



THE EAGL NETWORK

# STILL DRIVING THROUGH THE FOG

*But now oil is on the windshield, there's a new toll booth, and there is smoke on the horizon!*

Tuesday, April 7, 2026 | EAGL Webinar



## Dr. Charlie Hall



Q1 2026 Economic Situation & Outlook  
for the Green Industry



**EAGL** EXECUTIVE ACADEMY  
FOR GROWTH & LEADERSHIP

YOUR  
**M**ARKET  
**M**ETRICS

# Today's Agenda

## MACROECONOMY (~22 min)

- What Changed Since Q4 2025
- GDP, Growth & Confidence
- ★ **Iran Conflict, Oil & Supply Chains**
- Tariffs — Status Update
- Inflation & Input Costs

## GREEN INDUSTRY (~23 min)

- Labor Market
- Housing Market
- Consumer Spending & Recession Odds
- Green Industry Implications
- Strategic Takeaways

*Use the chat box to submit questions throughout!*

# What Has Changed Since Q4 2025

## Q4 2025 (Where We Were)

Recession odds: 25–40%

Tariffs: ~17.9% effective rate

Input cost inflation: 3.2–3.6%

Oil: ~\$70/bbl (stable)

Fertilizer costs: stable

Mortgage rates: 6.12–6.24%

Housing: moving sideways

Labor: 0.98 jobs per seeker

## Q1 2026 (Where We Are)

Recession odds: 25–35% (improving... then Iran hit)

Tariffs: Same + OBBBA tax cuts partially offset drag

Input cost inflation: 3.4–4.2% (Iran adds new pulse)

Oil: ~\$108-112/bbl ↑50% since Feb 28 (Strait of Hormuz)

Urea prices: ↑47% since Feb 28

Mortgage rates: 6.46% (April 2) — uptick from Iran

Housing: early inflection — inventory up 20% YoY

Labor: 4.4% unemployment; 'low hire, low fire'

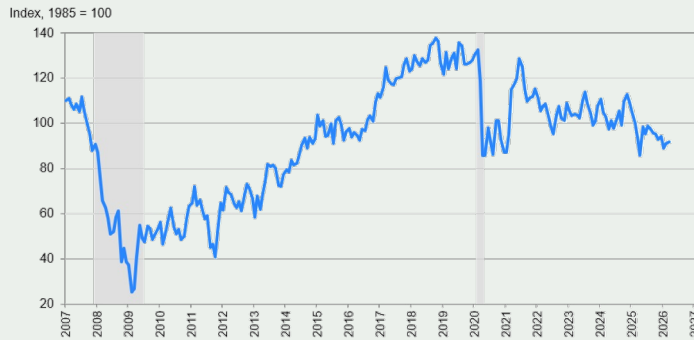
Section 2

# GDP, Growth & Confidence

*How the economy is actually performing right now*

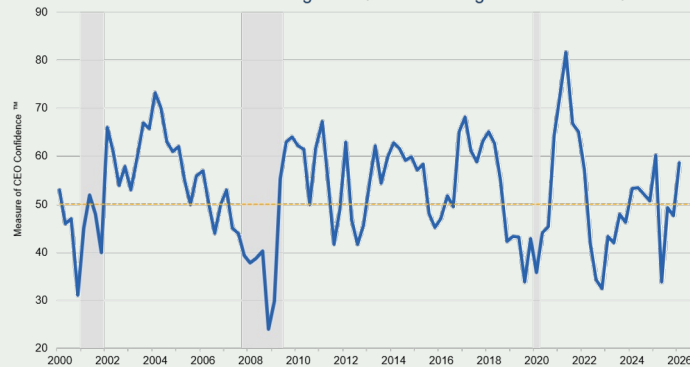
# CEO & Consumer Confidence — Still Watching Both, Trusting Neither

Consumer Confidence Index®



\*Shaded areas represent periods of recession.  
Sources: The Conference Board, NBER  
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CEO Confidence surged in Q1 '26 to the highest level since Q1 '25



Note: Shaded areas indicate periods of recession.  
Sources: The Conference Board, The Business Council, NBER

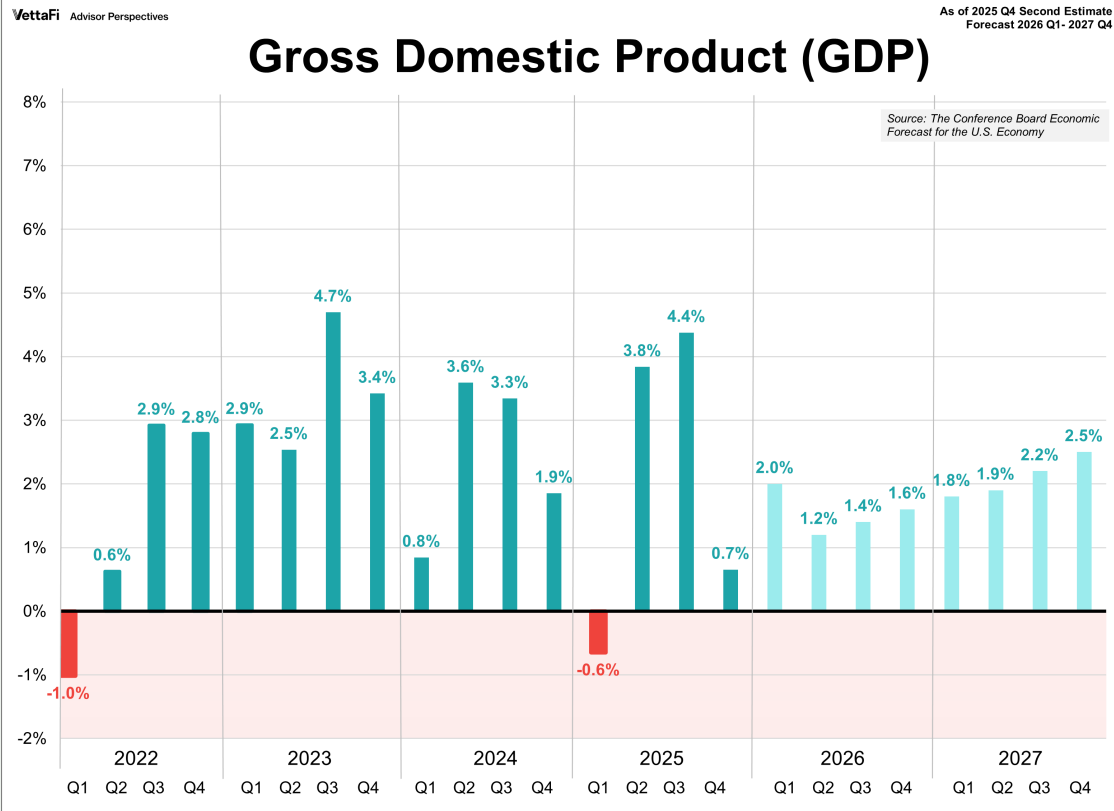
## Key Takeaways

- ~64% of CEOs planning for mild slowdown w/ slight inflation
- Consumer confidence down after Iran escalation (March)
- “I care about how you spend your money, not about how you feel.”
- CEO confidence more stable — and more useful to watch
- Present conditions > future expectations (normal in uncertainty)

**Bottom line: Prepare for 'okay but not great'**

Source: Conference Board

# GDP: 2025 Final + 2026 Forecast Range



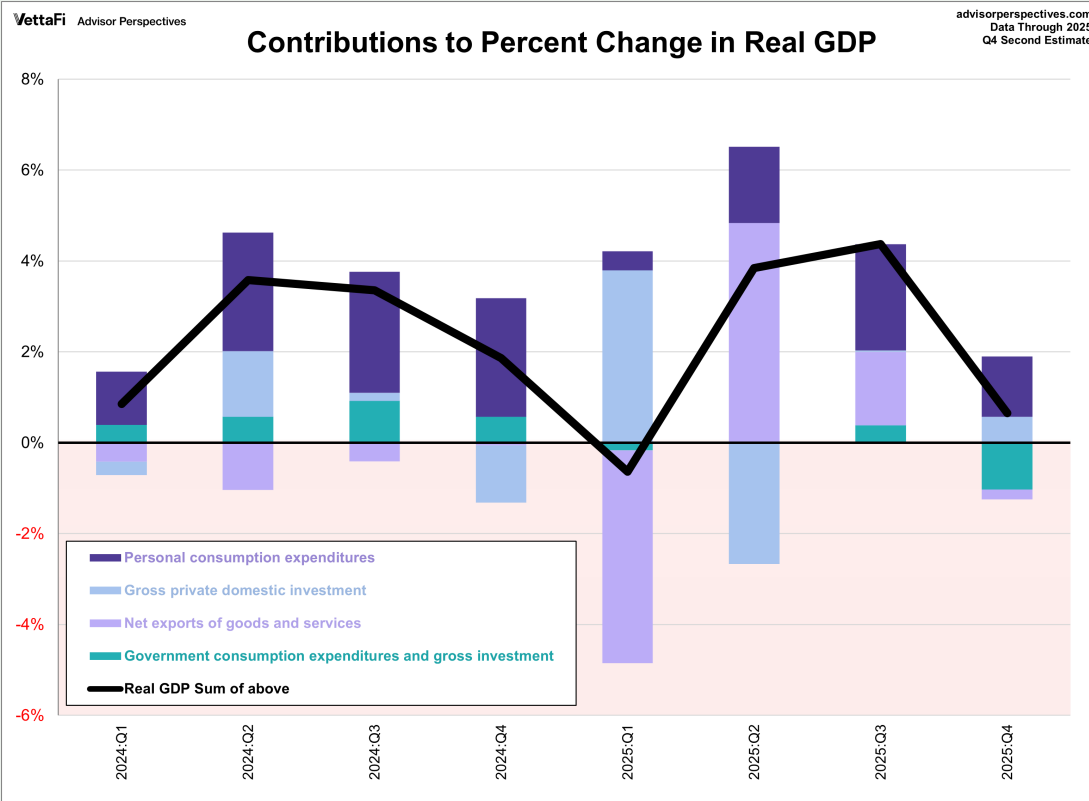
**2.1%**  
Full-year 2025 YOY GDP Growth (final)

**1.6–2.8%**  
2026 Forecast Range (consensus)

**+1.3pp**  
Q1 2026 boost from shutdown end

**! Q1 number will look okay.  
Don't let it fool you.  
The back half is more uncertain.**

# The Four Components of GDP — What's Carrying the Load?



## Business Investment

Strongest piece in 2026 (+5.5%)  
AI capex driving most gains

## Consumer Spending

Holding steady ~2.2%  
K-shaped: upper income strong

## Government

Post-shutdown stabilizing  
No longer a net drag

## Net Exports

Volatile; Iran adding  
new freight disruption

Section 3

★ NEW ★

# The Iran Conflict: Oil, Fertilizer & Supply Chains

*The wildcard that wasn't even considered in Q4 — and can't be ignored*

# IRAN CONFLICT — WHAT HAPPENED & WHY IT MATTERS

Feb 28	US-Israeli strikes on Iran (Operation Epic Fury)
Mar 5+	Iranian retaliation — Strait of Hormuz severely disrupted
Mar 18	Qatar's Ras Laffan LNG complex hit — 17% capacity reduction
Late Mar	Brent crude: \$70 → \$108 (+54%). WTI briefly \$112+.
Apr 2026	Situation fluid; dual chokepoint risk (Hormuz + Bab al-Mandab)

## OIL PRICE SHOCK

**\$108-112**

Brent crude (4/6/2026)


**+54%**

From \$70 pre-conflict

*My take: Track the economic channels, not the military outcome.*

# THE STRAIT OF HORMUZ: Not Just Oil



 OIL & GAS

**20%**

of global seaborne oil flows through Hormuz

 FERTILIZER

**47%↑**

Urea price spike since Feb 28 from \$470 to \$684/ton

 PLASTICS

**85%**

of Middle East PE exports go through this route

 FREIGHT

**20–40×**

War-risk insurance premium spike; +\$2-4K/container

## From the Gulf to Your Growing Location — The Transmission Chain



→ GROWING INPUTS: Input cost inflation revised to 3.7% (was 3.2%)  
U.S. domestic production buffers the oil shock — but fertilizer and freight are global markets.

*Every \$10 increase in oil → \$.05-.08/lb increase in resin costs. We went from \$70 to \$108 — that's \$38 of price change.*

*Note: Situation fluid. These are directional estimates based on late March–early April 2026 data.*

Section 4

# Tariffs — Status Report

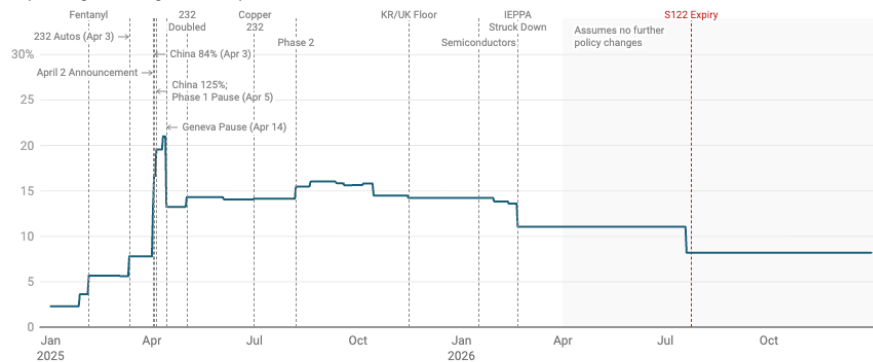
*Still the highest effective rate since 1934 — and now compounded*

# Tariffs in Q1 2026: What Has (and Hasn't) Changed

## Daily Rates from Raw HTS Data

Figure 1. Daily Effective Tariff Rate

Import-weighted average across all products and countries



Rates weighted by 2024 annual Census import values at HS10 x country level.

Chart: The Budget Lab - Source: Yale Budget Lab Tariff Rate Tracker, 2024 Census import values - Created with [Datawrapper](#)



Effective tariff rate 11.05% — still highest since 1934



OBBBA tax cuts partially offset the drag on consumer spending.



IEPPA legal challenge still active — if invalidated, rate drops to ~9.1%



No winners in trade wars. Econ 101 still applies.



Inventories of pre-tariff goods largely depleted — tariff inflation now flowing through

## Cumulative Shock: Tariffs + Iran = Your New Operating Reality

IMPACT AREA	TARIFF EFFECT	IRAN ADDS	NET IMPACT
Fertilizer	Minimal (not directly targeted)	Urea ↑47% — MAJOR new pressure	● HIGH
Energy / Diesel	Indirect (energy not tariffed)	Oil ↑54% — significant	● HIGH
Plastics / Pots	Higher (China-sourced goods)	PE feedstock ↑20–25%	● HIGH
Ocean Freight	Disrupted Pacific lanes	War-risk + rerouting costs	● ELEVATED
Labor	No direct tariff link	No direct Iran link	● STABLE (3–5%)

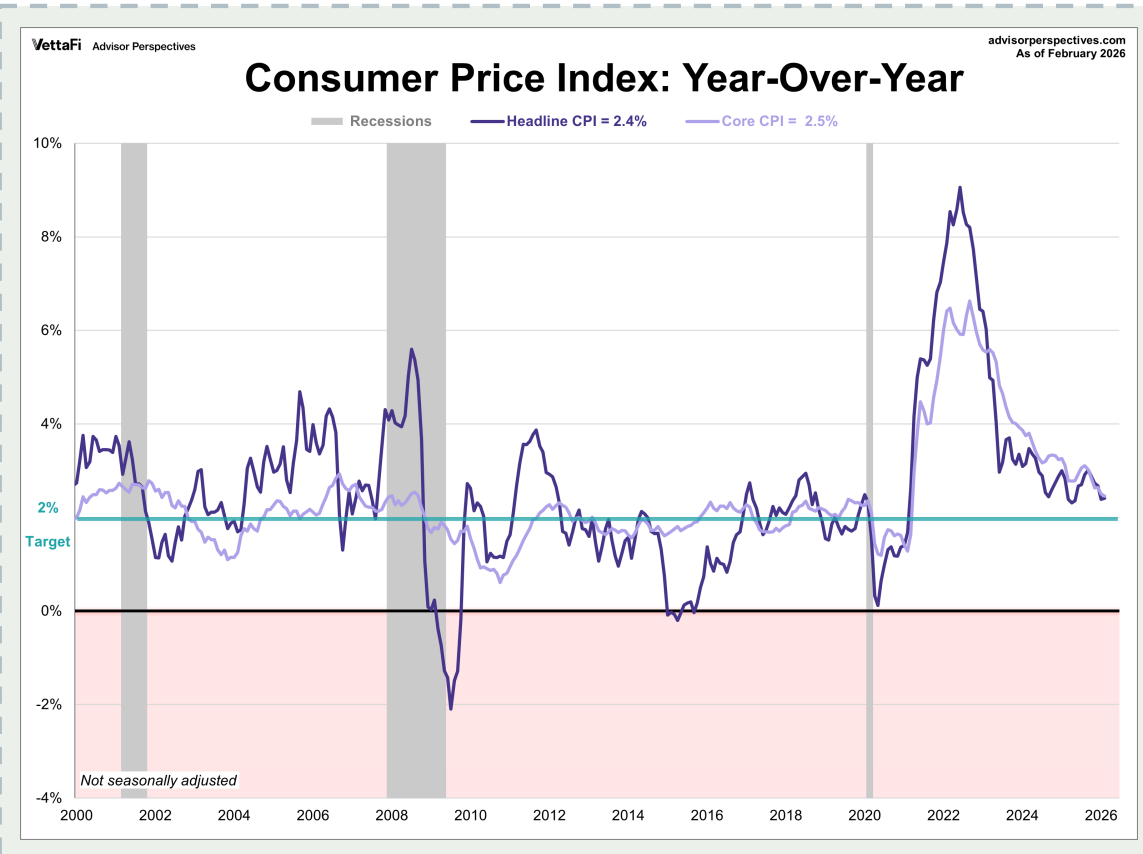
*Bottom line: Two separate shocks hitting at once. Overlapping in fertilizer, plastics, and freight. Don't double-count — but don't undercount either.*

Section 5

# Inflation & Input Costs

*Progress made — now a new upside risk emerges*

# Inflation: Progress Interrupted?



**2.6%**

Core PCE (March 2026) — down from 3.5% a year ago

**2.0%**

Fed's inflation target — almost in range, STILL

**⚠ WATCH: Iran Upside Risk**

Energy, fertilizer, plastics & freight are all heading higher. Inflation data lags 1–3 months. March data looks fine. April/May likely not.

# Index of Prices Paid by Growers — Q1 2026 Revised Forecast

INPUT CATEGORY	ESTIMATED CHANGE	KEY DRIVERS
Containers & Other Plastics	+2% to 12%	China tariffs >47%; domestic resins flat to slightly up; USMCA exemptions help
Media (Soilless Mixes)	+2% to 10%	Peat tariff-exempt under USMCA; coir up 60-70%; good 2024 peat harvest
Propagative Materials	+3% to 6%	10% baseline tariff on non-exempt imports; royalty creep; airfreight costs
Plant Protection Products	+3% to 8%	China-sourced AIs face 20%+ tariffs; some exemptions; channel inventory depleted
Fertilizers	+3% to 15%	Phosphates leading; N complex tight; potash elevated; specialty/CRF even higher
Labor	+4% to 7%	New H-2A AEWR rule may lower guestworker costs; domestic wages still rising
Fuel & Energy	Flat to -5%	Diesel forecast ~\$3.50/gal (-7%); nat gas up modestly; crude ~\$52/bbl
Supplies & Repairs	+3% to 10%	Steel/aluminum 25% tariffs; supplier letters +2.5-12%; parts from China elevated
Freight & Trucking	+1% to 3%	Soft freight market; lower diesel helps; slow recovery from prolonged downcycle
<b>WEIGHTED OVERALL CHANGE</b>	<b>Roughly +4-7% depending on mix &amp; source</b>	<b>With key exemptions in place; 9%+ if full tariffs applied without exemptions</b>

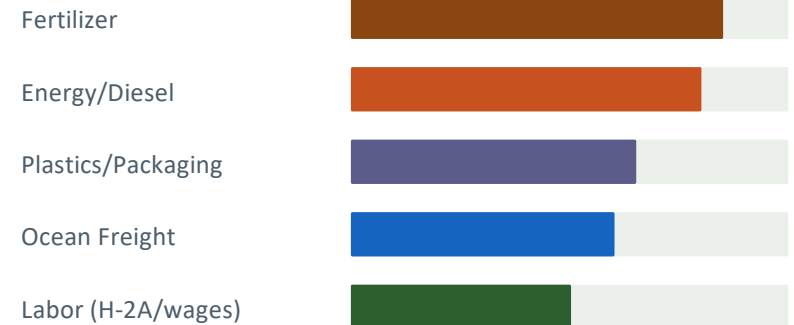
## REVISED ESTIMATE (Q1 2026)

# 3.7%

⚠ Data still coming in — treat as directional, not precision.

Q4 2025 estimate: 3.2 – 3.6%  
Difference: Iran adds ~0.6pp initially

## PRESSURE INDEX BY DRIVER

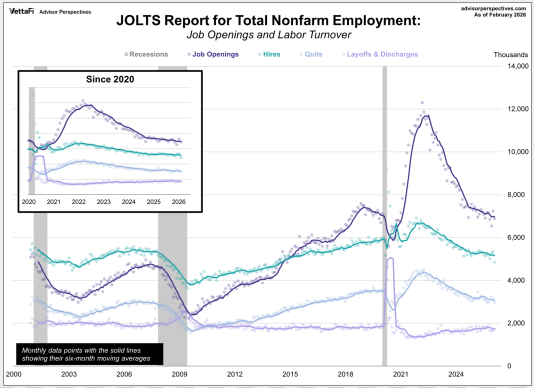


Section 6

# Labor Market

*Low hire, low fire — and the Fed chair's changing*

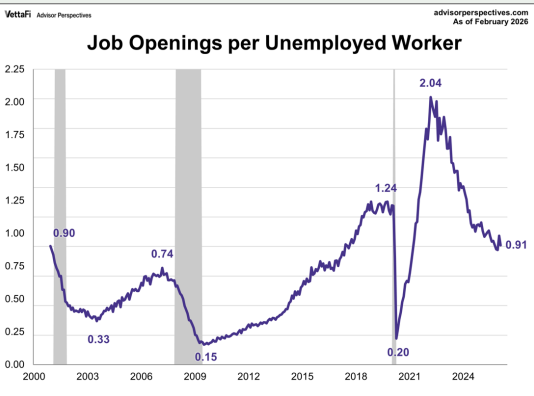
# Labor: 'Low Hire, Low Fire' — The New Normal



**4.3%**  
Unemployment Rate (Feb 2026)

**~70K**  
Monthly jobs needed to hold rate steady

**~11K**  
Estimated underlying trend (Goldman)

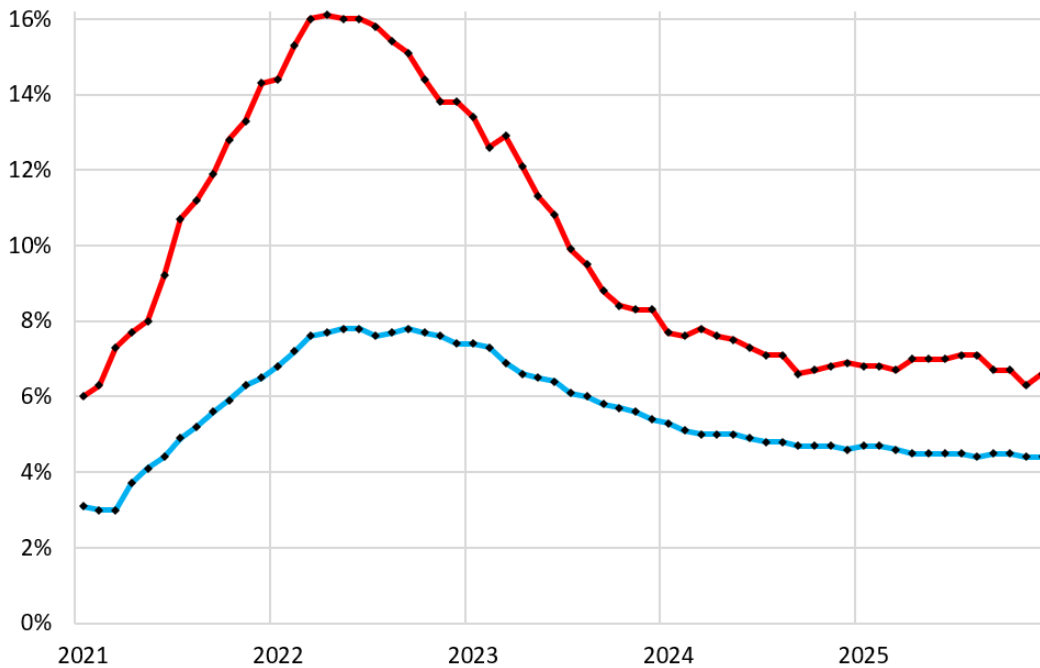


- What This Means for You:**
- Labor availability may improve slightly
  - Your workers less likely to job-hop
  - Consumer job anxiety affects buying

# Wages, H-2A Rates & the Fed Chair Transition

UPDATE

% Increase of Median Annual Pay: Job-Changers v. Job-Stayers



Source: ADP National Employment Report

WOLFSTREET.com

**3-5%**

Expected wage increase range for 2026

**3.5-3.75%**

Fed funds rate — on hold through H1 2026

**May 2026**

Powell's term as Fed Chair ends

**⚠ Fed Chair Watch:**

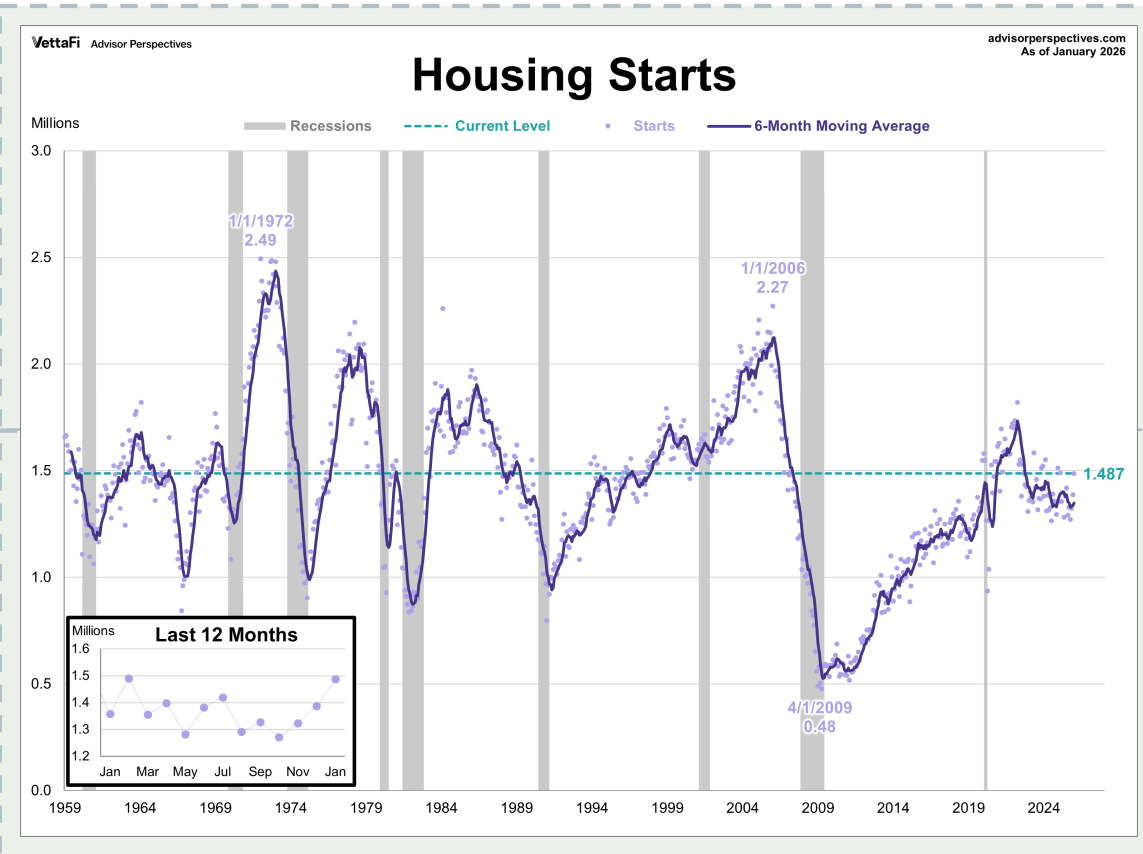
Powell's replacement will signal 2026 rate direction. A politically-influenced appointment could disrupt market confidence and rate expectations.

Section 7

# Housing Market

*Slow thaw — not a boom, but a pulse*

# Housing Inventory & Sales — Signs of Life at Last



**+20%**

Active listings YoY (March 2026)

**\$398K**

Median existing home price (+0.3% YoY)

**+14%**

NAR projected home sales increase for 2026

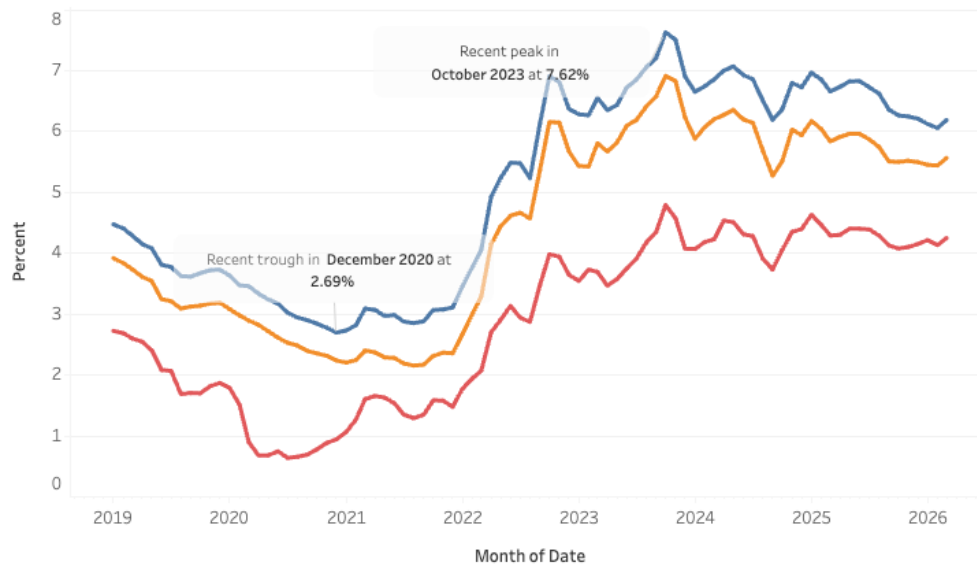
## Regional Reality Check:

- Midwest/NE: +3–5% price growth, tight inventory
- Florida / West: some markets seeing price declines

# Mortgage Rates: The 5.5% Trigger — Are We Getting Closer?

Freddie Mac Prime Mortgage Market Survey and Interest Rate

(Percent per annum, not seasonally adjusted)



Source: Freddie Mac and U.S. Federal Reserve.

- 30-year Fixed Rate Mortgage, Monthly Average
- 15-year Fixed Rate Mortgage, Monthly Average
- U.S. 10-year Treasury Constant Maturity Rate, Monthly Average

**6.46%**

30-yr Fixed (Freddie Mac, Apr 2, 2026)

**5.9%**

Fannie Mae forecast: Q2 2026

**THE TRIGGER: 5.5%**

At 5.5%, pent-up buyers pull the trigger. That means more home transactions → more flowers, shrubs & trees.

*Rate was approaching 6.2% in mid-March before Iran conflict pushed it back up. Directionally right — timing uncertain.*

## The Homeownership Math — Still Painful, Slowly Improving

Metric	2021	2024	2026 Est.
Required Annual Income	\$79,000	<b>\$126,000</b>	~\$128,000
Mortgage Rate (30-yr)	2.96%	<b>6.72%</b>	6.46% (Apr)
Monthly Payment	~\$2,000	<b>~\$3,270</b>	~\$3,320
Home Price (median)	~\$315K	<b>~\$395K</b>	~\$398K
NAR Affordability Index	High	<b>Low</b>	<b>Improving ↑</b>

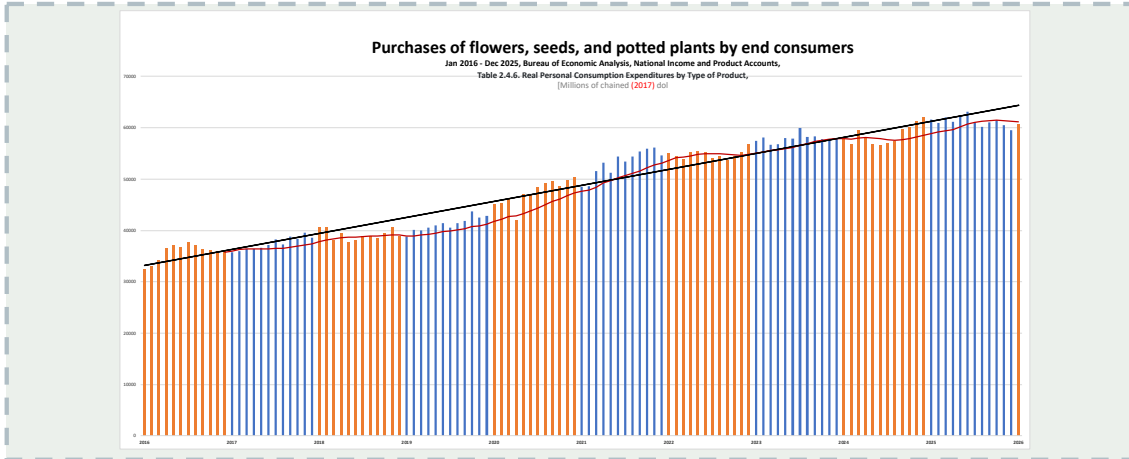
For the first time since 2020, monthly payments are expected to decline. Affordability is improving — slowly. Life events forcing “de-lock-in” effect. Don't bank on a boom, but don't ignore the trend.

Section 8

# Consumer Spending & Recession Odds

*The K-shape holds — and the R-word is still just a tail risk*

# Consumer Spending: The K-Shape Holds



Upper Income ✓ **STRONG**

“Equity wealth effect” intact. Premium plants, landscape renovations, high-end containers. This is our inelastic landscape customer.

Lower Income ⚠️ **SQUEEZED**

Gas prices up, credit card debt rising, student loans back in play. Government spending cuts hitting hardest here.



Know your customer base. The middle is getting OBBBA tax cut relief. Message functional plant benefits to all segments.

# Recession Reality Check — Q1 2026 Dashboard

# 25 – 35%

*Estimated recession probability (next 12 months)*

## NBER Big Six Indicators

**NO** Real GDP

**NO** Nonfarm Payroll

**WATCH** Industrial Production

**NO** PCE (Real)

**NO** Real Personal Income

**WATCH** Manufacturing & Trade

## Other Key Indicators

**NO** 4-wk Moving Avg Unemployment Claims

**NO** St. Louis Fed Stress Index

**NO** Chicago Fed National Activity Index

**NO** Yield Curve (10-yr vs Fed funds)

**NO** Sahm Recession Rule

**YES** ⚠️ Conference Board LEI

**Iran conflict adds upside risk to these numbers. If oil stays >\$100 through mid-year, expect upward revisions.**

Section 9

# Green Industry Implications

*What all of this actually means for your business*

# Weighing the Headwinds & Tailwinds







## ↓ HEADWINDS

- Iran conflict: fertilizer, plastics, freight costs ↑
- Input cost inflation revised to 3.4–4.2%
- Tariffs still at 17.9% effective rate
- Mortgage rates still above 6.4% — housing muted
- Labor costs still at 3–5% annual increase
- Lower-income consumer squeezed (gas, credit, food)
- Elevated Fed funds rate — capital still expensive

## ↑ TAILWINDS

- Housing inventory up 20% — sales trend improving
- OBBBA tax cuts supporting consumer spending
- Upper-income consumer resilient (your key buyer)
- Recession NOT imminent — NBER indicators stable – so far!
- Affordability improving for first time since 2020
- Functional plant benefits message stronger than ever
- Strategic window: clean up lines, tighten operations

# The Input Cost Matrix — Summarizing Green Industry Effects

Input	Q4 2025 Status	Q1 2026 Update	Key Driver	Severity
<b>Fertilizer</b>	Moderate concern	Urea ↑47% — NOW MAJOR	Iran/Hormuz	 <b>HIGH</b>
<b>Energy/Diesel</b>	Stable	↑ significant with oil >\$100	Iran/Hormuz	 <b>HIGH</b>
<b>Plastic Containers</b>	Tariff pressure	PE feedstock ↑20–25%	Iran + Tariffs	 <b>HIGH</b>
<b>Ocean Freight</b>	Disrupted	War-risk premiums +20–40×	Iran conflict	 <b>ELEVATED</b>
<b>Packaging Materials</b>	Tariff pressure	Directionally higher	Iran + Tariffs	 <b>ELEVATED</b>
<b>Labor / H-2A</b>	3–5% wage increases	Same range, decelerating	Wage markets	 <b>MANAGED</b>

**Action: Ask your suppliers NOW about exposure to Iran-related disruptions.**

Section 10

# Strategic Takeaways for Operators

*What to actually do with all of this*

## Price It or Absorb It — But Don't Pretend It's Not There

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*"Protect margins through intelligent pricing and mix, not wishful thinking about cheaper inputs."*

- Q1 2026 input costs are higher than your 2025 budget likely assumed
- Iran adds fertilizer, energy, plastics & freight pressure ON TOP of tariff impacts
- Do the cost accounting — know which SKUs are bleeding vs. carrying the load
- Build repricing into your quote sheets NOW — spring season is not a drill
- Commodity players get squeezed hardest; differentiated product has pricing power

# Work Your Balance Sheet as Hard as Your P&L

*"In a slow-growth, higher-for-longer cost environment, working capital management is where you find value."*

## Inventory Days

SKU rationalization. Period.  
Turnover matters.  
Do the sell-through math.

## Receivables Days

In a tight credit environment, slow payers are a working capital tax on you.

## Payables Discipline

Stretch — but maintain relationships. Your supply chain is your asset.

**Talk to your banker NOW — before you're staring at a cash crunch in June.**

## Differentiate on Value, Not on Price — Now More Than Ever

*"When input costs rise across the board, commodity players get squeezed hardest. Value-positioned operators have pricing power."*

### WELLNESS

Plants reduce cortisol, lower blood pressure, reduce anxiety — published science, not marketing

### PRODUCTIVITY

Interior plants improve workplace productivity by 15%+ — use this for commercial accounts

### PROPERTY VALUE

Mature trees add 10–15% to home value — powerful message in any housing market

### ECOSYSTEM SERVICES

Carbon sequestration, air filtration, stormwater management — increasingly valued by policy & consumers

*When a customer asks why your price went up — that's an opening, not a threat. Tell the story of what they're actually buying.*

## Watch the Road Ahead: Here's What I'm Monitoring

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1



**Strait of Hormuz Status**

De-escalation → fertilizer & plastic prices snap back fast. Dual chokepoint makes for a different situation entirely.

2



**30-yr Mortgage Rate**

Watch for sustained move below 6.2%. Sub-5.5% is the buyer trigger for pent-up demand.

3



**Fed Chair Appointment**

Powell out in May. Successor's communication will move rate expectations and market confidence.

4



**Conference Board LEI**

It's been flashing yellow-red. Three consecutive months in one direction = your early warning system.

5



**Your MarketMetrics data**

Best early indicator of your specific market. If you're not benchmarking, you're flying blind in the fog.

# Questions & Discussion

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EAGL Network | YourMarketMetrics

