

A low-angle, upward-looking photograph of several modern skyscrapers. The buildings are silhouetted against a bright, hazy sky at sunset or sunrise, with the sun's glow creating a lens flare effect. The buildings have glass facades that reflect the light. The perspective is from a low vantage point, making the buildings appear to converge towards the top of the frame.

# U.S. Economic Update and Outlook

June 2026



# Prevailing themes

1

Multiple supply shocks



# Prevailing themes

1

Multiple supply shocks

2

A jobless expansion



# Prevailing themes

1 Multiple supply shocks

2 A jobless expansion

3 Bifurcated consumers



# Prevailing themes

1

Multiple supply shocks

2

A jobless expansion

3

Bifurcated consumers

4

Stubbornly sticky inflation



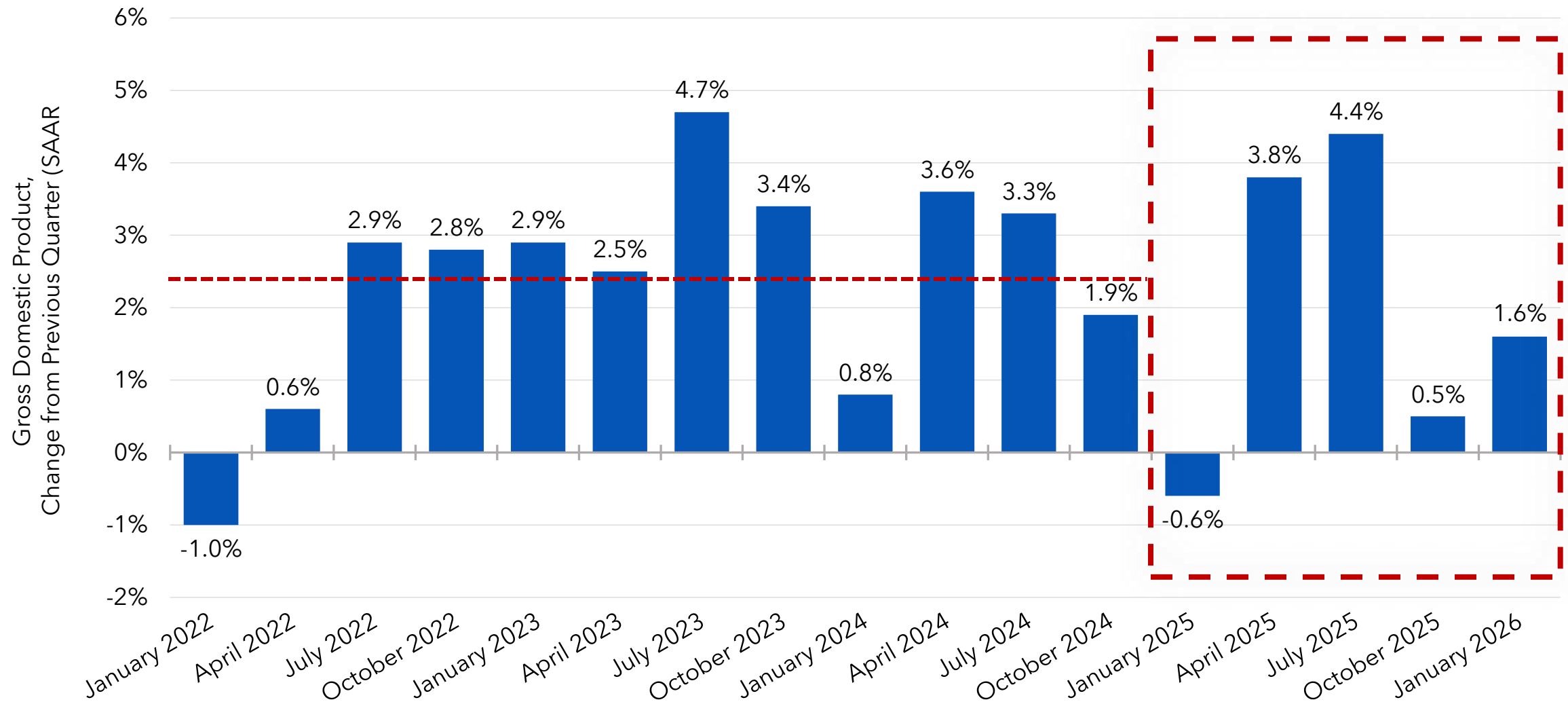


# Economic Growth

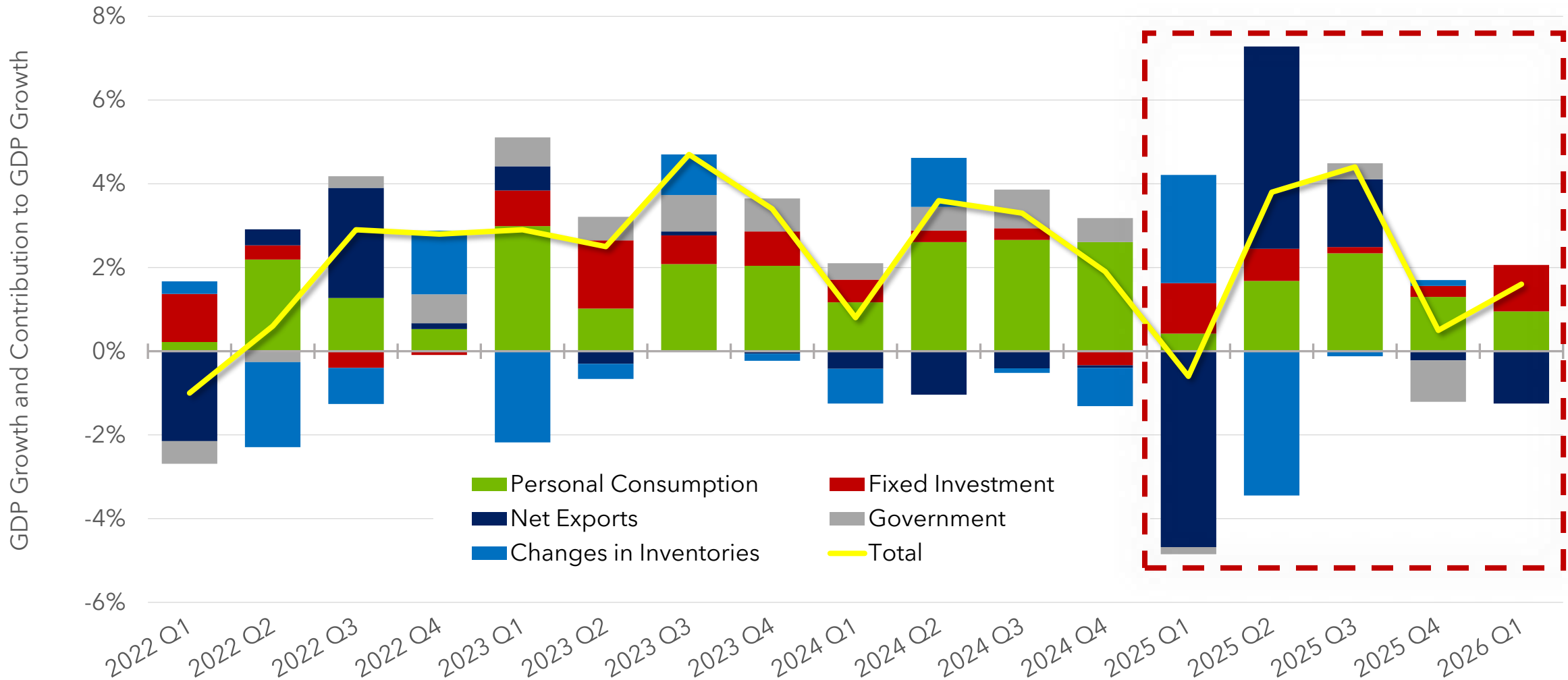
Buffeted by uncertainty and  
trade policy—and now war.



# U.S. economy in 2025 recorded strong growth, and weakness



# Trade and uncertainty added volatility to the economy



Source: Bureau of Economic Analysis, 2025Q4



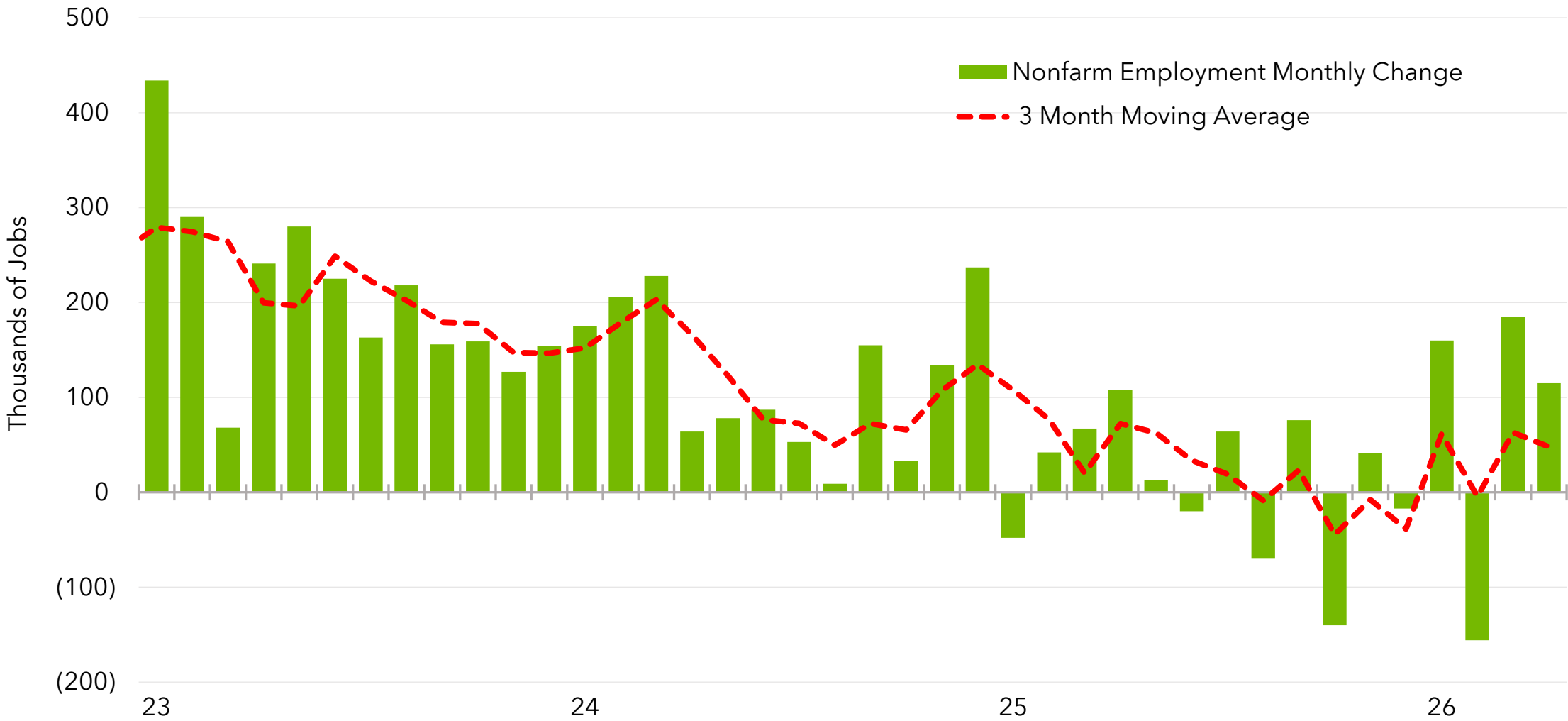
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# Labor Market

Stuck in a low-hiring, low-firing rate environment.

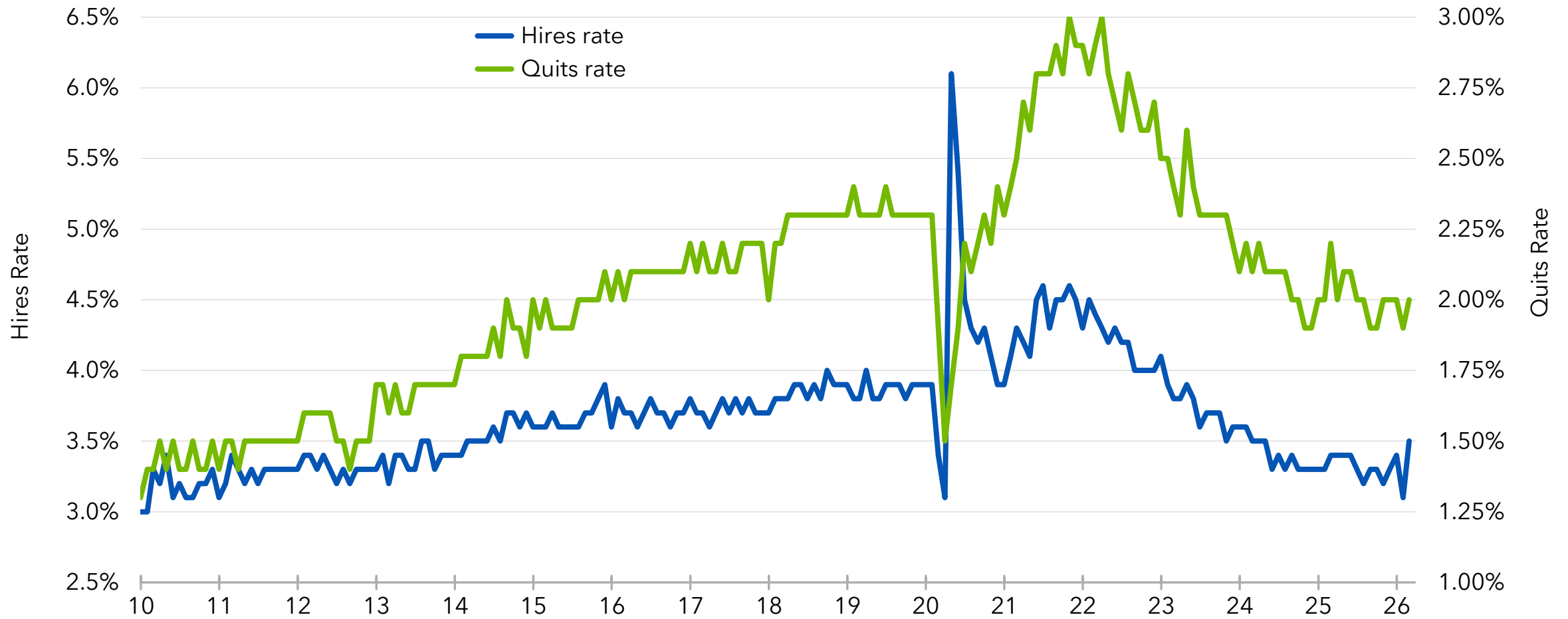


# Fewer jobs are needed as labor force growth slows

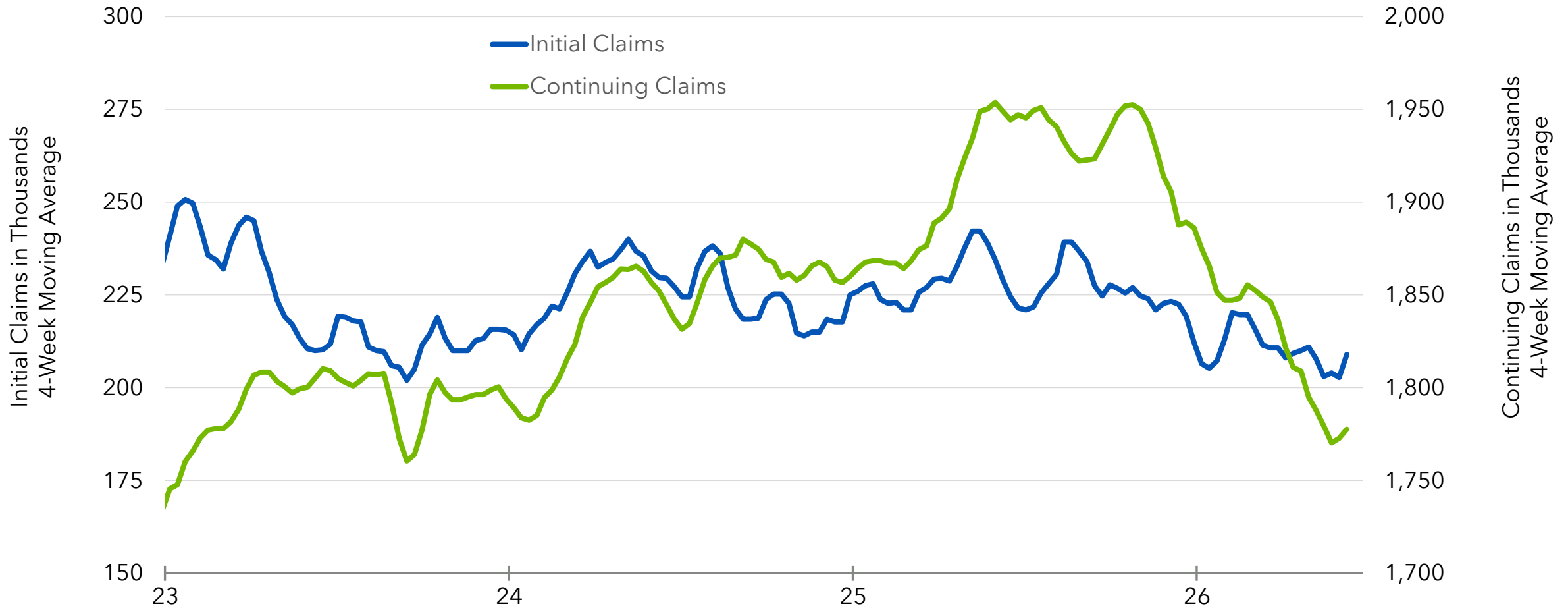


Source: Bureau of Labor Statistics

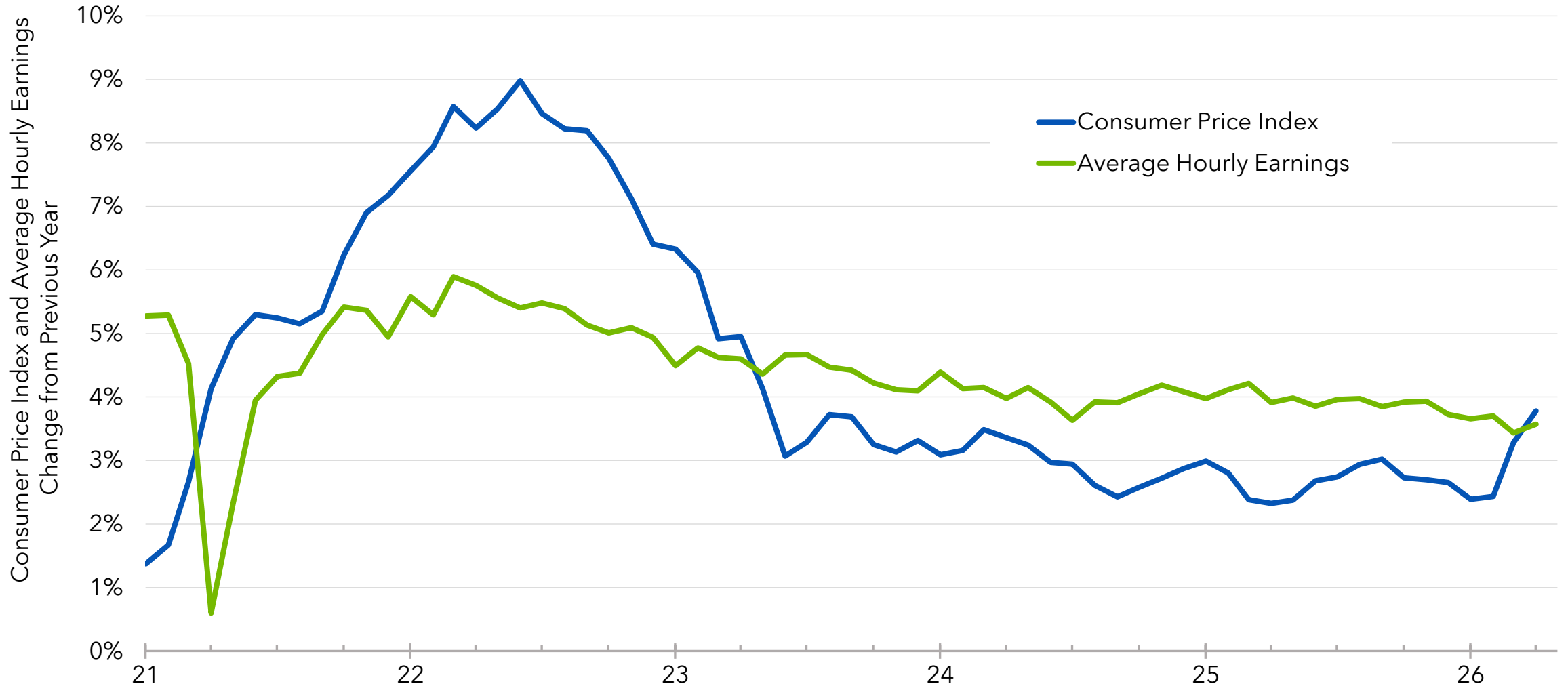
# Both hiring and quits have slowed to decade lows



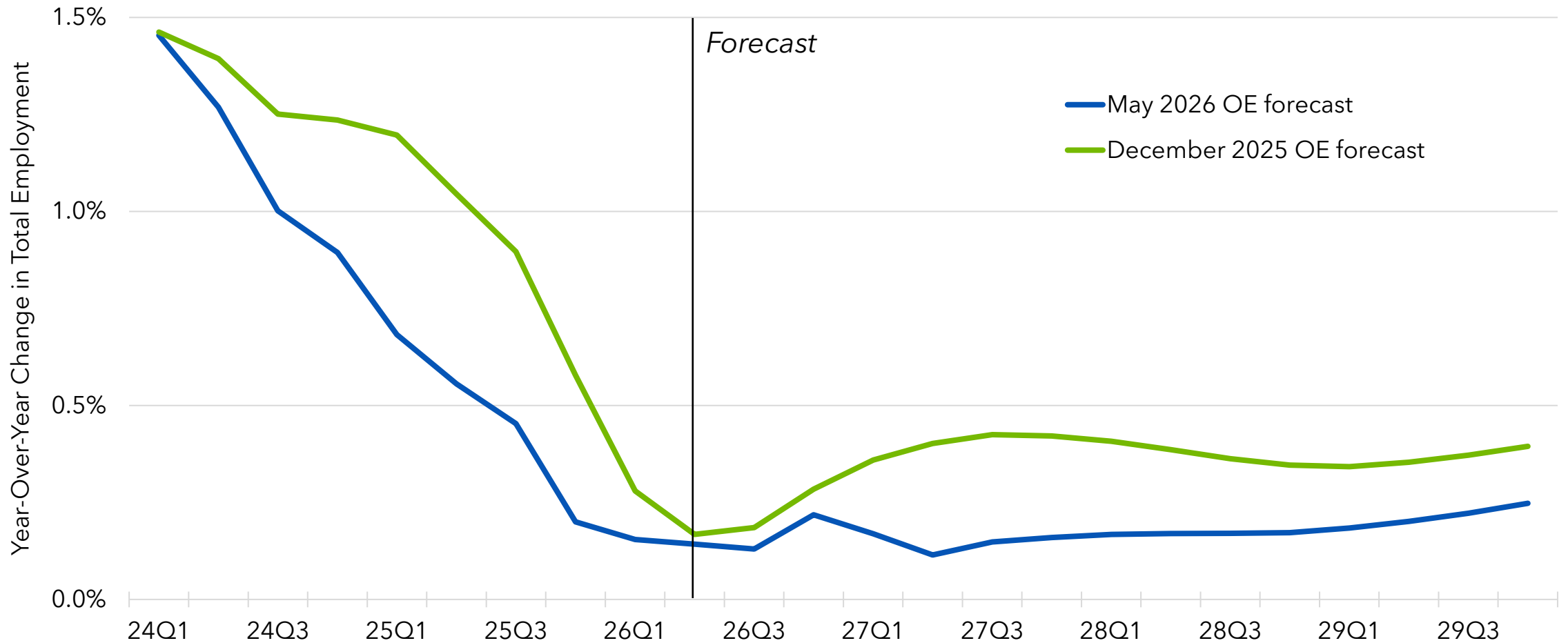
# Continuing claims have peaked; initial claims drift lower



# Recent inflation outpaces wage growth



# Slower employment growth is expected after revisions to data

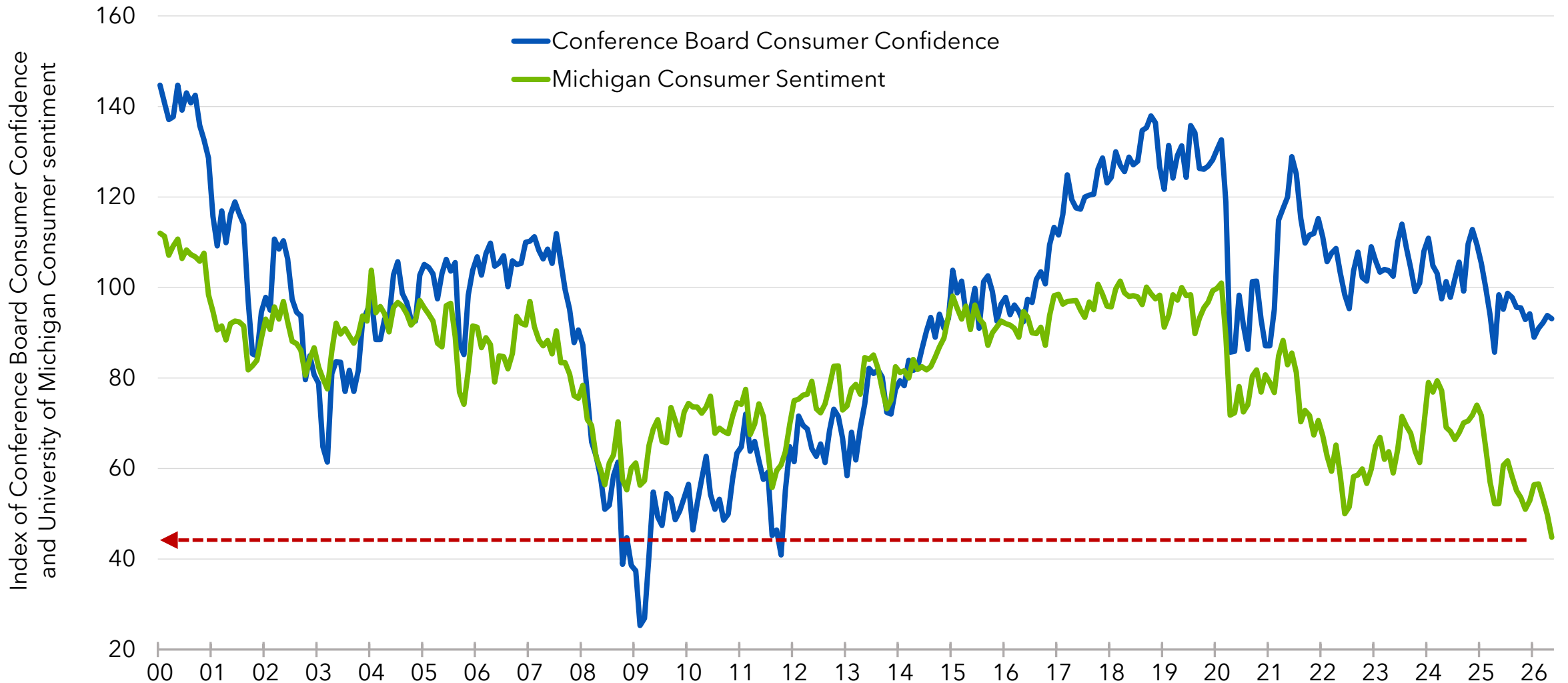


# Consumers

The K-shaped economy continues.

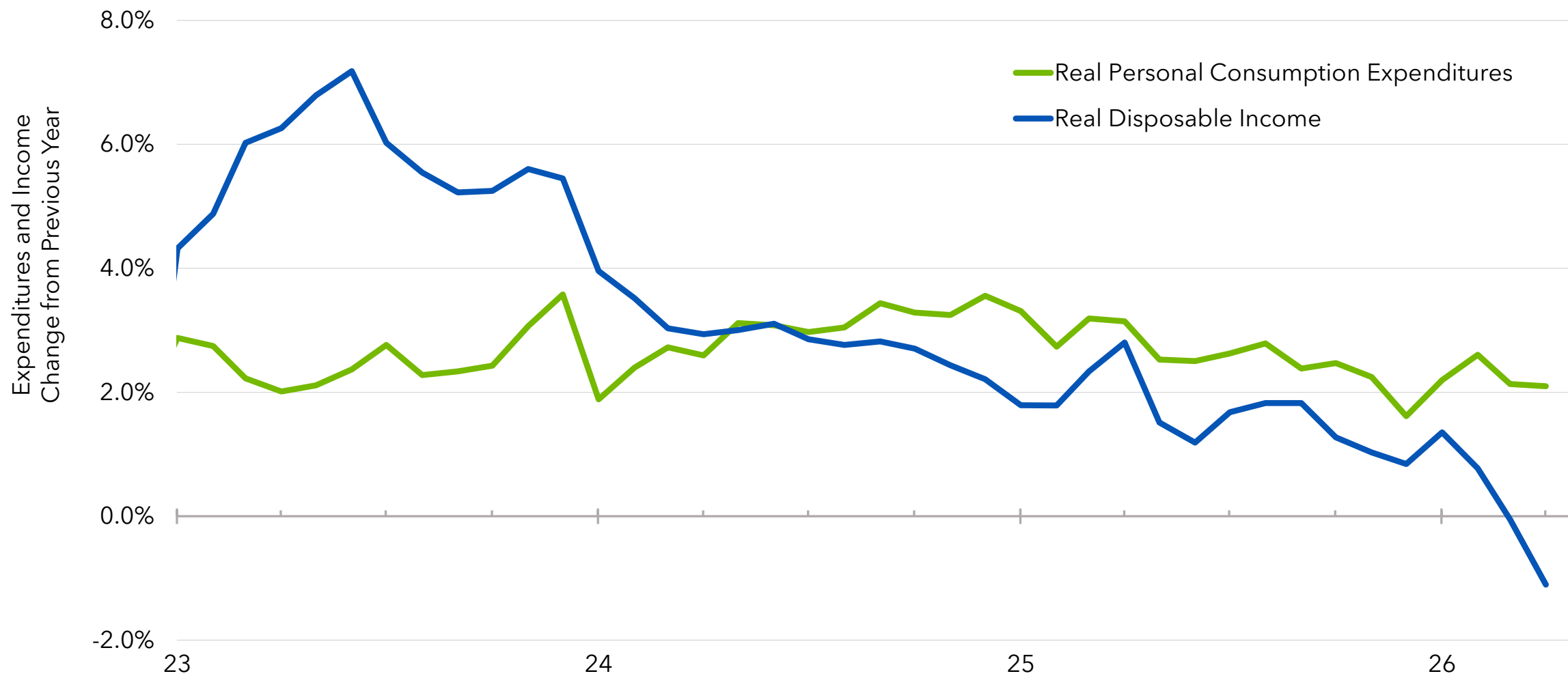


# Consumers struggle with recent policies



Sources: The Conference Board, University of Michigan Survey of Consumers

# Spending continues to outpace income growth



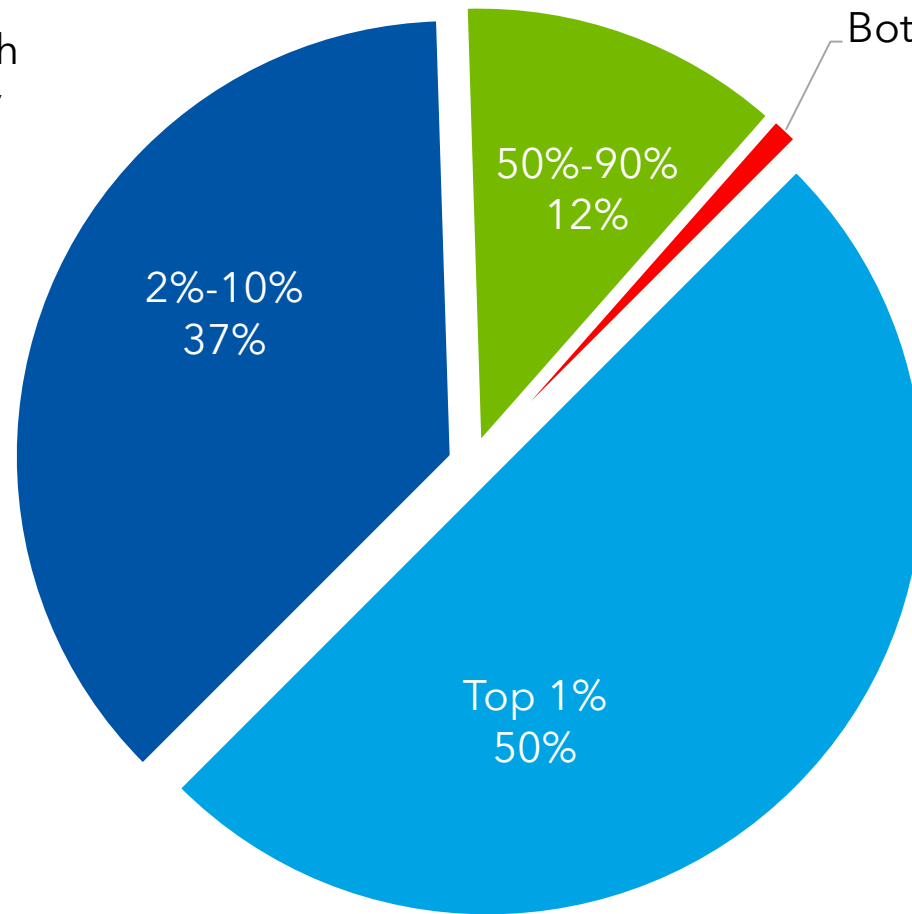
# Delinquencies rise as households lean on credit cards



Source: Federal Reserve Bank of New York, 2026Q1

# Who owns equities?

Those in >1% of the wealth down to 10% own roughly 37% of all equities and mutual fund shares



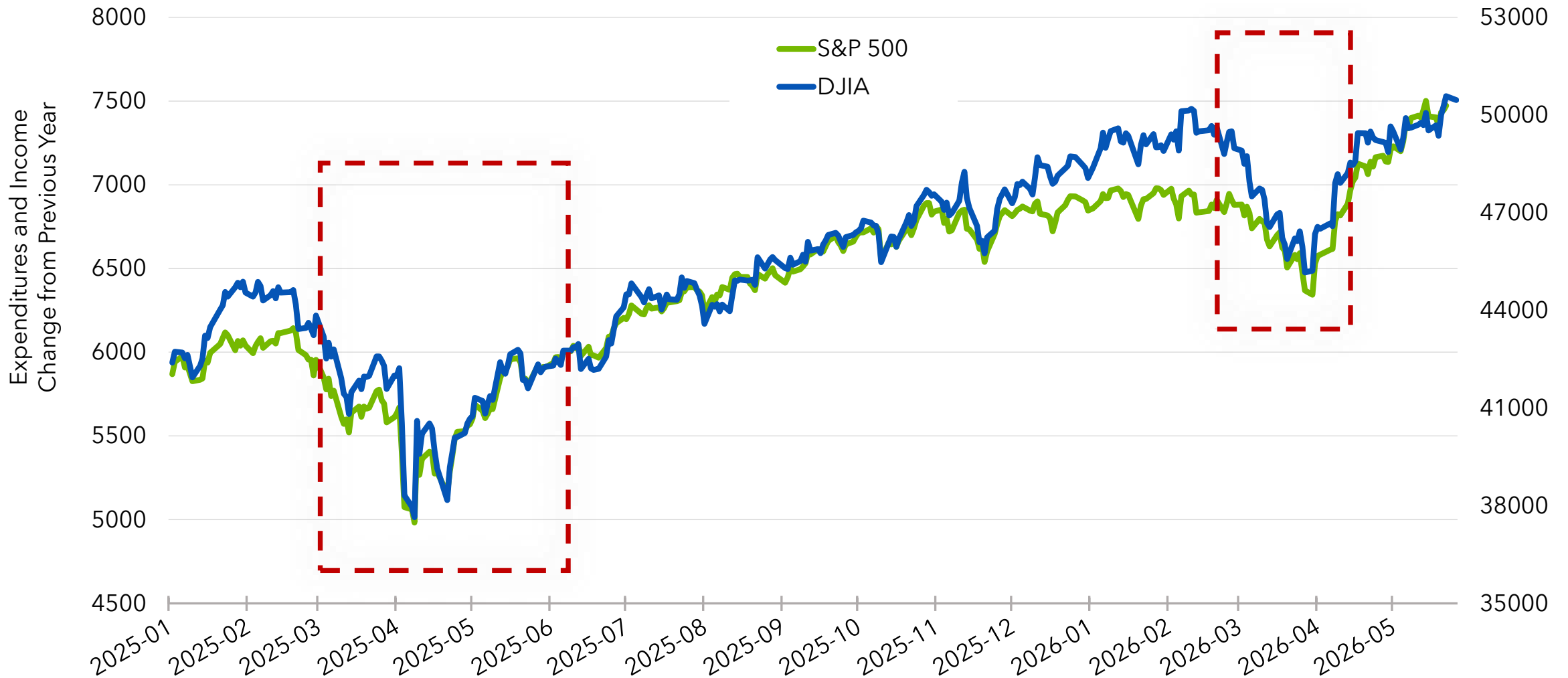
Bottom 50%, 1%

The bottom 50% of the wealth distribution own 1% of all equities and mutual fund shares

The top 1% of the wealth distribution own 50% of all equities and mutual fund shares

■ Top 1% ■ 2%-10% ■ 50%-90% ■ Bottom 50%

# What is the big risk for the wealthy?



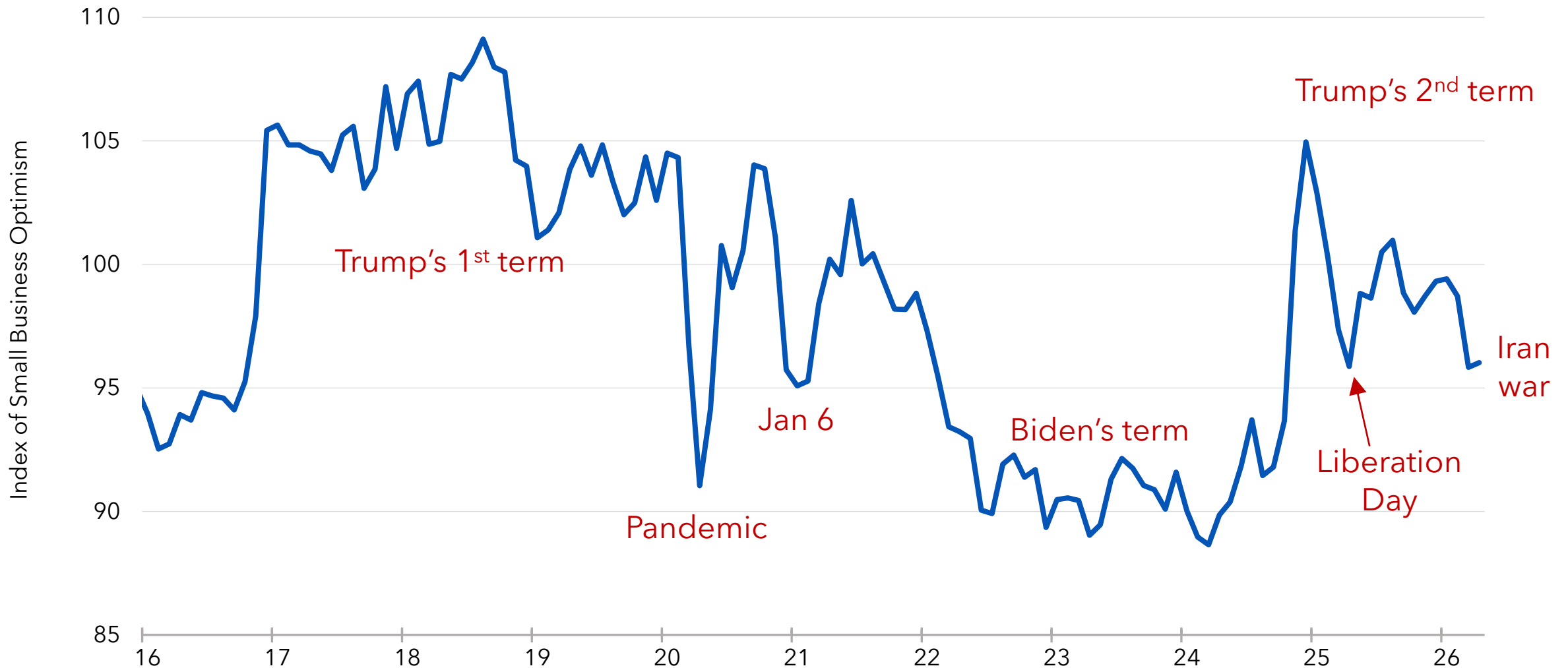


# Business Activity

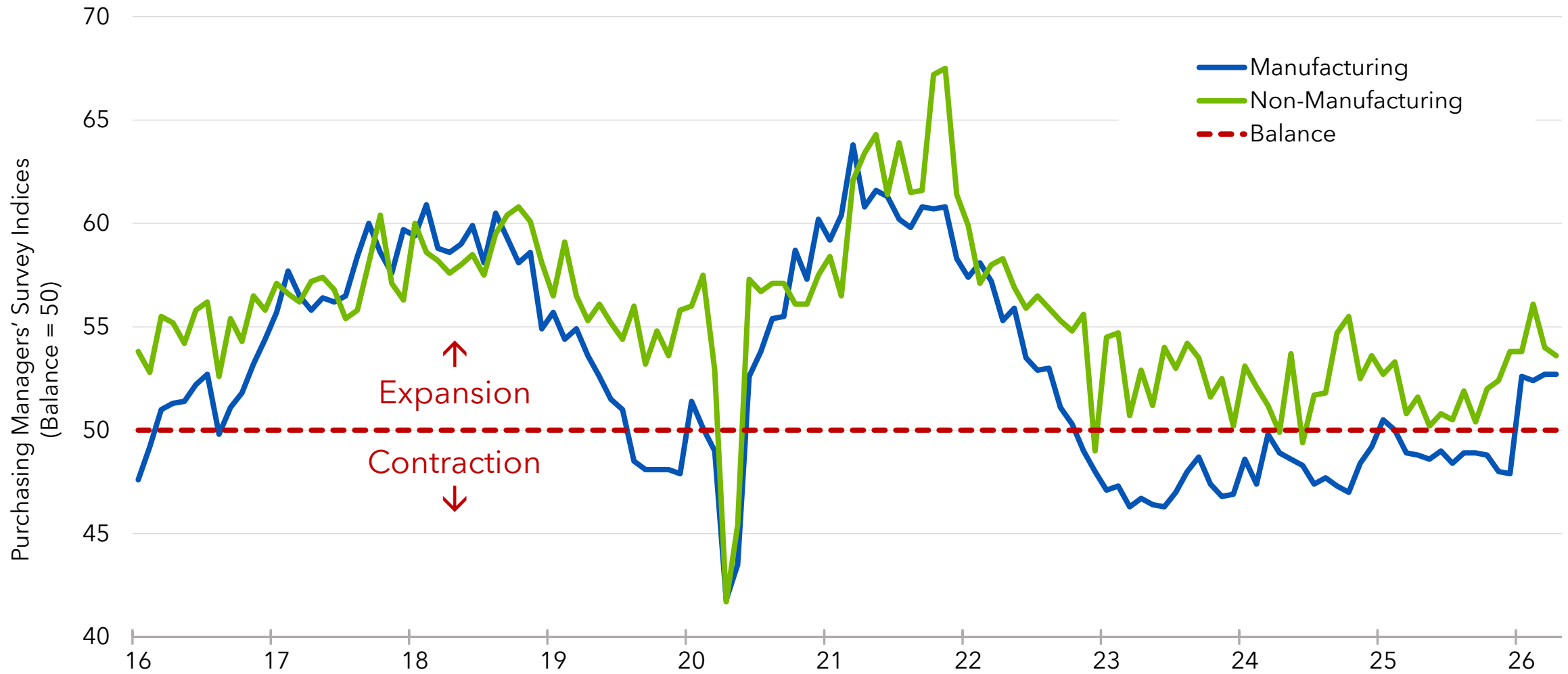
Non-stop investment driven by  
thirst for AI.



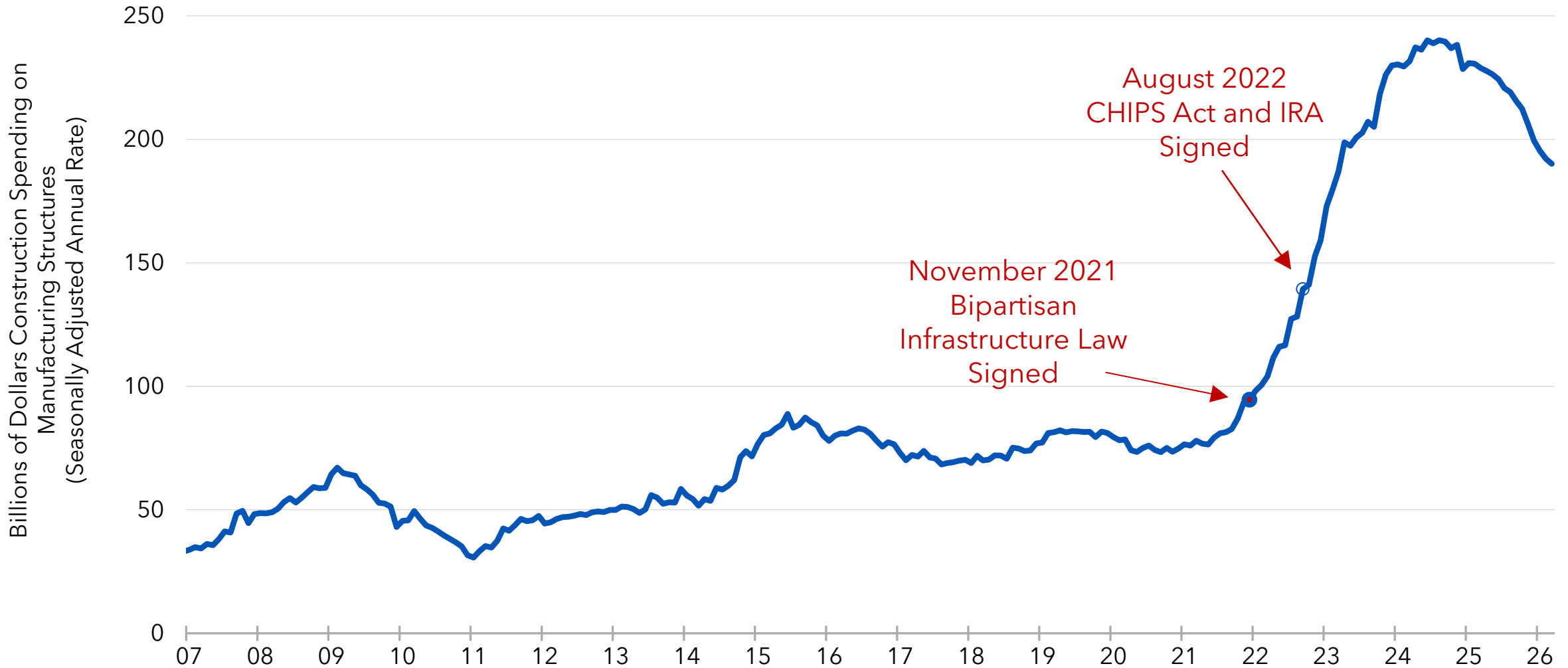
# Business optimism soared on election results, soured on trade



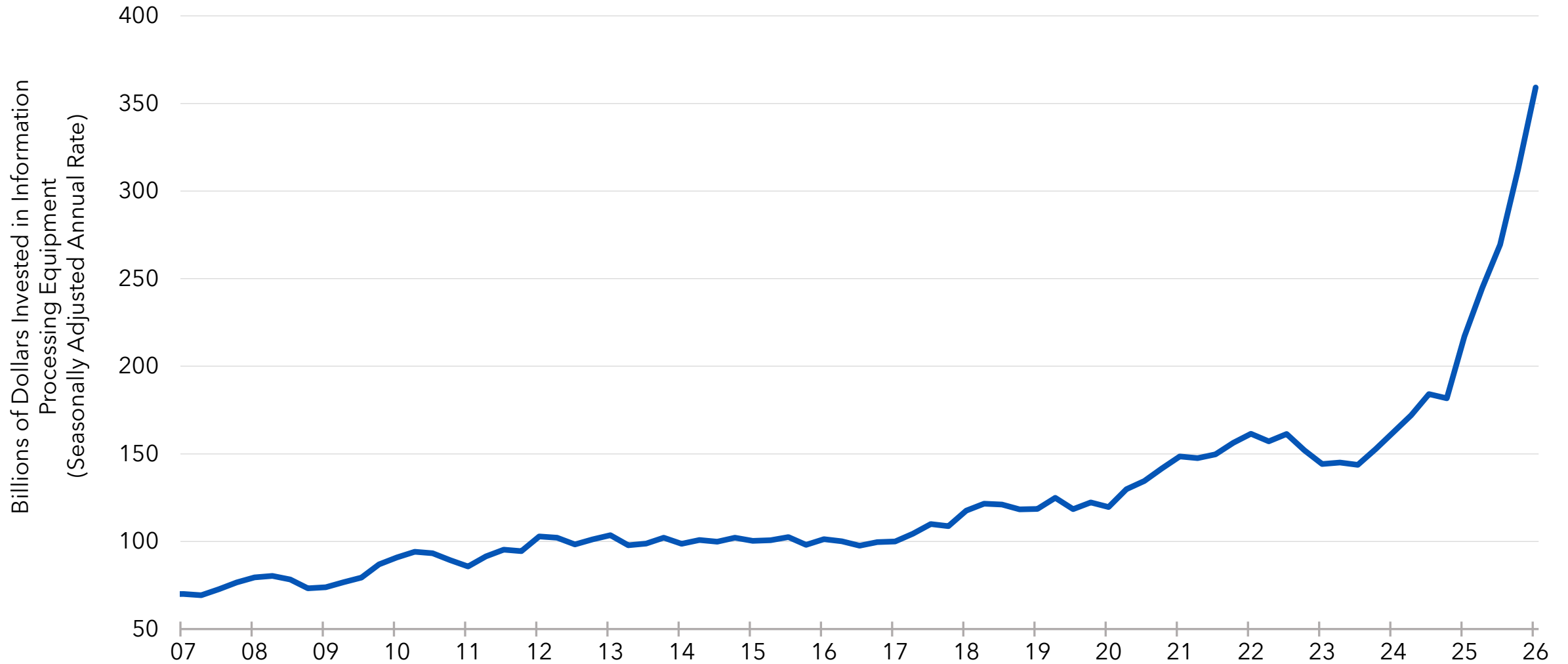
# Production is expanding



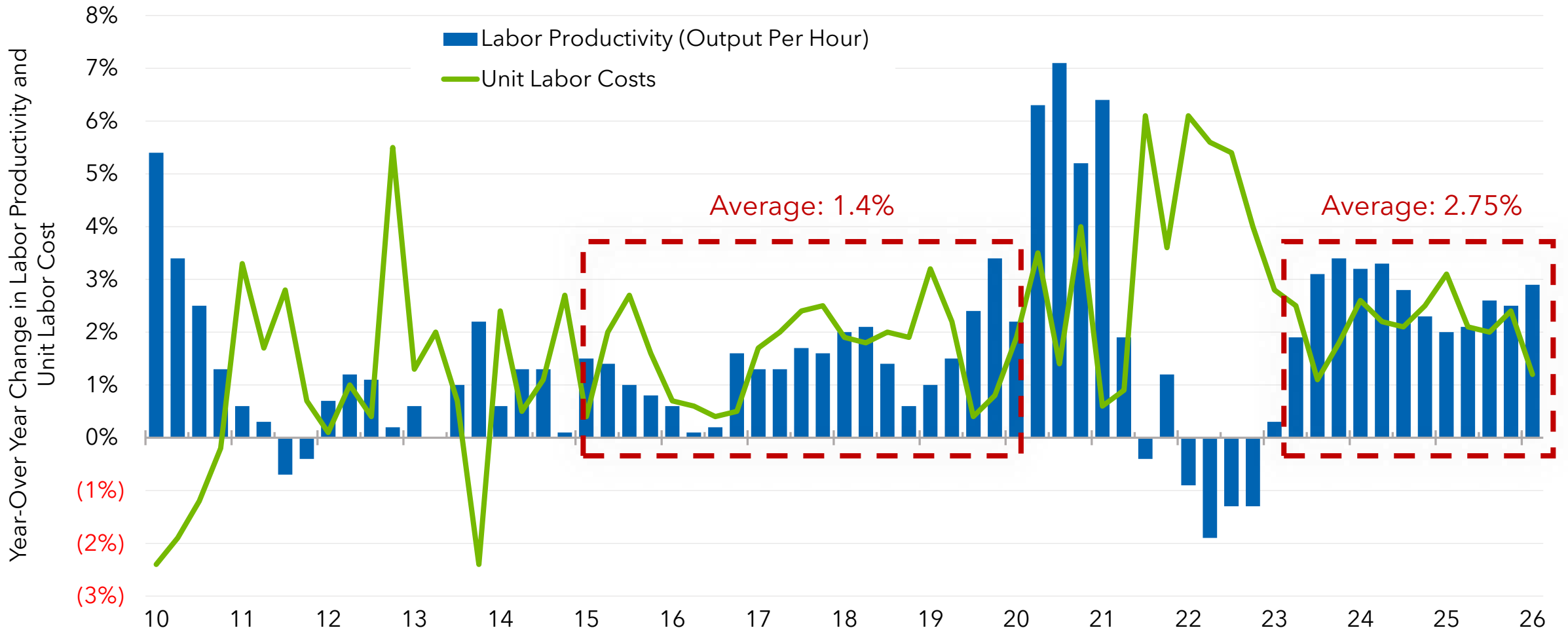
# Fiscal policy boosted GDP in 2023; that's done for now ....



... but there's no end in sight for investment in technology



# Firms push to improve efficiency, boost labor productivity



Source: Bureau of Labor Statistics

# Profit margins grew sharply during the pandemic; still solid



Source: Bureau of Economic Analysis

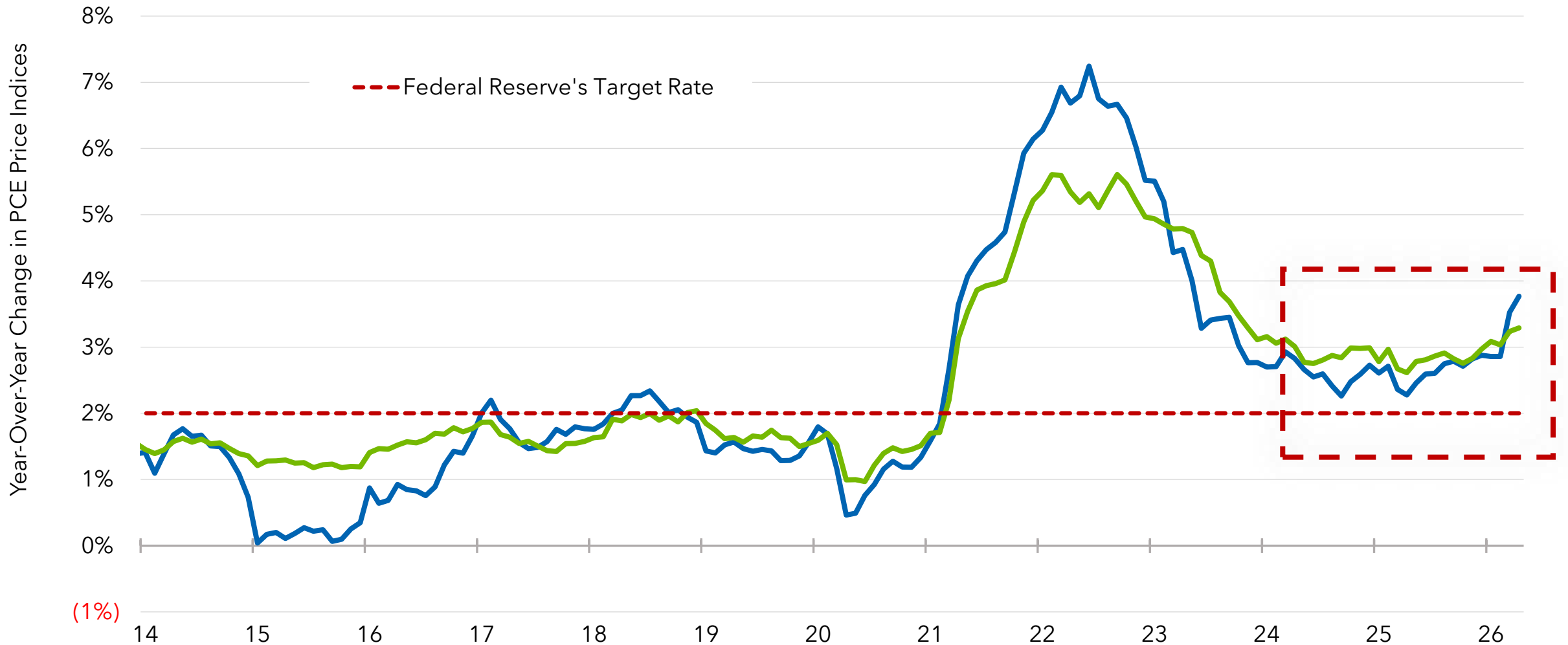


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# Inflation and Monetary Policy

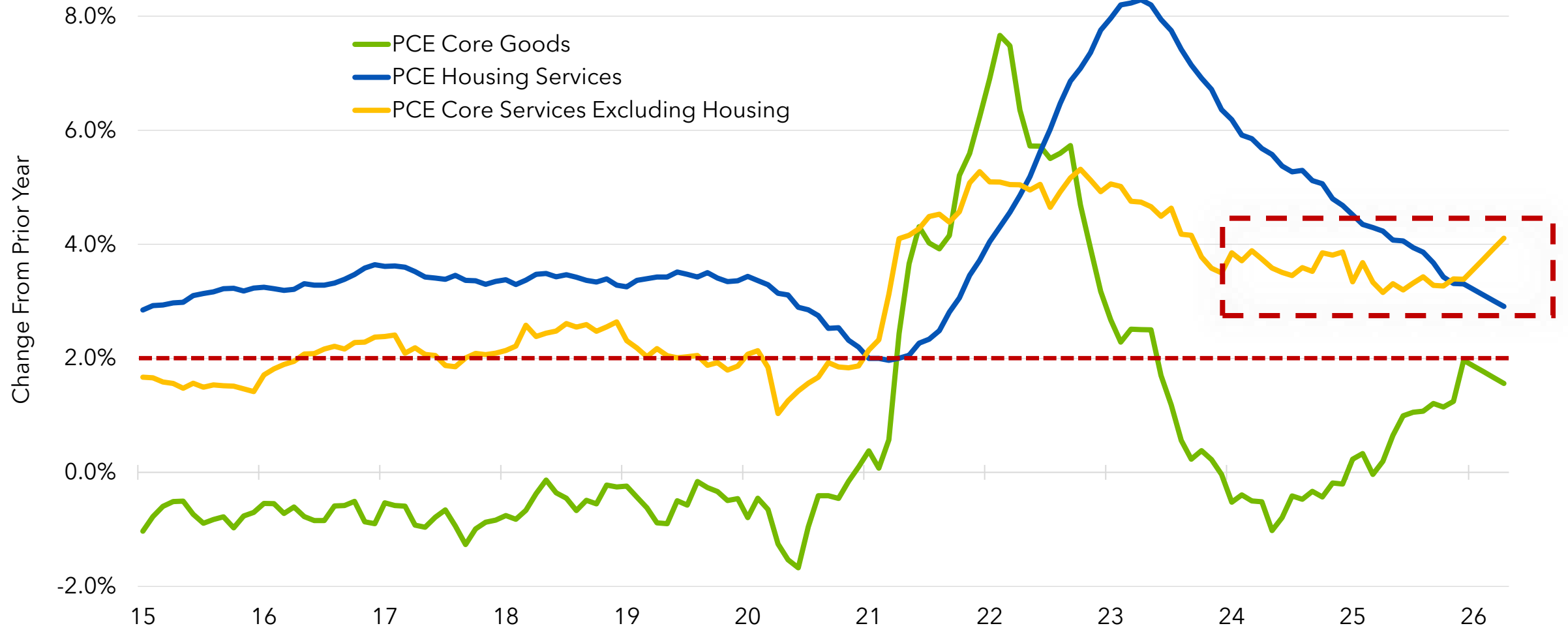
Between a rock and a hard  
place.

# Progress on the inflation front stalls ....



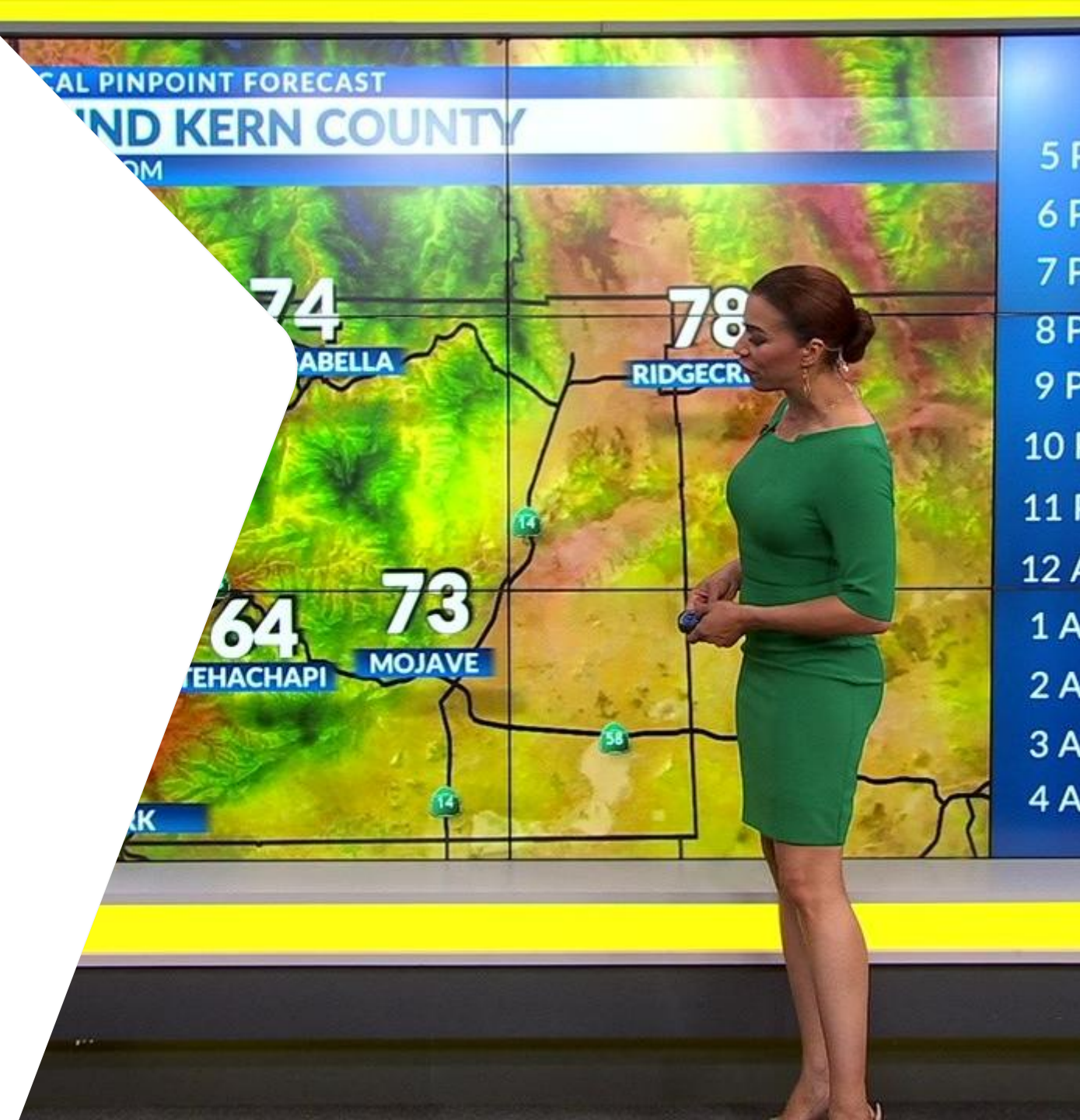
(1%)

# ... and sticky inflation keeps Fed watchful

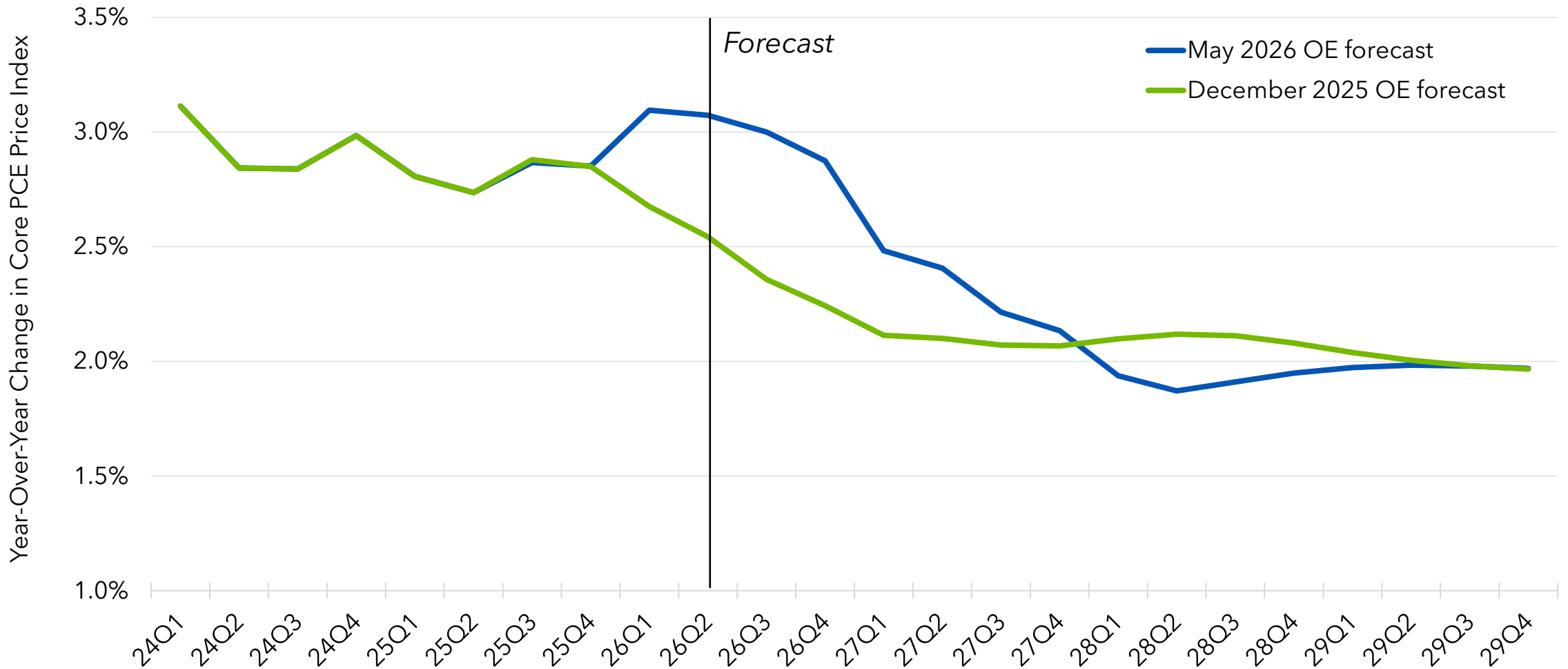


# Forecasts

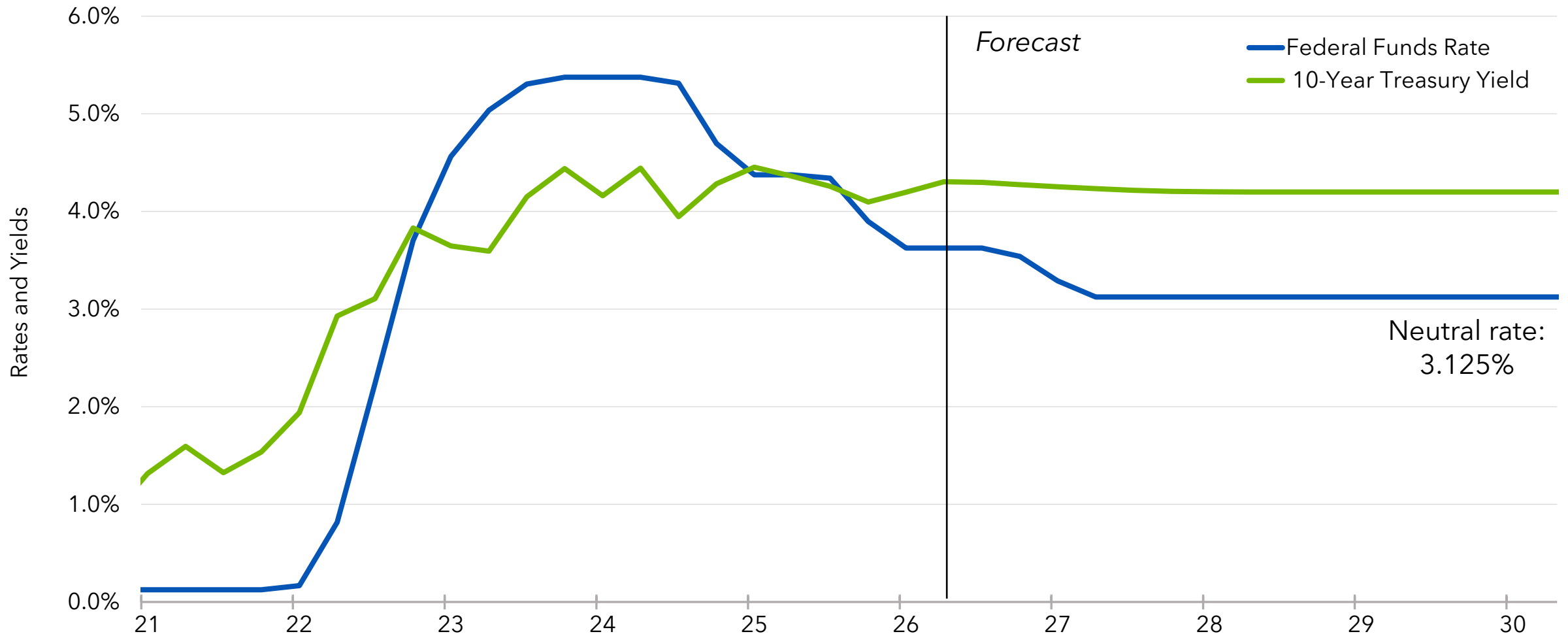
Between a rock and a hard place.



# Inflation expected to peak later this year

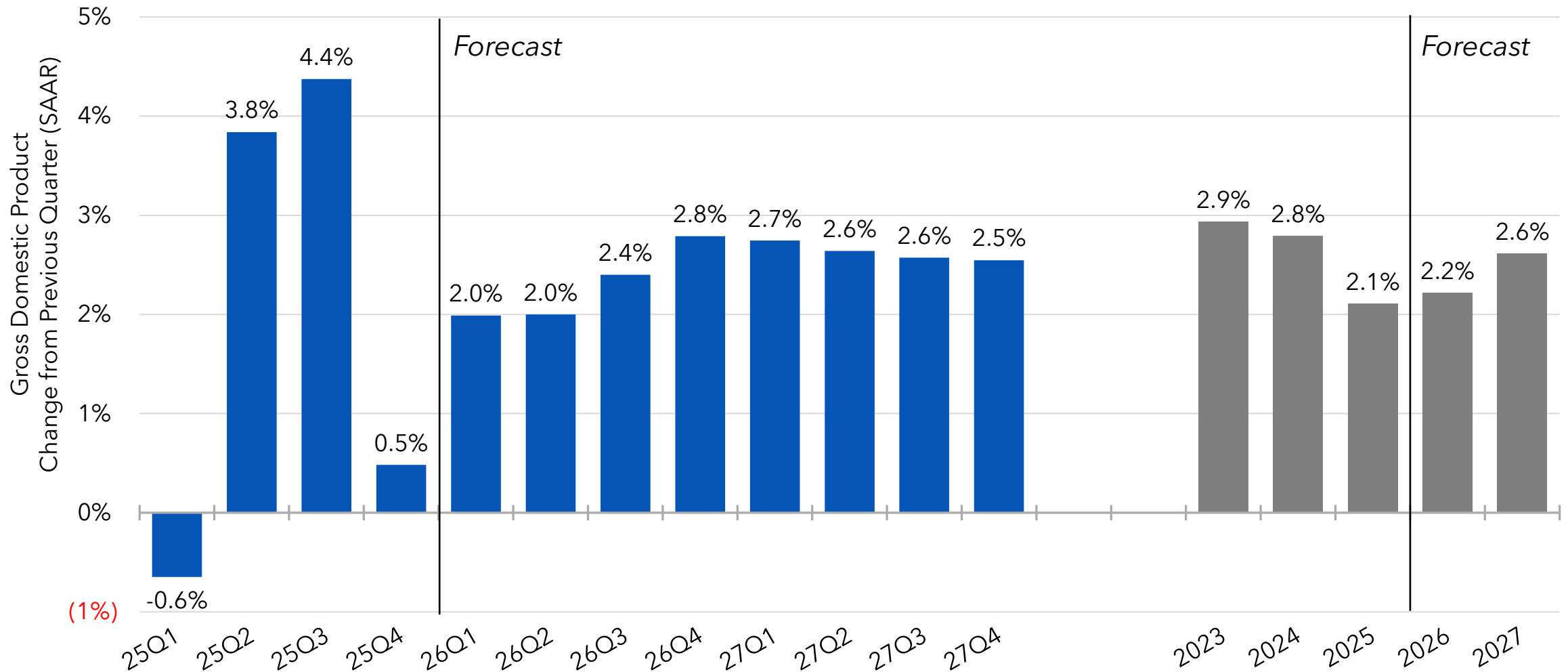


# Fed to move slowly this year; 10-year yield to remain high

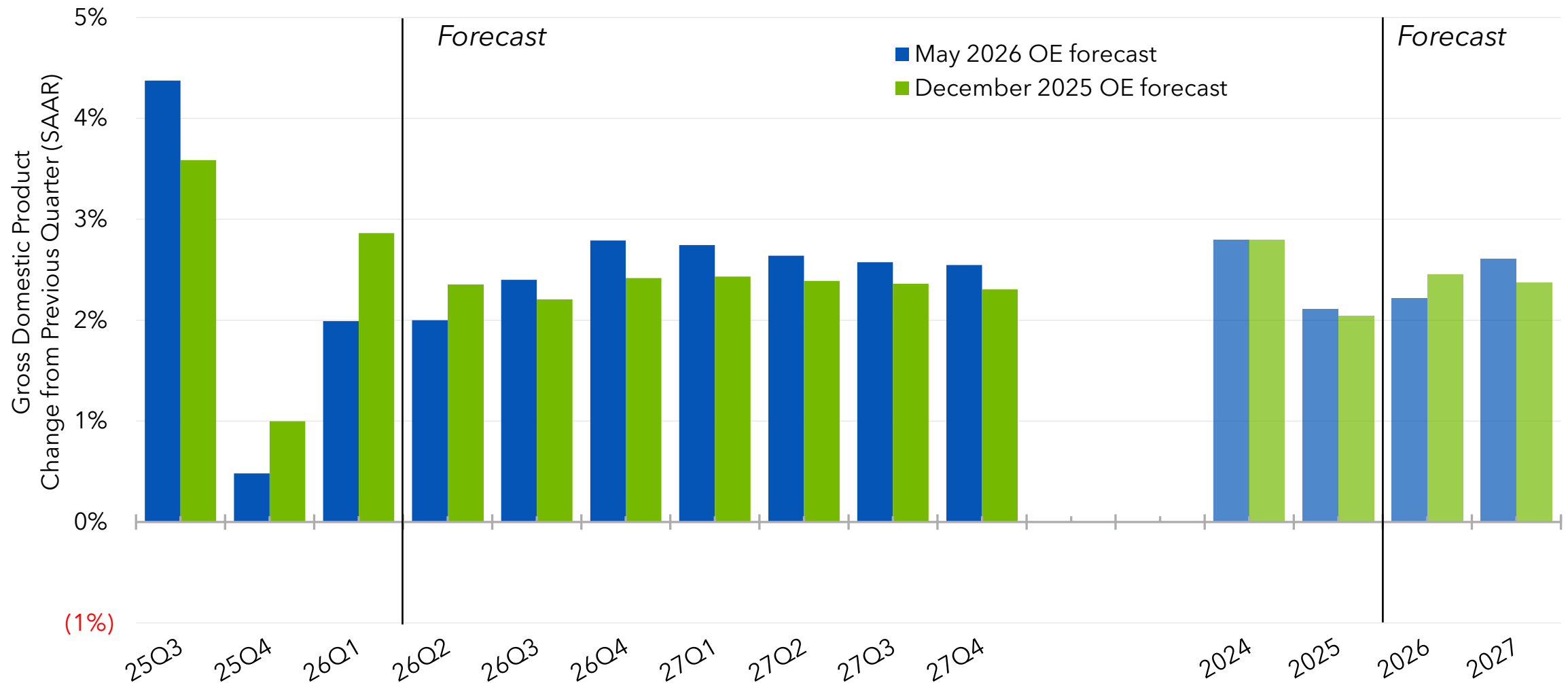


Sources: Oxford Economics, Department of the Treasury, Federal Reserve Bank

# Surging oil prices to weigh on the economy in Q2



# Weaker than the previous forecast





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