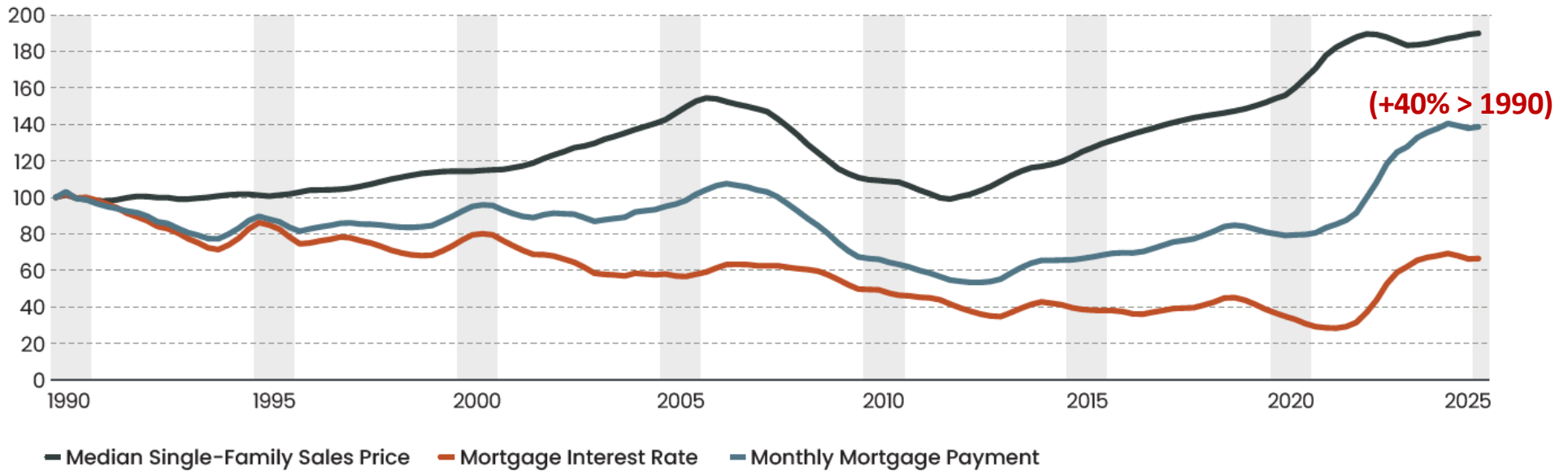
Home Prices Continue to Grow



Source: JCHS tabulations of S&P CoreLogic Case-Shiller US National Home Price Index.

Homeowner Costs Hit Record Highs

Index

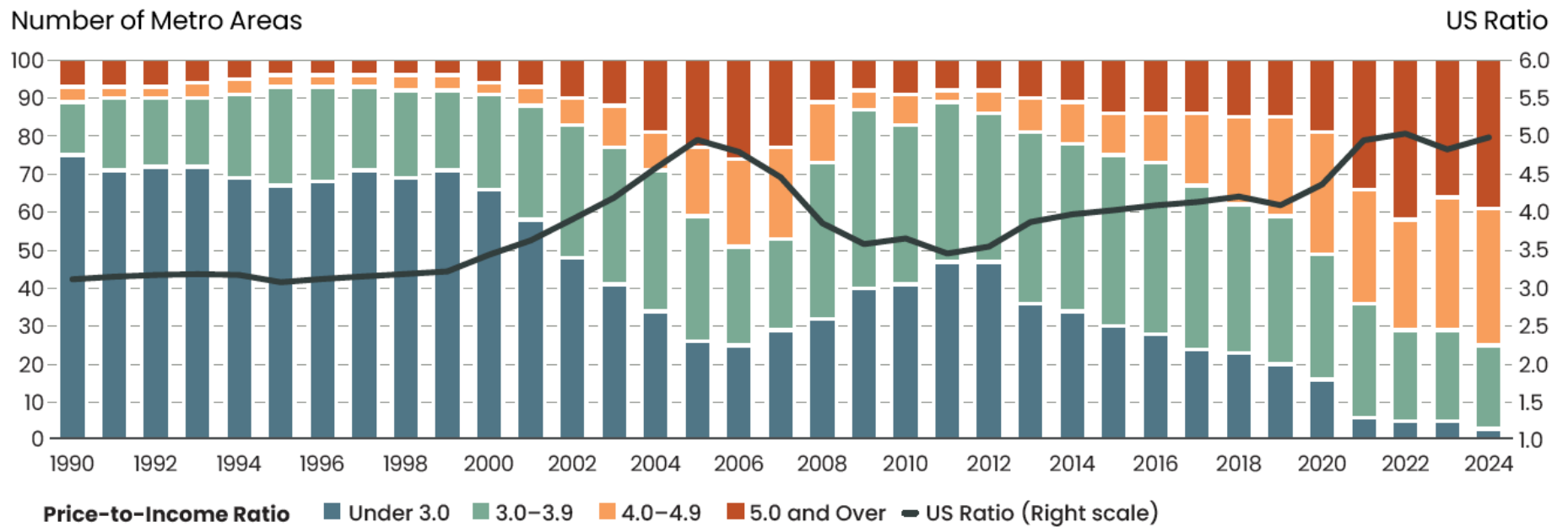


Notes: Payments and prices are adjusted for inflation using the CPI-U for All Items Less Shelter and a four-quarter rolling average.

Monthly mortgage payments are on the median-priced home and assume a 3.5% downpayment on a 30-year fixed-rate loan and 0.55% mortgage insurance, 0.35% property insurance, and 1.15% property tax rates.

Source: JCHS tabulations of Freddie Mac, Primary Mortgage Market Surveys; National Association of Realtors (NAR), Existing Home Sales.

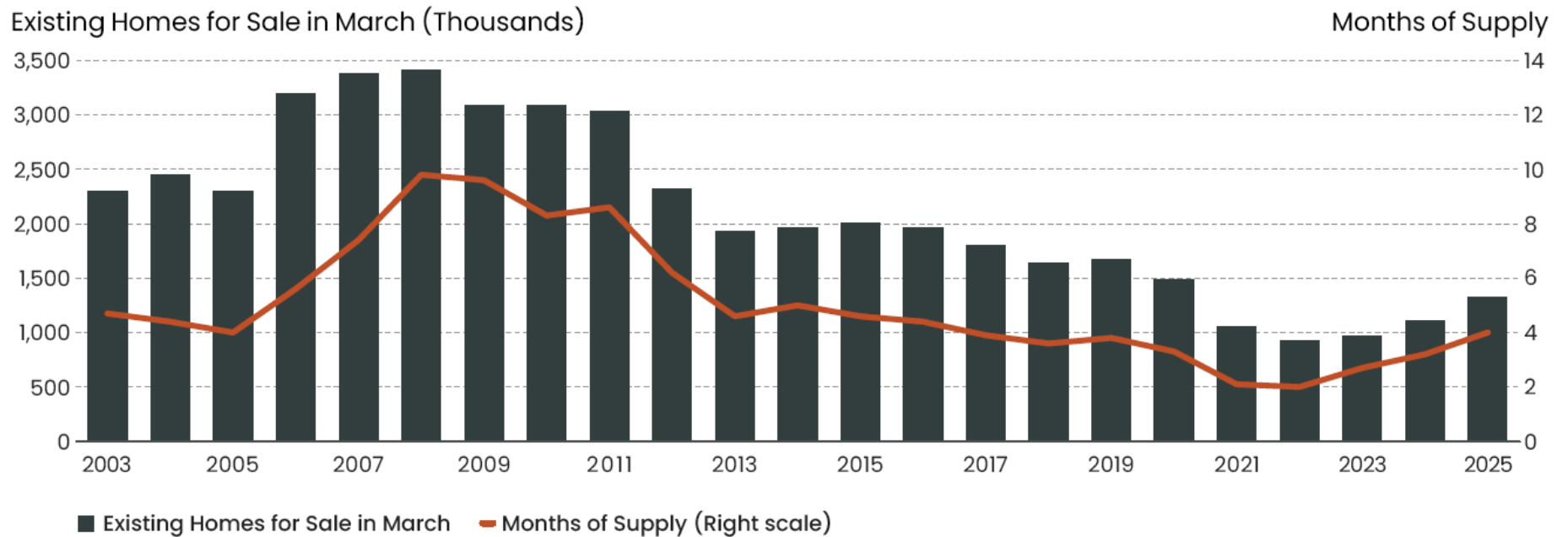
Home Prices Are Historically High Relative to Incomes



Notes: Price-to-income ratios are for the 100 largest metro areas by population. Income data for 2024 are based on Moody's Analytics forecasts.

Source: JCHS tabulations of NAR, Metropolitan Median Area Prices; Moody's Analytics estimates.

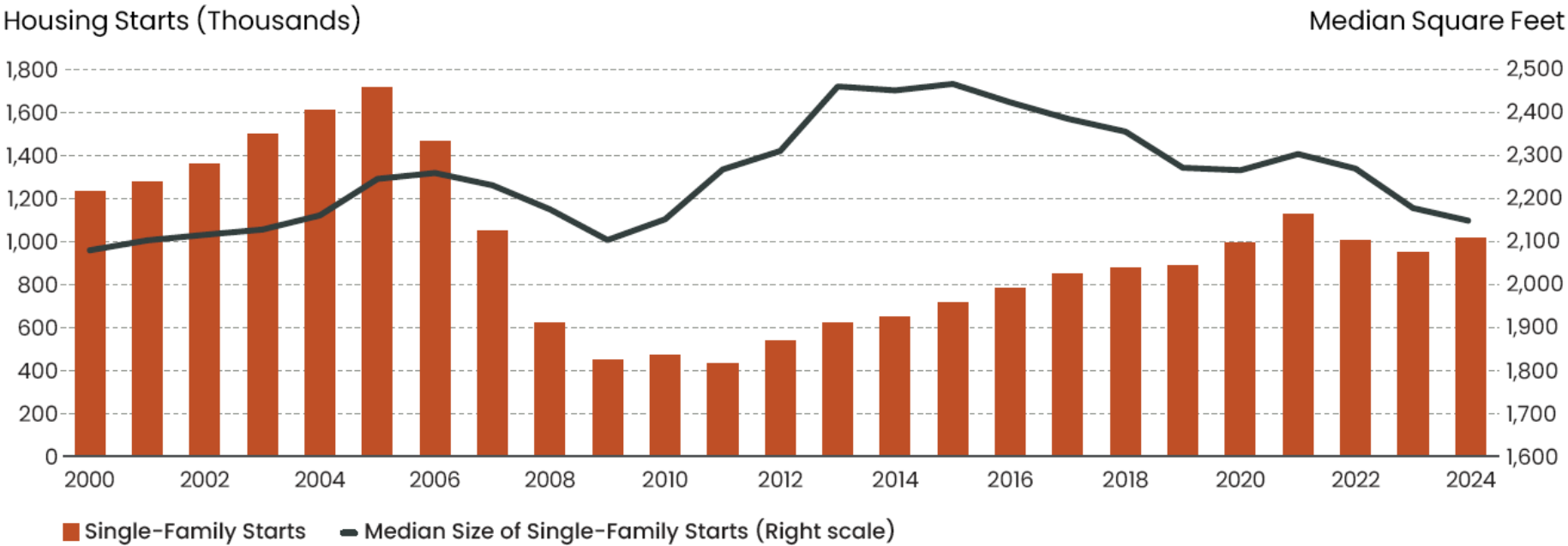
Inventories Are Still Low but Climbing



Notes: Months of supply measures the length of time needed at the present pace to sell all homes currently listed for sale. Six months of supply is typically considered to be a balanced market.

Source: JCHS tabulations of NAR, Existing Home Sales.

Single-Family Construction Ticked Up as Home Sizes Continued Shrinking

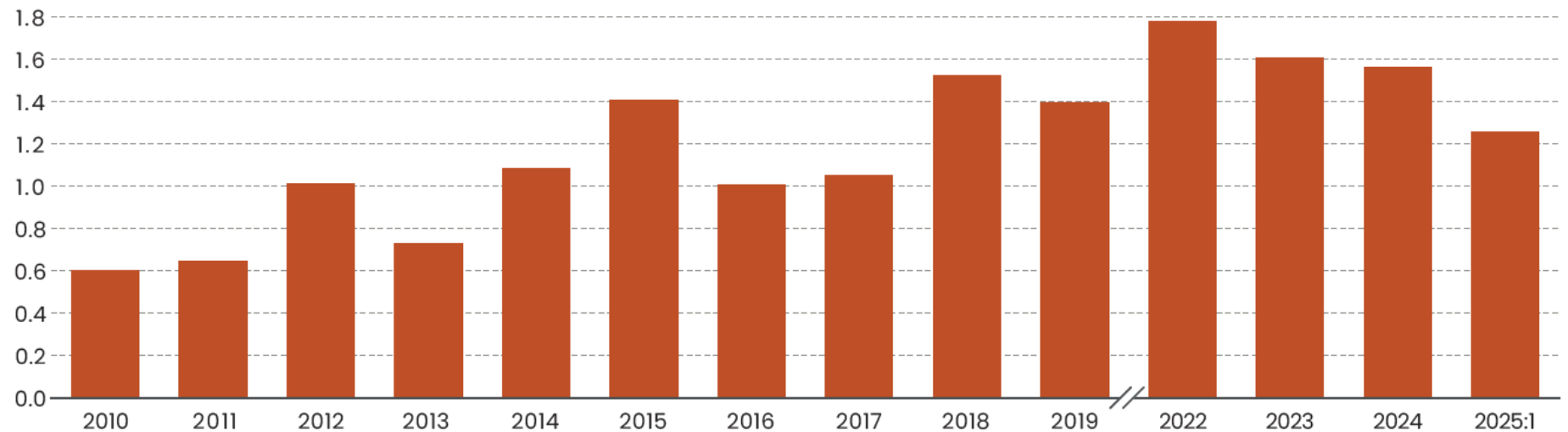


Source: JCHS tabulations of US Census Bureau, New Residential Construction.

Demographic factors

Household Growth Is Slowing from Recent Peaks

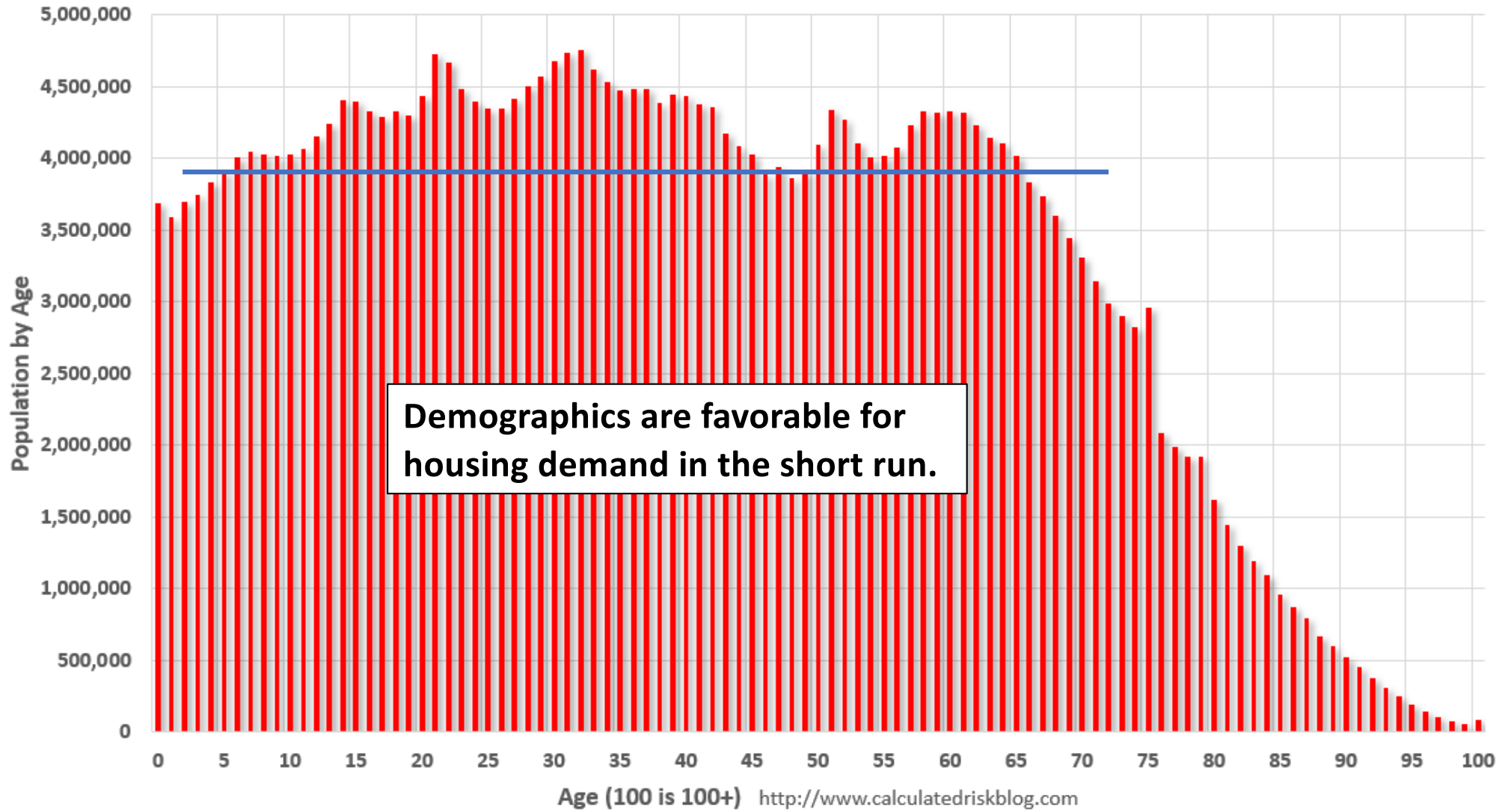
Annual Change in Households (Millions)



Note: Estimates for 2020 and 2021 are omitted due to data collection issues experienced during the pandemic.

Source: JCHS tabulations of US Census Bureau, Housing Vacancy Surveys.

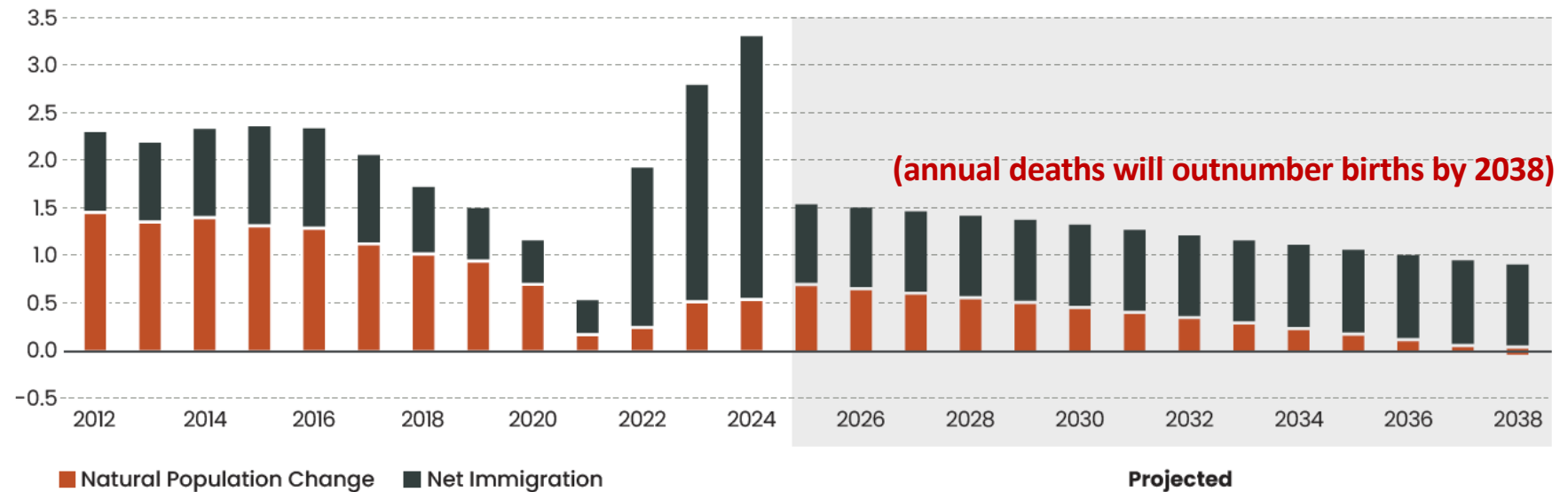
U.S. Population by Age, 2022 Census Estimate



Demographic factors

The Surge in Immigration Paused a Long-Term Decline in Population Growth

Annual Change in Population (Millions)



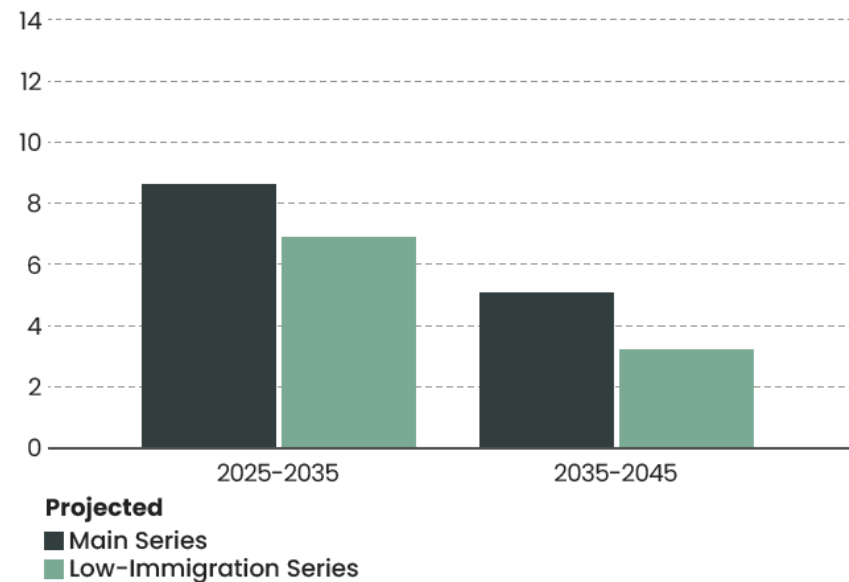
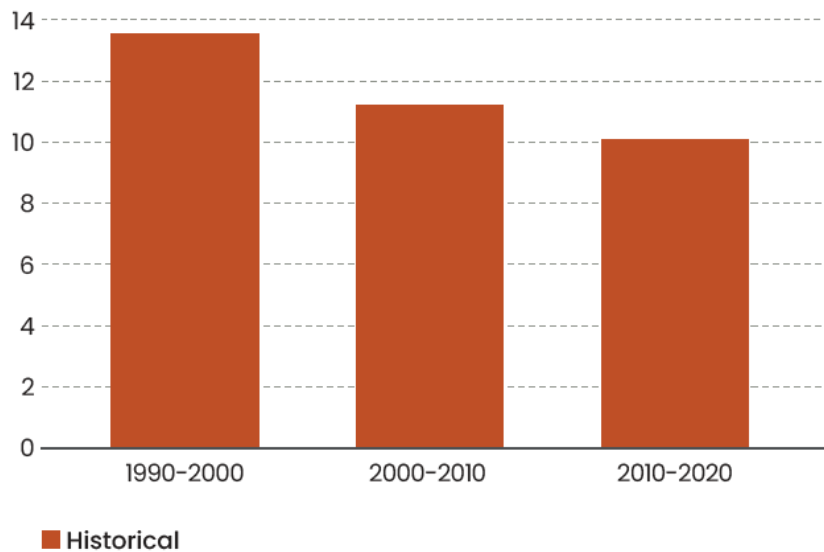
Note: Natural population change is the difference between births and deaths.

Source: JCHS tabulations of US Census Bureau, Population Estimates Program and 2023 National Population Projections.

Demographic factors

Household Growth Is Projected to Slow

Change in Households (Millions)

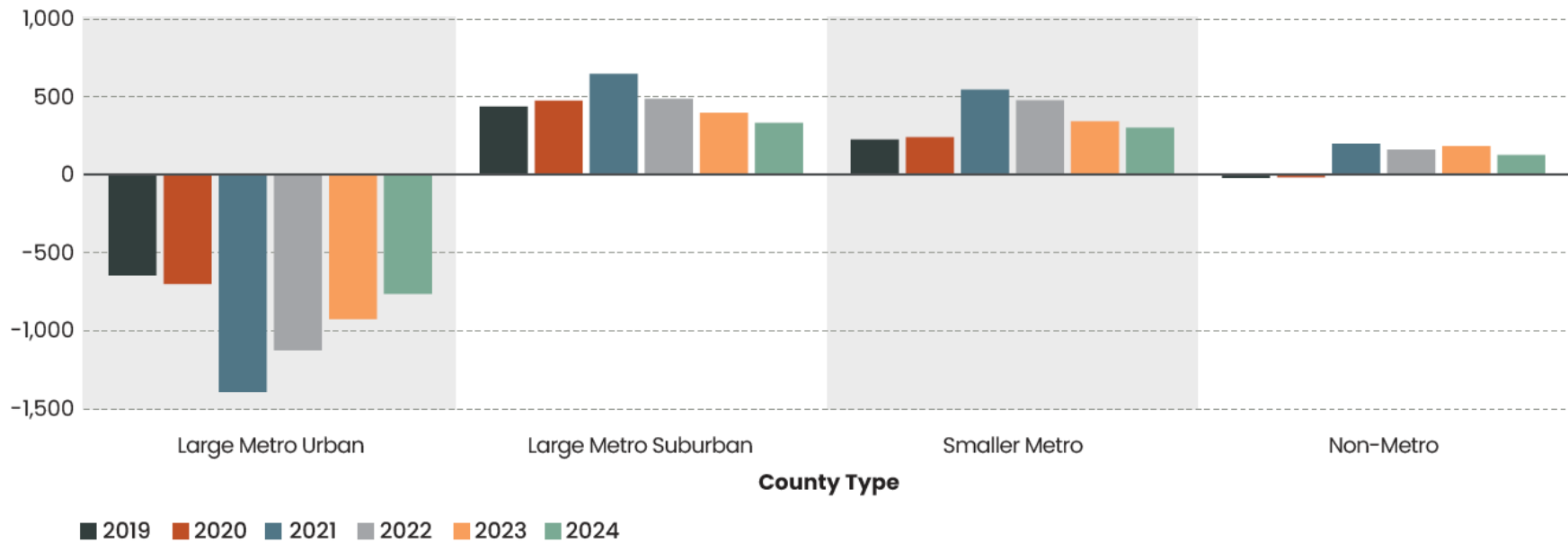


Sources: JCHS tabulations of US Census Bureau, Decennial Censuses; and JCHS 2024 Household Projections.

Demographic factors

Urban Counties Are Losing Fewer People to Suburban and Rural Areas

Net Domestic Migration (Thousands)



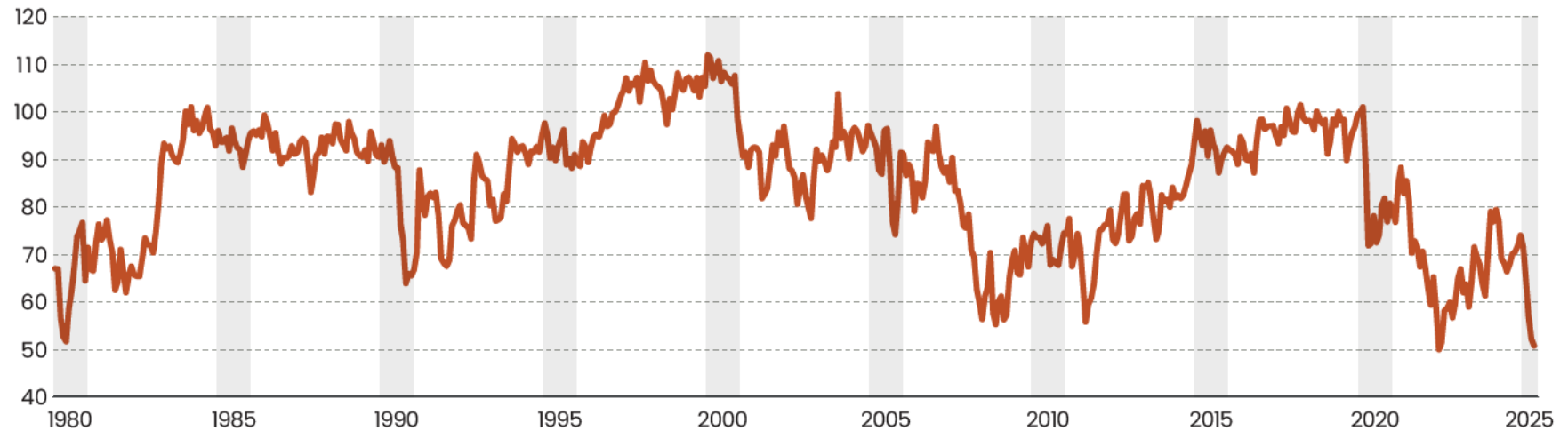
Note: Urban counties have at least 2,000 tract-weighted households per square mile, and large metro areas have at least 1 million residents.

Source: JCHS tabulations of US Census Bureau, Population Estimates Program.

Demographic factors

Consumer Sentiment Has Dropped to a Near All-Time Low

Index of Consumer Sentiment



Note: Estimate for May 2025 is preliminary.

Source: University of Michigan, Survey of Consumers.

Homeownership

Homeowner Household Growth Slowed, Reducing the Homeownership Rate



Note: Estimates for 2020 are omitted due to data collection issues experienced during the pandemic.

Source: JCHS tabulations of US Census Bureau, Housing Vacancy Surveys.

Homeownership



Homebuying Costs Continue to Rise

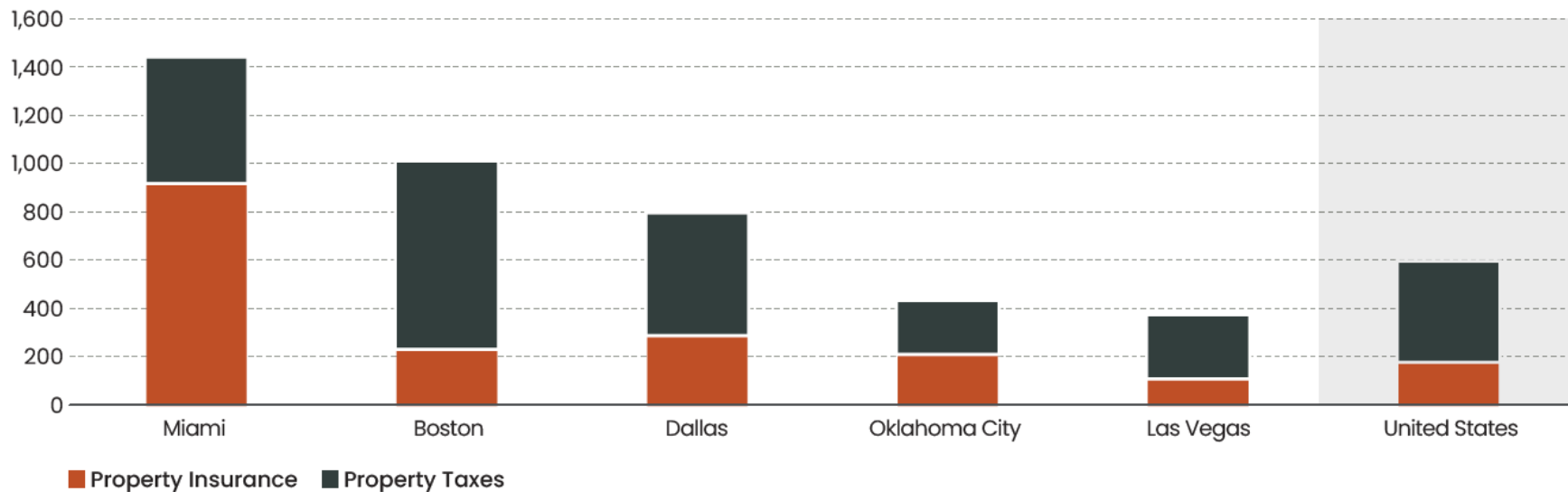
	2021	2023	2024
Interest Rate (Percent)	2.96	6.81	6.72
Median Home Price (Dollars)	357,100	394,100	412,500
Downpayment & Closing Costs	23,210	25,620	26,810
Total Monthly Costs	2,050	3,150	3,270
Mortgage Payment	1,445	2,480	2,570
Other Costs	600	670	700
Required Annual Income	79,330	121,860	126,670

Notes: Closing costs assume a 3.5% downpayment and 3% additional fees. Mortgage payments are based on a 30-year fixed-rate loan. Other costs include 1.15% property taxes, 0.35% property insurance, and 0.55% mortgage insurance fees. Required annual income assumes a 31% debt-to-income ratio. Source: JCHS tabulations of Freddie Mac, Primary Mortgage Market Surveys; NAR, Existing Home Sales.

Homeownership

In Some Markets, Taxes and Insurance Costs Exacerbate Unaffordability

Monthly Costs on the Median-Priced Home (Dollars)



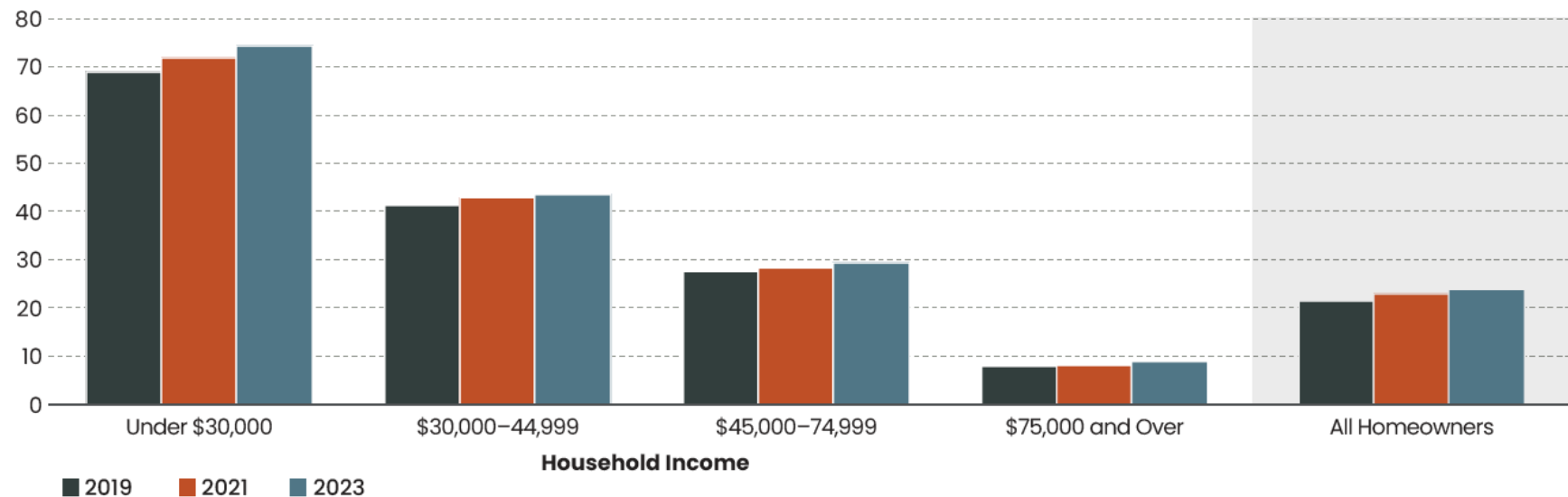
Note: Costs are based on applying metro area property insurance and tax rates to the metro area median sales price for single-family homes in 2025:1.

Source: JCHS tabulations of ICE Mortgage Monitor, March 2025; NAR, Existing Home Sales; US Census Bureau, 2023 American Community Survey 1-Year Estimates.

Homeownership

Cost-Burden Rates Are Highest and Rising Fastest for Lower-Income Homeowners

Share of Homeowner Households with Cost Burdens (Percent)



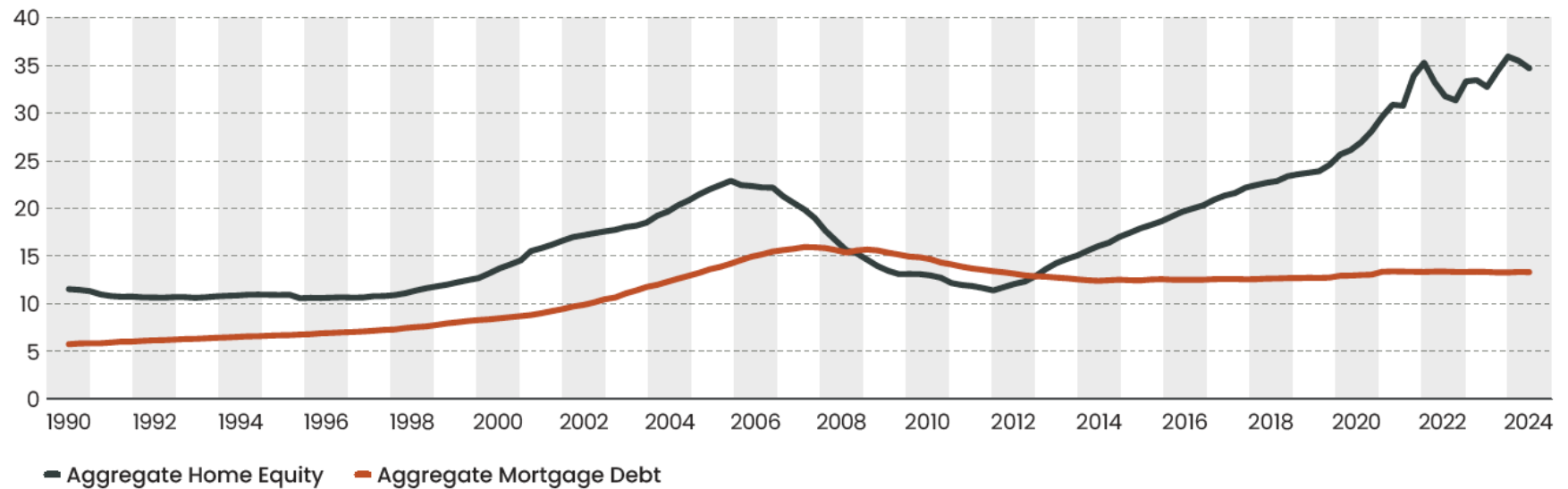
Notes: Household incomes are adjusted for inflation using the CPI-U for All Items. Cost-burdened households spend more than 30% of income on housing and utilities.

Source: JCHS tabulations of US Census Bureau, American Community Survey 1-Year Estimates.

Homeownership

Home Equity Levels Are Near Record Highs

2024 Dollars (Trillions)



Note: Homeowner equity and mortgage debt are adjusted for inflation using the CPI-U for All Items Less Shelter.
Source: JCHS tabulations of Federal Reserve Board, Financial Accounts of the United States.



Disposable Personal Income Per Capita Growth

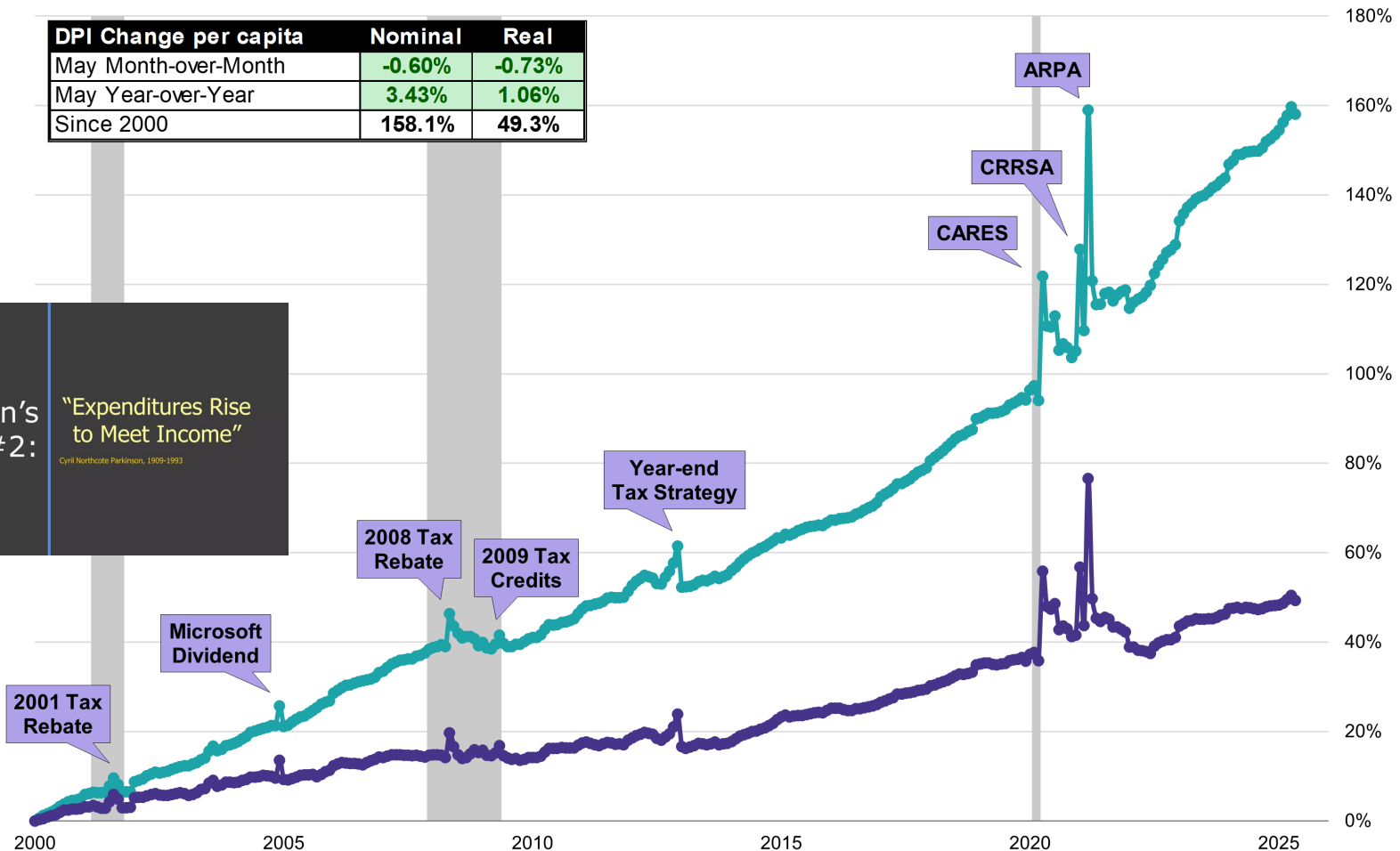
Recessions

Nominal DPI Per Capita Growth Since 2000

Real DPI Per Capita Growth Since 2000

DPI Change per capita	Nominal	Real
May Month-over-Month	-0.60%	-0.73%
May Year-over-Year	3.43%	1.06%
Since 2000	158.1%	49.3%

Parkinson's Law #2:
"Expenditures Rise to Meet Income"
Cyril Northcote Parkinson, 1909-1993



FRED — Real Personal Consumption Expenditures

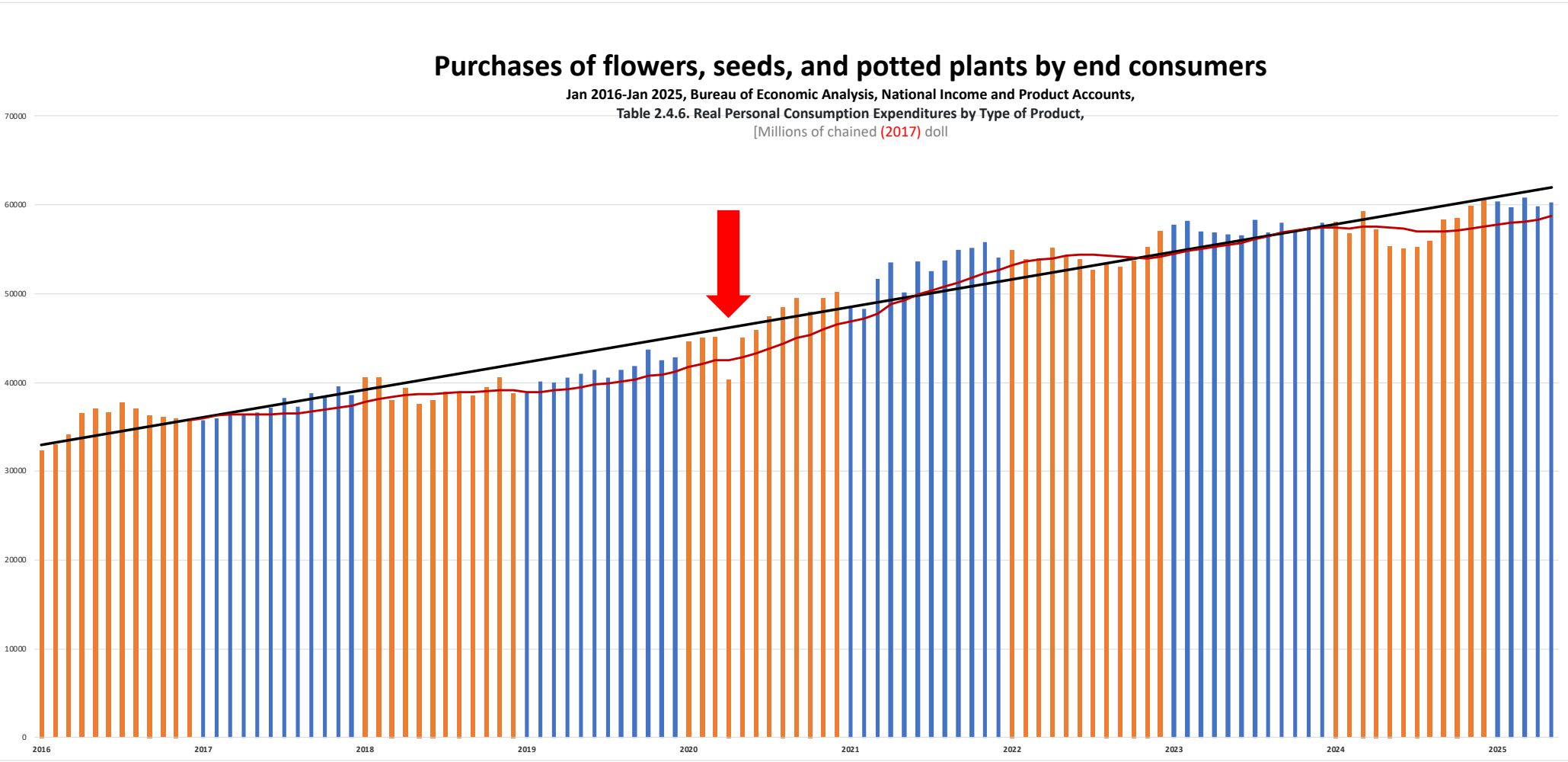


Source: U.S. Bureau of Economic Analysis via FRED®
Shaded areas indicate U.S. recessions.

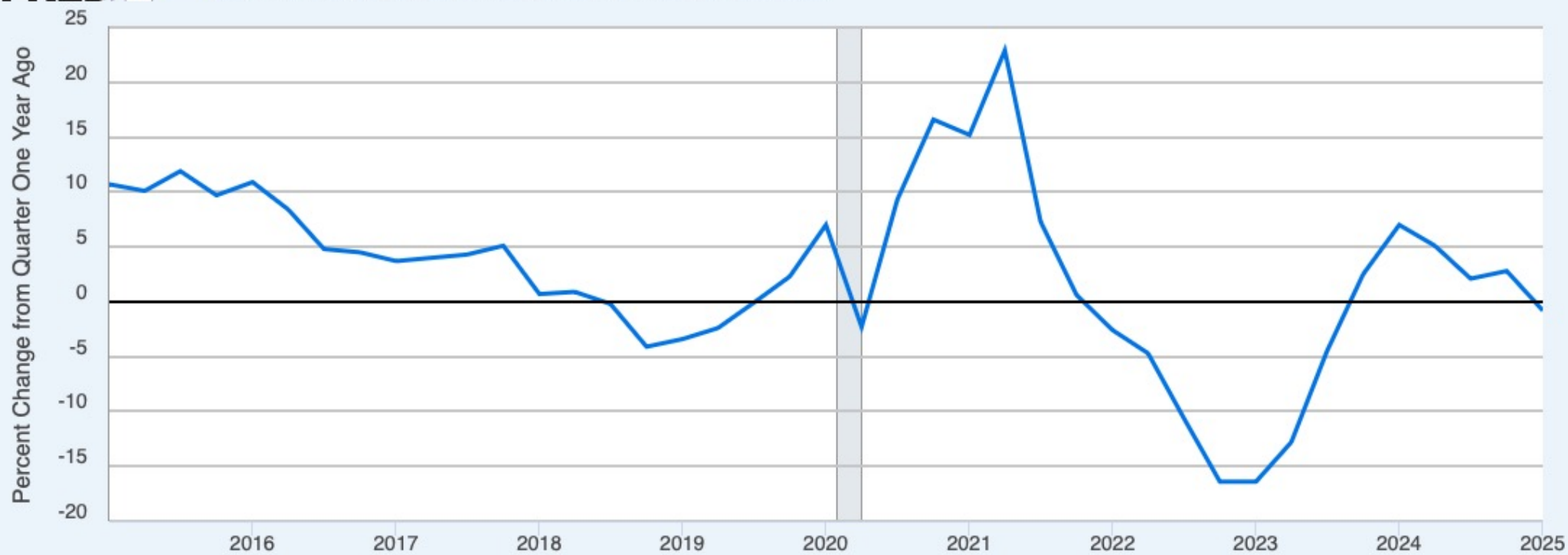
fred.stlouisfed.org

Purchases of flowers, seeds, and potted plants by end consumers

Jan 2016-Jan 2025, Bureau of Economic Analysis, National Income and Product Accounts,
Table 2.4.6. Real Personal Consumption Expenditures by Type of Product,
[Millions of chained (2017) doll



FRED — Real Gross Private Domestic Investment: Fixed Investment: Residential



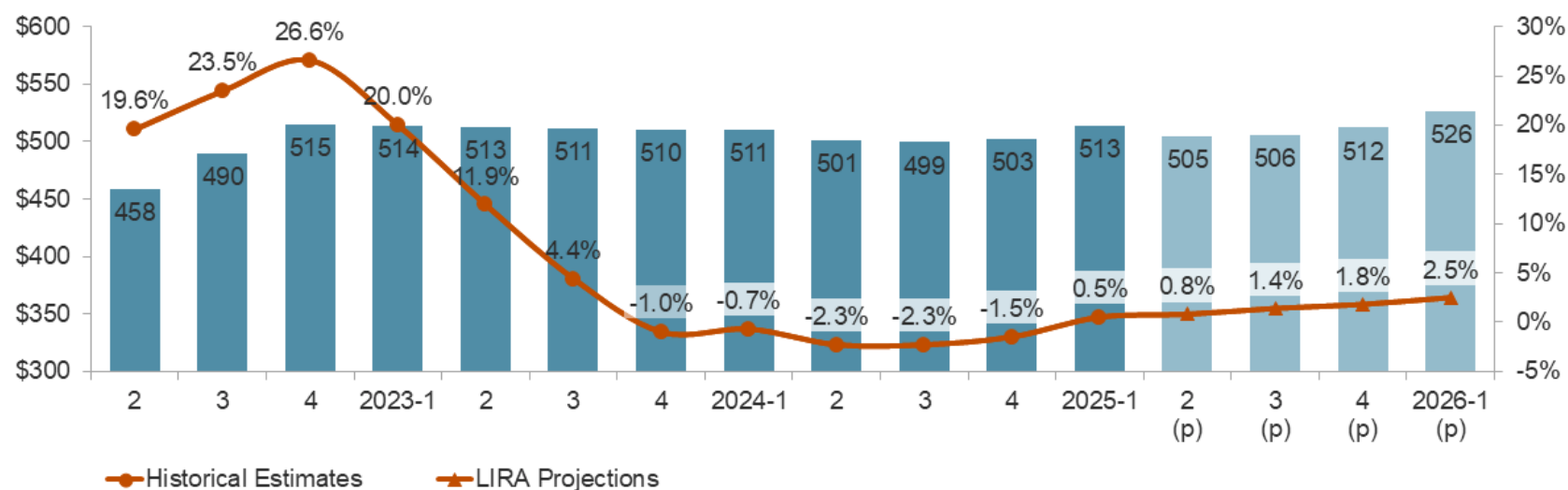
Source: U.S. Bureau of Economic Analysis via FRED®
Shaded areas indicate U.S. recessions.

fred.stlouisfed.org

Leading Indicator of Remodeling Activity – First Quarter 2025

**Homeowner Improvements & Repairs
Four-Quarter Moving Totals
Billions**

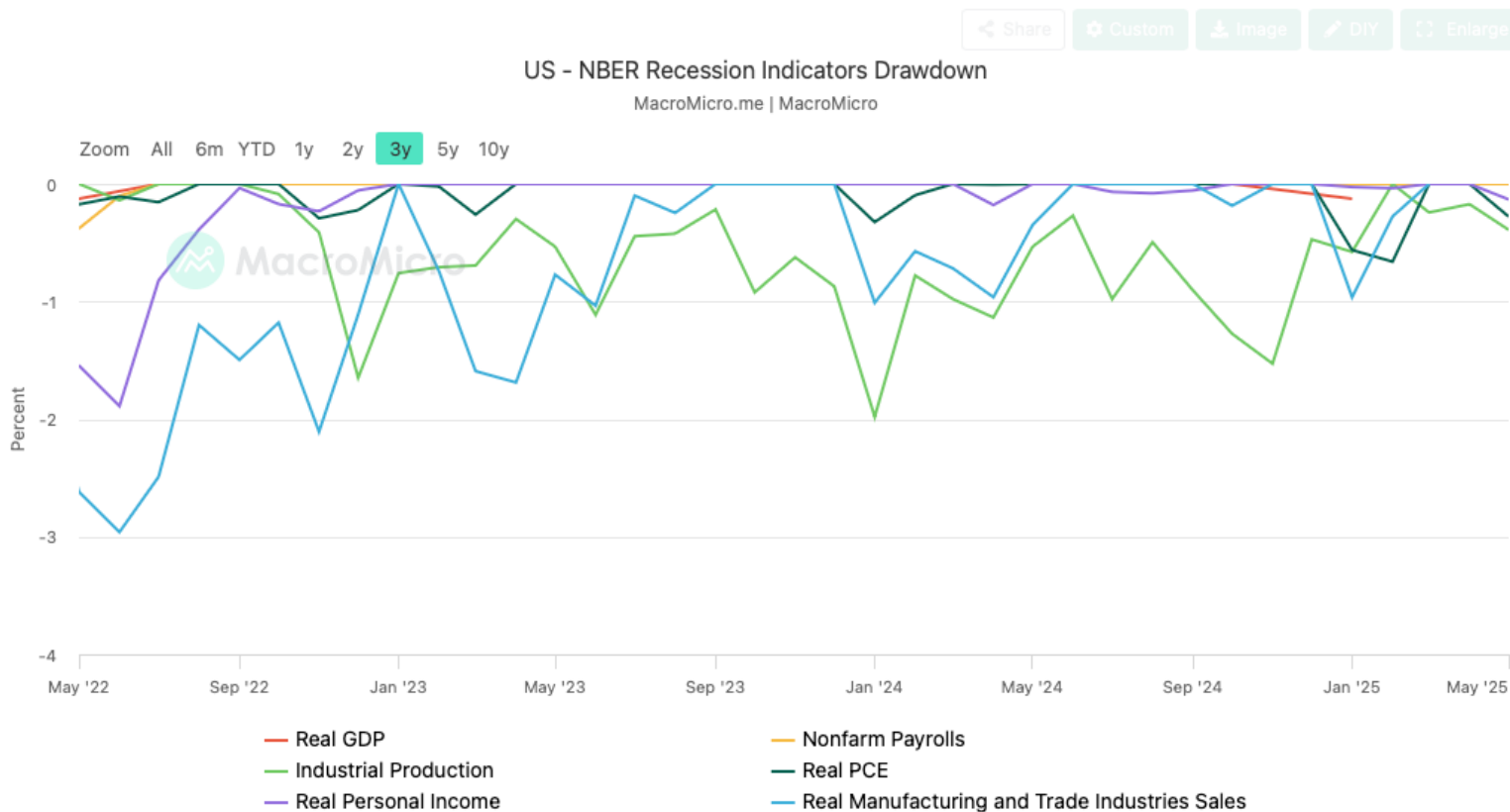
**Four-Quarter Moving
Rate of Change**



Notes: Improvements include remodels, replacements, additions, and structural alterations that increase the value of homes. Routine maintenance and repairs preserve the current quality of homes. Historical estimates since 2023 are produced using the LIRA model until American Housing Survey benchmark data become available.

recession?





☐ AI Definitions

Bookmark

The National Bureau of Economic Research (NBER) Business Cycle Dating Committee, the official recession scorekeeper, assesses whether the U.S. economy has entered a recession by tracking various variables, including real GDP, real personal income minus government transfers, employment, various forms of real consumer spending, and industrial production.

When more indicators experience sustained declines or drop significantly, there's a greater chance that the U.S. economy is entering a recession.

The chart shows the 3-year drawdown of each indicator. Zero means the indicator has continued to hit new highs or remained at the same level as its peak over the past three years, while a negative value means that the indicator has fallen from its highest point in the last three years.

US - MM Recession Probability

MacroMicro.me | MacroMicro

Share

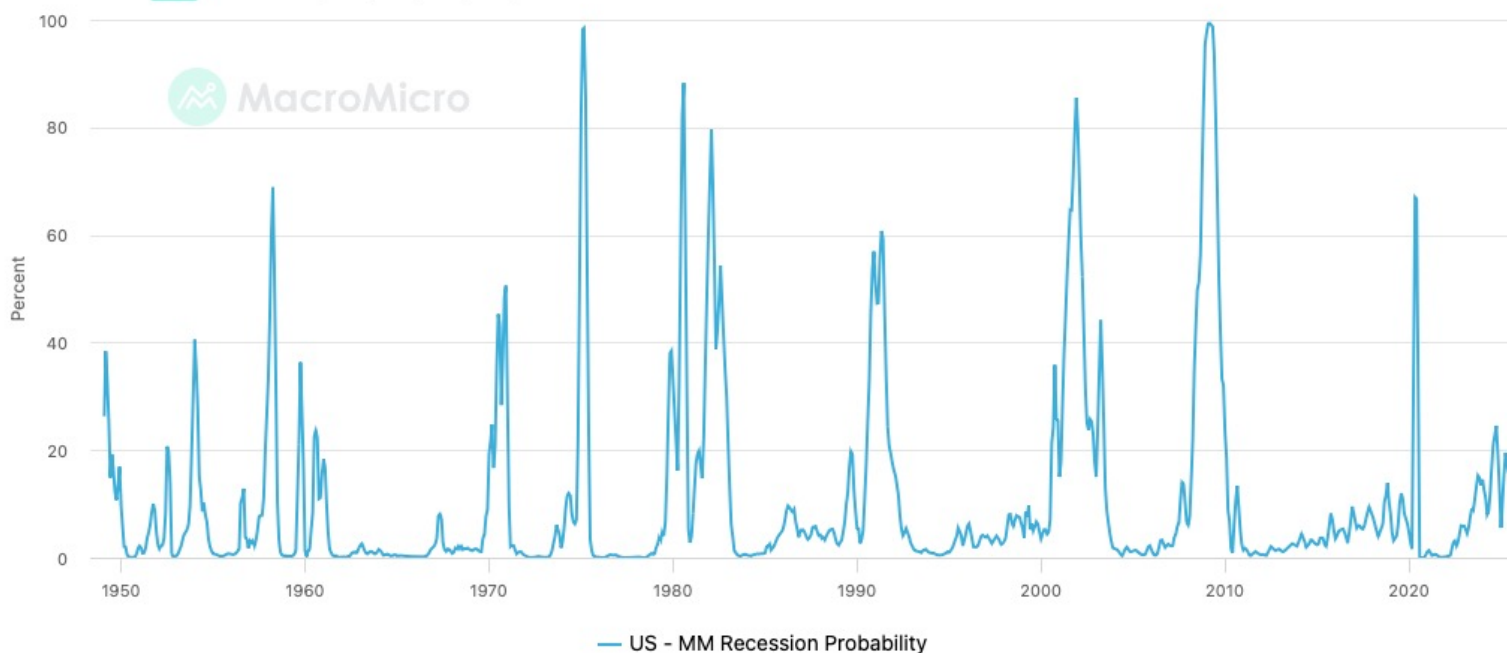
Custom

Image

DIY

Enlarge

Zoom All 6m YTD 1y 2y 3y 5y 10y



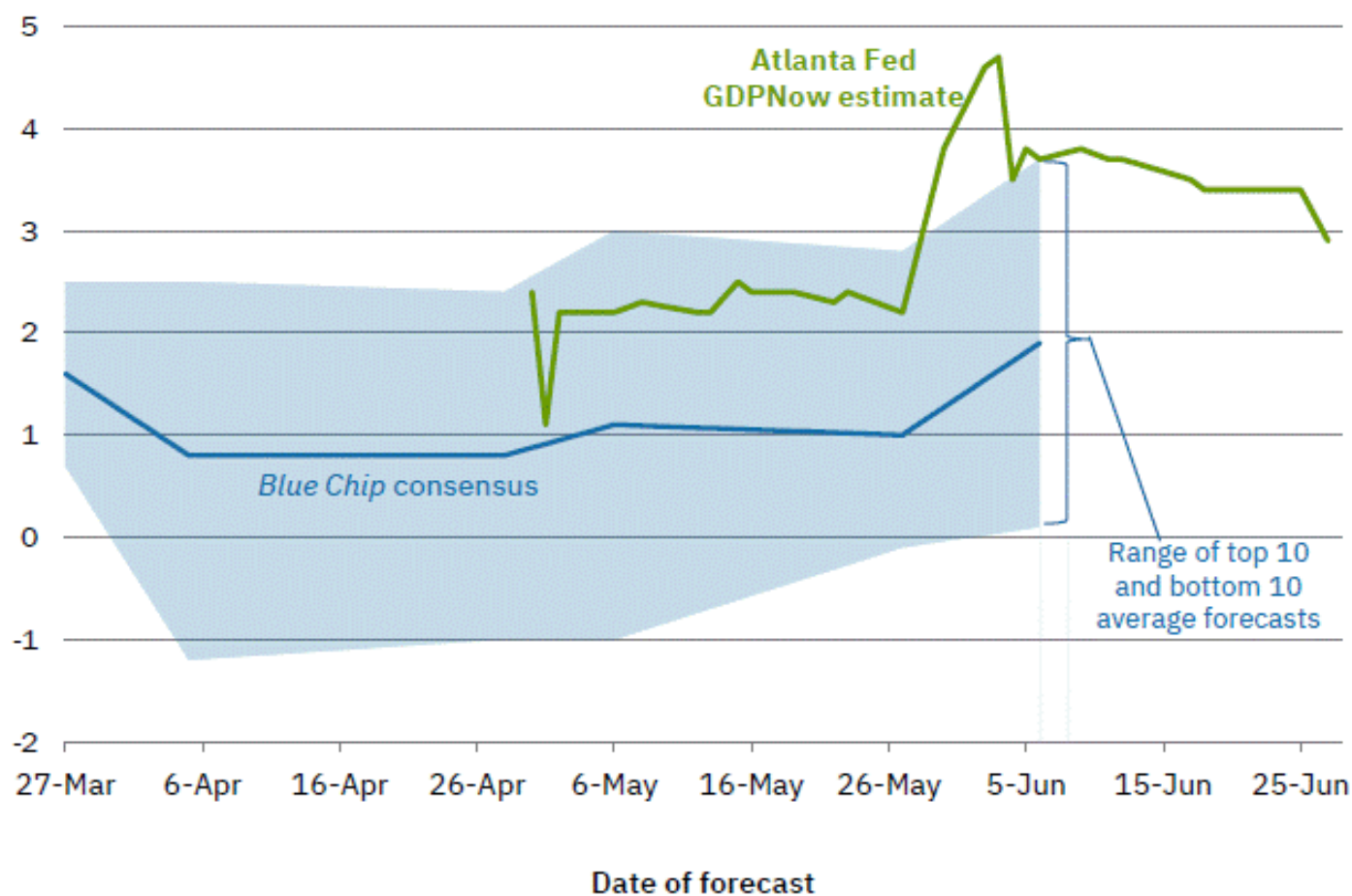
MacroMicro compiles the US Recession Probability data based on the country's major economic indicators and the Dynamic Logistic Regression Model. The seven key reference variables include nonfarm payrolls growth, unemployment rate, the ISM Manufacturing PMI, the Industrial Production Index (IPI), and other indicators.

MacroMicro refers to research by NBER, OECD, and other institutions to define US economic recessions. Each recession is different, but generally involves negative GDP growth, rising unemployment rates, and a sharp decline in the stock market.

This indicator is updated on the second Monday of each month with the latest data. The absolute value will be adjusted accordingly due to the delayed release or revision of component variables. MacroMicro will also determine the effectiveness of variables by tracking the latest financial environment after each cycle to decide whether to add or remove relevant variables.

Evolution of Atlanta Fed GDPNow real GDP estimate for 2025: Q2

Quarterly percent change (SAAR)



Sources: *Blue Chip Economic Indicators* and *Blue Chip Financial Forecasts*

Note: The top (bottom) 10 average forecast is an average of the highest (lowest) 10 forecasts in the *Blue Chip* survey.