CK: Chris Kuehl **KP: Keith Prather**

Briefing: Friday 5, **June 2026**

Domestic Quick Items of Interest

- **New World Screwworm in Texas - Implications.** – The first confirmed case in the US of the screwworm in 60 years was just found by the USDA in Zavala County, Texas. Imports from Mexico have been banned since last year, more than 1,800 cases in Mexico were reported as being "active" since May of this year. **Texas A&M did an analysis and found that the cost to the cattle industry would be more than $2.1 billion and $9 billion in wildlife/hunting industry losses**…in Texas alone. In the near term, beef prices could actually decrease as worried ranchers liquidate herds to prevent an outbreak. Medium term, prices rise sharply as herd sizes shrink more. Within 2-5 years, structural price acceleration takes place until demand destruction kicks in (prices get so high that we all turn to pork, chicken, and turkey). One source pointed out that ranchers have changed open grazing patterns because the screwworm was eradicated. Many will need to consider what changes need to be made if there is indeed a true outbreak. Incidentally, the screwworm is not dangerous to humans when beef is fully cooked, but it is deadly to herds. **Since it is spread by flies, the ability of it to spread easily is a concern**. Controlling it is very difficult, once it has broken out. **What is sometimes underreported is that 40-80% of the fawn deer crop could be lost during a heavy outbreak period.** - KP

- **Bond Market Doesn't Like Jobs Report.** It seems counter-intuitive, but Bond Traders **just priced in a higher risk of a Fed tightening curve following today's jobs report**. What the bond traders are watching is a strong jobs market, decent GDP figures, and inflation that is now running hot (at least based on the measures that the rest of the market watches – I took you through my thoughts on it earlier this week and I'm a contrarian to the market these days). But bond rates on the 10Y (which helps set interest rates for mortgages, auto loans, corporate bond rates and construction, etc.) moved up today and pushed the ten-year above 4.5% (mortgages rates are typically 1.7-2.0 points above the 10Y). The bond market is typically savvy when it comes to global intelligence, so they see something that spooks them. And **it could be just as simple as fear that the Fed will hike rates at some point this year instead of trim them**. - KP

- **Weekend Dust Up?** There seems to be a pattern headed into most weekends of late, that there will be military "dust up". This weekend, perhaps nothing will happen. But reporting on Friday was mixed. **US Centcom said that claims of a "warning shot" being fired by Iran on US destroyers was false. I tend to lean toward Centcom's comments**. They have no reason to deceive based on that type of information. In fact, it would help the President's case to report that Iran had fired on a US vessel. More importantly, peace negotiations reportedly took a step back overnight and the US Congress handed Iran a gift by voting to "halt the US war with Iran". That emboldened Iran and within 24 hours was taking action as a result. But where there's smoke, there's fire. Too many sources were reporting that missiles were fired at least directionally toward the shipping channel, so something happened. **This is not easing trade restrictions or improving supply chain conditions**. - KP

Additional Items we are watching.

The Metric in the Jobs Report I Didn't Like. – Overall, the jobs report for May was a great one. It exceeded expectations on most fronts. The one datapoint that I didn't like was the annual wage growth rate (and only because inflation is reportedly hotter right now).

Annual wage growth came in at 3.4%, which is below the 3.8% PCE figures that we have seen. Core inflation rates are lower than that, but most consumers are paying for food and fuel, and the fact that wages are underwater at the moment is concerning for retailers.

This is a temporary situation, so the Fed may look beyond it. But from a practical "running a business perspective", it does concern me.

We saw that inflation disposable income was underwater, falling by 1.1% Y/Y in April. This wage growth figure today and inflation data could push it even lower when the next round of data is released. A healthy figure is closer to 2.5%.

With simple math, we typically like to see a wage growth figure in the 3.4% rate (which is where it is right now) if inflation is in the tame 2-2.5% range. That's a healthy gap for consumers between inflation and wage growth, they dig out of debt and have the ability to engage in discretionary spending. It boosts retail, wholesale trade, manufacturing, transportation, etc. So, it could be temporary based on a Black Swan situation, but it will transfer into weaker spending by lower and middle income households. - KP

Important Domestic Economic Releases

- 6/08 Survey of Consumer Expectations
- 6/09 Foreign Trade Statistics
- 6/09 NAR Existing Home Sales
- 6/09 Wholesale Trade
- 6/10 Consumer Price Index
- 6/11 Producer Price Index
- 6/12 Preliminary Consumer Sentiment
- 6/15 Industrial Production
- 6/15 Empire State Manufacturing Index

Global Quick Items of Interest

- **What Exactly Does "Ceasefire" Mean These Days? –** If one looks up "ceasefire" in a dictionary one will get descriptions like this one. " *A formal agreement or order between warring parties to temporarily halt active hostilities and suspend aggressive actions in a specific area*". How then can we describe what exists between the US and Iran a ceasefire in any sense of the term? Iranian drones fire on ships in the Straits of Hormuz, missiles are launched, attacks are made on neighboring states such as Kuwait by Iranian missiles, US warships attack Iranian positions and so on. **This appears to be a war by any definition and certainly not one that has been suspended or ratcheted down. Instead, this has all the hallmarks of an extended stalemate as both sides try to outlast the other – each trying to determine what will be the breaking point for the other**. The US assumes that enough destruction of Iranian assets and pressure on the leaders will work and Iran assumes the US will buckle under the strain of inflation and economic unrest in an election year. Thus far neither assumption has been accurate. Put simply, neither set of leaders has an "off ramp". Iran's hardliners can't give way and stay in power and the US can't suddenly pull out without getting concessions on key issues such as developing nuclear capability or Iran's support for terrorism and attacks on Israel and other neighbors.

- **Warning From OECD** – Every international organization has been lining up to warn of impending economic catastrophe if there is no solution reached to the Iran war. This comes as no surprise given the damage that has already been imposed by skyrocketing energy prices. The poorer nations are already at a breaking point as they simply can't afford these price hikes. Richer nations have slightly more resilience but the patience of their population has been exhausted. **The OECD paints one of the grimmer pictures with an assumption this conflict could extend well into 2027.** If that takes place, the impact will be brutal – extremely high interest rates imposed as inflation soars, global growth falling to as low as 1.8%. That is global recession territory. This means real desperation in the less developed world and crisis everywhere else as mass unemployment becomes common. Warnings like this have become common but it is unclear what they will result in. Those engaged in this war are well aware of the damage caused but that has not prompted them to change positions in any way. CK

- **Ukraine Spoils Putin's Party –** Just as Putin was greeting delegates to his major economic forum, the city of St. Petersburg was hit by an attack by drones from Ukraine. This extremely distant assault targeted an oil terminal and the naval base at Kronstadt as well as facilities involved in making weapons for the attacks on Ukraine. **The damage was more symbolic than decisive but it showed the range Ukraine now has. There is quite literally no place in Russia that Ukraine can't hit**. The economic forum was supposed to show that Putin remains in a powerful position globally but seeing delegates ushered into air raid shelters doesn't reinforce that opinion. CK

Additional Global Items we are watching.

- **You Ain't Seen Nothing Yet –** This is the message from the oil industry (if not in so many words). The Iran war has meant a reduction in US oil stockpiles to levels not seen sine 2004 and that is very close to a critical level that ushers in another round of very sharp price hikes. Even the more cautious oil prognosticators are talking about per barrel prices close to and above $150. The more alarmist predictions assert that $200 a barrel is a distinct possibility. For those trying to work out what this means for the motorist or trucking company it means the pump prices soar to between $6 and $10 a gallon. Diesel will average around $8 to $15.
- The Iran war is the reason for this and more specifically it has been the reaction to the war. The Trump decision to aggressively exploit the oil reserve in the US has taken levels down to record lows. There is no more than 46 days of reserves left. At the same time, the oil exporters in the US have been rushing to fill demand from Europe and Asia as these nations have been cut off from their usual supply.
- The oil world has stated that June is the critical month. If there is no end to the crisis in the Straits there will be a full-blown crisis. There will be outrageously high prices for all fuel and on top of that there will be shortages and that brings back memories of the 1970s oil embargo and those gasoline lines. Remember that the oil embargo only ended when the US gave in to the demands from OPEC. Most analysts now assert that Iran has the advantage on this issue as the US economy can't take a hit like this. CK

- **Japan Confirms Yen Intervention –** It has been obvious enough but now the Bank of Japan has confirmed that it has been actively supporting the yen with $73 billion in purchases. **This is the largest intervention since 2024 and has been prompted by the Iran war.** The demand for the dollar has spiked as investors sought a haven and Japan was seen as especially vulnerable to inflation on the energy front. The weakened yen was adding to the cost of crucial imports and there had been an active attempt to talk up the yen. It is suggested that this will not be the last move. CK

US Domestic Economic Items

- **Blowout Labor Report? Sort of**. The May labor report beat expectations, wages were growing at a slightly slower rate of 3.4% (against inflation of 3.8% as mentioned prior), and that was my biggest concern. But job growth in May was more robust than expected. The unemployment rate was unchanged and the economy created 172,000 jobs, 472K YTD and 423K over the TTM.

The fastest growing sector once again was leisure and hospitality. Consumers that had already pre-booked vacations this year were still traveling at a rapid rate (ticket sales for the fall are soft – so this could be short-lived).

Heath care also remains strong – and this is structural and systemic. We would expect the sector to continue hiring for the foreseeable future as demographic trends support growth and hiring.

The petroleum sector was also hiring, adding about 5,000 workers this month as one might expect.

YTD, health care was still the standout with more than 191,000 jobs being added. **Transportation and warehousing have had a good showing after adding 52K, and retail was stable at 40K**.

It is interesting as Chris mentioned that manufacturing has shed about 66,000 jobs over the past 12 months, but seems to be recovering a bit YTD. More to come on the labor front. - KP

Sector	May 2026	YTD (Feb–May)	TTM
Total Nonfarm	**+172**	**+472**	**+423**
Total Private	**+126**	**+439**	**+637**
Goods-Producing	**+5**	**+48**	**-27**
Mining & Logging	+5	+10	-11
Construction	~0	+25	+50
Manufacturing	~0	+13	**-66**
Private Service-Providing	**+121**	**+391**	**+664**
Wholesale Trade	~0	+13	-1
Retail Trade	~0	+40	+4
Transportation & Warehousing	+1	+52	**-70**
Information	~0	-19	**-92**
Financial Activities	**-22**	**-52**	**-108**
Prof. & Business Services	~0	+33	-25
Private Educ. & Health Services	+47	+184	+665
— Health Care & Social Assistance	+47	+191	+703
Leisure & Hospitality	**+70**	**+113**	**+212**
Other Services	~0	0	+45
Government (Total)	**+46**	**+33**	**-214**
— Federal	**-9**	**-33**	**-320**
— State	~0	-1	-50
— Local	**+55**	**+67**	**+156**

- **Is a Strong Labor Market the New Normal?** There is a tremendous amount of weight being put on the US labor market data. But no matter what happens in the broader economy, labor conditions continue to be strong. That begs the question: are we at the point at which other factors (demographics mostly) are keeping the labor market robust? There are so many implications if that is the case.

  This week we have gotten a Job Openings datapoint that surprised all, and the ADP Private Payrolls figure just exceeded expectations, and **the official labor data as shown above show a resilient labor market. With all of the pressure in the global economy, should it surprise us that the labor market is doing better than expected? Yes. Is the data real? Yes. Demographics are finally starting to play a role**.

  The chart below shows a concept called the Job Openings vs. Hires gap. It shows how closely the two are moving together, or in other words, how strongly the labor supply is in meeting job openings demand. Historically, these two measures have moved closely together, **but of late, the gap is wider and frankly has been since we emerged out of the pandemic. Employers can't find enough workers, and this comes at a time when hiring conditions are actually pretty flat. We remain in what many analysts are calling the "No Hire No Fire" cycle.**



I think a big portion of the problem is retirement. All of us have seen the popular narrative that Baby Boomer retirements have averaged 10,000 a day now for several years. **The truth is that we have accelerated, and more than 14,000 a day right now are becoming eligible for retirement (whether they take it or not)**. Every time we see a surge in the stock market, we see a more rapid rate of retirement.

We have entered peak Boomer retirement cycles with more than 14,000 a month hitting retirement age. This will continue through next year and then slowly taper off.

But as we see retirements accelerate, they come sporadically across all echelons of a corporation. And unfortunately for some companies, there's a lot of brain drain (wisdom of years) that goes along with those employees as they retire.

Many organizations will take a step backwards as new leadership steps in, make mistakes, and go through the recovery process. Only the best prepared in succession planning (those that have been at it for years) will push through without a hiccup.

Economically, we are fighting through this understanding of how the labor market dynamics are changing, and it will have wide-reaching implications.

- How does the Fed interpret this? Some of the underlying fundamentals of the economy could be struggling, and you'd never know it because the labor market looks resilient.
- We have to dig deeper to uncover the nuances of structural labor problems (hiring accelerating in low-wage industries, shortages of workers continuing in high-skilled sectors, long-term unemployment duration, etc.).

Analysts are trying to understand how the labor participation rate is changing (it remains weak and continues to dive). **That means that far more people that are classified as "eligible to work" are not in the workforce**. There are many reasons for this. Some are families that have moved to single-income households (many of which are taking care of older parents). Some have experienced the generational wealth effect and have inherited even more, and don't want/need to work.

But many analysts are also pointing to poor government subsidy policy (not policing many of the entitlement programs closely enough to ensure that only those that are really in need receive benefits) and **those that should be working need to see those entitlement programs end and they need to get back in the labor market**.

What was interesting to me (when I dug in with research) was where the disability was coming from. And it really surprised me. We talk about these "soft times" when people are pulling themselves out of society because of soft mental disorders (as someone that suffered with anxiety more than a decade ago I understand!). But that might not be the case according to the data. Look at this generational share of disability types. Mental claims for disability assistance are far down from the 2014 peak. **The sad and unfortunate truth is that cancer incidence, nervous system, and back and joint pain have shot up**.

Diagnosis Category	~1996 Share	~2014 Share	2023 Share
Musculoskeletal (back, joints)	21%	31%	**34%**
Mental Disorders	20%	31%	**13%**
Circulatory Disease	12%	8%	11%
Nervous System	8%	9%	10%
Neoplasms (cancer)	10%	10%	14%
Other	29%	11%	18%

I then went in to figure out where public assistance spending was going. Based on total aid, by percent of the US population by decade, here is where the spending is and how it has changed over the decades:

Program	1970	1980	1990	2000	2010	2015	2020	2024
Medicaid / CHIP	8.0%	9.1%	11.0%	12.0%	17.0%	20.0%	23.0%	22.6%
SNAP (Food Stamps)	2.1%	9.3%	8.1%	6.1%	13.1%	14.3%	12.8%	12.3%

Program	1970	1980	1990	2000	2010	2015	2020	2024
SSDI + SSI (Disability)	1.3%	3.0%	3.5%	4.5%	5.7%	6.0%	5.7%	5.4%
AFDC / TANF (Cash Welfare)	4.1%	4.9%	4.8%	2.2%	1.4%	1.3%	1.0%	0.6%
Housing Assistance (HUD)	0.2%	1.3%	1.7%	1.8%	1.6%	1.6%	1.6%	1.6%
EITC *(work-conditioned)*	0.0%	2.6%	5.0%	6.8%	8.9%	8.4%	7.6%	6.8%
Labor Force Participation	60.4%	63.8%	66.4%	**67.3%**	64.7%	62.7%	61.2%	62.7%

The problem I see is that some of the programs are systemic. A much greater percentage is on SNAP. Maybe the core problem is childcare costs…or something at its core that forces people onto SNAP assistance. But that and Medicaid are the areas that have seen the greatest growth rates (as a percent of the population). **What analysts point out is that the categories of aid that are growing the fastest, really have no work requirements attached to them**. - KP

Global Economic Items

- **Which Countries are Expected to Feel the Most Middle East Pressure?** – As some product and energy shortages begin to throttle output in some nations, those that were prepared and more self-reliant will perform better than others. Analysts are scrambling to understand where the greatest pressures will be. **After all, if you are sourcing from a given country, you need to know which ones will see the greatest economic risk and use that intelligence to your advantage**.

  Goldman put a note out showing the greatest economic pressure from the impact in the Middle East, and the chart at right shows those likely to get hit hardest.

  The countries that are expected to suffer the greatest are:

  1. Philippines (loss of 170 basis points)
  2. Thailand (loss of 9 basis points)
  3. India (loss of 7 basis points)
  4. Singapore (loss of 5 basis points)
  5. Japan (loss of 3 basis points)
  6. Indonesia (loss of 3 basis points)

  Some countries will actually benefit from the conflict and will see a lift in their GDP. That will include:

  1. Taiwan (gain of 110 basis points)
  2. Korea (gain of 6 basis points)
  3. Vietnam (gain of 6 basis points)

Figure 6: Real GDP growth %y/y: pre- and post-Iran conflict

	2025	2026E (pre-Iran conflict)	2026E (post-Iran con)
China	5.0	4.5	4.5
Hong Kong	3.5	3.3	3.3
India*	7.6	6.9	6.2
Indonesia	5.1	5.2	4.9
Japan	1.2	1.2	0.9
Korea	1.0	2.2	2.8
Malaysia	5.2	4.8	4.5
Philippines	4.4	5.0	3.3
Singapore	5.0	4.0	3.5
Taiwan	8.7	6.9	8.0
Thailand	2.4	2.3	1.4
Vietnam	8.0	7.0	7.6

Source: CEIC and UBS estimates. *FY beginning April.

China and Hong Kong are expected to show no change in their outlook at this stage. **But if the conflict were to go much longer, they might suffer from some economic headwinds**.

Again, this could be useful as we think about how it might affect bond rates (both in the US and abroad), **pricing leverage as you conduct negotiations** (countries with more economic pressure may be more inclined to work for cash flow and less inclined toward profitability), value of the US dollar, etc. - KP

- **"Road to HECK is Paved with Good Intentions" –** At the start of the Trump administration (round two) there were a series of declarations regarding what he sought to accomplish. Nothing unusual about this as every President indulges in these assertions and predictions. Most of them are loosely tied to promises made during the campaign. One of these was to create the "golden age of US manufacturing". Several initiatives were announced with the most dramatic centering on a very aggressive and punitive tariff policy designed to make imports very expensive. It was assumed this would convince many companies to abandon foreign sourcing and investment. In addition, there was to be support for US manufacturing in terms of finance. New rules were created to make investing in manufacturing easier and there was a certain amount of attention paid to the regulatory and tax environment. **There is little doubt that some of this helped some companies but the overall impact has been more limited. To be fair, many of these changes will take some time to show results**, most companies can't turn on a dime. But the bang for the buck has not been what was expected.

  There has actually been a decline in manufacturing construction in April to $15.2 billion. That is down by 16% from the start of Trump's term. There has also been a reduction in manufacturing workforce by 77,000. At the same time there has been announcements of expanded investment. There have been 84 companies announcing they would invest $900 billion in new and expanded developments. Armada's own research has been pointing out the steady growth in construction activity related to manufacturing and this begs the question. What is actually happening? Is there a manufacturing renaissance or not? The answer is very simple – YES an NO.

  It should be obvious that manufacturing is extremely diverse – EXTREMELY. What drives automotive is not driving aerospace. What drives appliance manufacturing is not driving the making of farm equipment. It is no surprise that some sectors will do better than others depending on a host of factors. **The company that competes directly against a foreign manufacturer will welcome those tariffs while one that imports a great deal in order to make their own product will see that tariff as a disaster.** The measures implemented thus far have helped some and damaged others. Beyond that, it will take a long time before major adjustments can be made. Changing suppliers is not simple and shifting investment priorities will take even longer.

  At the end of the day, only two things matter in terms of manufacturing profitability – demand and supply. There is no growth if there is no demand for what is being manufactured and every company is well aware of the fickle nature of the consumer. Fads come and go, income levels change, competitors alter the playing field and so on. There is also the need to contend with supply – of materials needed to make things as well as the people doing the making. These are both very hard to alter with government edicts and programs. At the moment, the US manufacturer has been more stressed by the supply side of things – especially labor. It would seem that labor is not a problem when 77,000 people have lost their jobs in the industry but the reality is manufacturers are shedding jobs at the same time they desperately seek to hire. Those losing their jobs are not competitive in today's industrial environment. They are doing the jobs that robots and machines and AI can do better and cheaper. At the same time, there is a massive demand for the people that can work with and exploit these new technologies. The US does a miserable job of training for that new job. We already know the damage the tariffs and trade wars have done to the supply chain and that could take years to unwind. It is even hard to determine if there has been a net gain or loss as far as manufacturers are concerned.

The latest wrinkle in all this comes on the demand side. The consumer has a limited amount of spending capacity. Granted, the US consumer has a robust income to deal with but that only applies to the upper third and part of the middle third of consumers. Those in the lower third are seriously in debt and can't spend the way they once did. Manufacturers aiming at that cohort are watching their revenues and profits slide and that slippage has been accelerating as the inflation numbers continue to rise.

The bottom line is hard to settle on. The "golden age" is not yet in evidence and it may never be. The efforts thus far benefit some and hurt others. The real need is for active consumers and a reliable supply chain for materials and people and these are all very hard to guarantee.

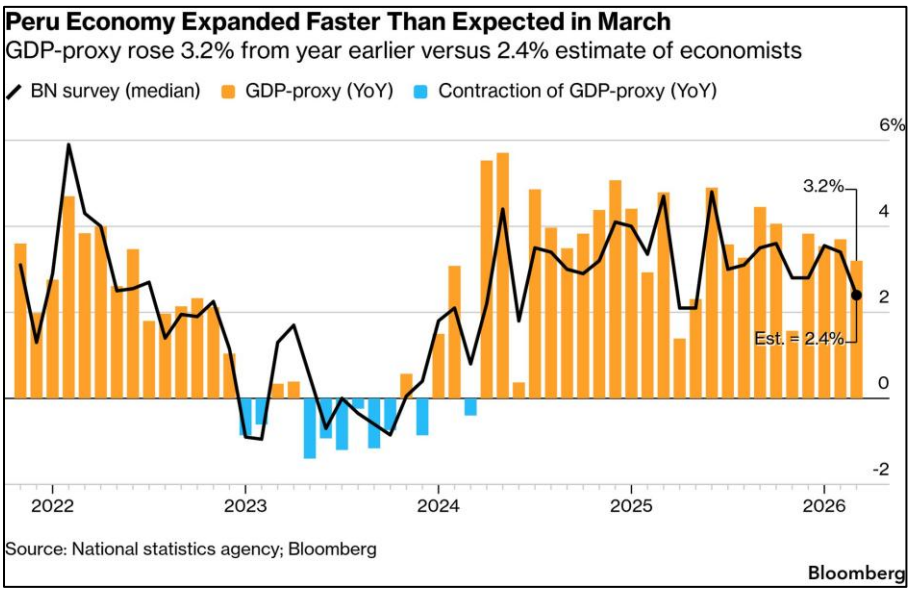
Geopolitical Items

- **Peru – Opportunities and Challenges -** After a decade of political turmoil that saw eight presidents govern the country in 10 years, Peruvian voters will head to the polls on June 7 hoping to restore a measure of stability. **They face a stark choice between Keiko Fujimori, a daughter of former strongman Alberto Fujimori who champions Peru's market-oriented economic model, and Roberto Sánchez, a leftist who channels the frustrations of the country's rural and lower-income voters and promises to overhaul that model.**

Beyond Peru's borders, global trends have created favorable conditions for the country to boost its global relevance and accelerate economic growth under the next administration. **As the United States and China compete to secure critical mineral supply chains, Peru stands out as one of the world's largest producers of copper, silver, zinc, tin and gold**. The global superpowers' confidence in Peru's strategic importance is perhaps best reflected in the $3.5 billion Chinese mega-port in Chancay, designed to connect Peru's mineral wealth more directly to Chinese markets. At the same time, amid rising global demand for affordable food, Peru has turned into an agricultural powerhouse. Agricultural exports grew from $748 million in 2002 to $12.3 billion in 2024, a more than 16-fold increase.

Yet as Peru enters this election with one of the strongest geopolitical hands it has held in decades, it also has one of the weakest political systems to play it. Capitalizing on the opportunity will require the ability to govern. But to do so, the winner must first understand the motivations of Peru's voters as well as the limits of their own mandate—difficult tasks for a political class more accustomed to self-aggrandizement than self-reflection.

Both candidates enter the runoff with weak levels of support. Fujimori and Sánchez respectively secured only 17 percent and 12 percent of the vote in the first round, reflecting not only a highly fragmented race with 35 presidential candidates, but also the deep distrust Peruvians have developed toward the country's political class after a decade of instability. **This is reflected in recent opinion polling ahead of the second round: Fujimori has a slight lead, with 38 percent support to Sanchez's 35 percent, according to Ipsos. But 27 percent said they were undecided or planned to spoil their ballot.**



Consider This: Personal Thoughts and Insights from Chris and Keith

- **More Random Observations –** Not that I am a voyeur or even all that nosy…well…maybe a bit. It is just that I watch people and try to figure out motivations. It may be related to what I do for a living – at least that is what I tell myself. I have many opportunities to engage in this "spontaneous research" given the amount of time spent in airports, hotels and other locations. I see things that appall and things that inspire. Mostly I see things that just perplex.
  - **The Appalling One –** While moving through a tourist hotel I noticed an older woman using a walker. She was heading for the pool when a group of very rowdy and noticeably inebriated young guys knocked her over. She screamed in pain and I could see a cut on her head. They laughed and kept going. I was too far away to thrash them with my cane. I reported this to the hotel management but the woman's daughter had beaten me to it. She DEMANDED these cretins be expelled from the hotel and judging by the anger seen later in the lobby – she got what she wanted.
  - **The Inspiring One –** A mother duck was trying to escort her brood across a busy road. There were ten of them and their odds were not good until a police officer wheeled his motorcycle into place and halted traffic. This involved dismounting and ushering the last two stragglers back to mom. He got a round of applause from the motorists.
  - **The Perplexing One –** As I watched my fellow travelers board, I noticed one individual attempt to cram what appeared to be a steamer trunk in the overhead. It was gigantic – one could easily have stashed a body or two in that thing. It was patently obvious it would not fit – EVER. This did not dissuade him in the least. It took a pilot and two flight attendants to intervene and threaten him with expulsion (or possibly bodily harm). I wondered if he had flunked the square peg and round hole lesson in pre-school.

Business Cycle Indicators We Are Watching

An Early Warning System for Cycle Changes

We use the following indicators as early warning devices; when they move, it typically signals a change in the current business cycle. We will continue to update these on a weekly basis as new data is available and specific, deeper-dive commentary on these factors will be included in the written portion of the briefing as changes occur.

			Manufacturing				Services			
Country PMI	Trade with US (in billions)		Current Month	Latest Month PMI	Prior Month PMI	M/M Change	Current Month	Latest Month PMI	Prior Month PMI	M/M Change
US			May	55.1	54.5	0.6	May	50.7	51.0	-0.3
Global PMI	$	4,700	May	52.6	52.6	0.0	Apr	51.2	50.8	0.4
Canada	$	665	May	52.9	53.3	-0.4	May	50.6	49.2	1.4
Mexico	$	661	May	49.6	47.7	1.9				
China	$	655	May	51.8	52.2	-0.4	May	54.4	52.6	1.8
Eurozone PMI	$	632	May	51.6	52.2	-0.6	May	47.7	47.6	0.1
ASEAN	$	369	May	51.5	50.7	0.8				
Japan	$	210	May	54.5	55.1	-0.6	May	50.0	51.0	-1.0
Germany	$	201	May	50.1	51.4	-1.3	May	48.1	46.9	1.2
South Korea	$	161	May	54.8	53.6	1.2				
UK	$	118	May	53.9	53.7	0.2	May	49.3	52.7	-3.4
Taiwan	$	114	May	56.1	55.3	0.8				
India	$	113	May	55.0	54.3	0.7	May	59.8	58.8	1.0
Vietnam	$	113	May	52.8	50.5	2.3				
Netherlands	$	88	May	55.9	54.4	1.5				
Ireland	$	88	May	55.9	54.9	1.0	Apr	49.7	50.7	-1.0
Switzerland	$	87	May	57.3	54.5	2.8				
Italy	$	83	May	52.9	52.1	0.8	May	49.4	49.8	-0.4
France	$	80	May	49.7	52.8	-3.1	May	44.3	46.5	-2.2
Brazil	$	78	May	49.1	52.6	-3.5	May	50.4	52.3	-1.9
Singapore	$	65	May	51.0	50.7	0.3				
Thailand	$	60	May	52.6	52.7	-0.1				
Australia	$	39	May	50.7	51.3	-0.6	May	48.7	50.7	-2.0
Indonesia	$	37	May	50.0	49.1	0.9				
Russia	$	36	May	48.8	48.1	0.7	May	48.7	49.7	-1.0
Spain	$	35	May	51.2	51.7	-0.5	May	50.1	47.9	2.2
Hong Kong	$	34	Mar	49.3	53.3	-4.0				
Philippines	$	23	May	50.8	48.3	2.5				
Poland	$	11	May	49.4	48.8	0.6				
Greece	$	3	May	53.3	52.4	0.9				

Sources: S&P Global, Caixin, JP Morgan, Jibun Bank, Nevi, BME, CIPS

Forecast

Real GDP
2019 2.3%
.....
2024 2.7%
2025 2.2%
2026 (Est) 2.4%

Private Investment (GPDI)
2019 5.2%
.....
2024 5.8%
2025 2.0%
2026 (Est) 3.0%

Business Investment
2019 -0.1%
.....
2024 0.3%
2025 3.8%
2026 (Est) 2.5%

Retail Sales
2019 3.0%
.....
2024 2.4%
2025 3.8%
2026 (Est) 2.3%

New Housing Starts
2019 1.3M
.....
2024 1.4M
2025 1.4M
2026 (Est) 1.4M

Auto Sales (Annual)
2019 16.9M
.....
2024 15.8M
2025 16.2M
2026 (Est) 15.8M

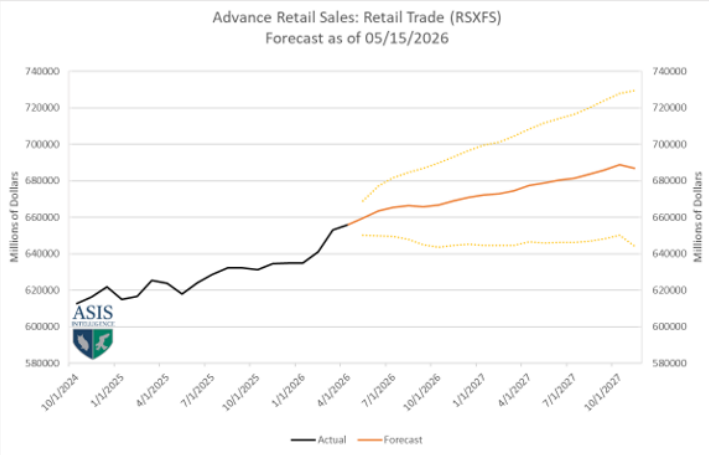
The Flagship Briefing is an intelligence briefing for corporate executives written in the spirit of the President's Daily Brief. It focuses on opportunities and risks bearing down on corporations spanning global economics, geopolitics, raw materials, supply chain, and environmental issues. Subscriptions are $7 a month and include The Watch predictive economic models. Please go to http://www.asisreports.com to learn more about an individual subscription or to get a free trial.

The Watch – May Update

Predictive Models Covering ~85% of US GDP

The following section from The Watch (which is part of the Armada Strategic Intelligence System) includes predictive models developed by Armada and MNA covering sectors that contribute more than 85% of US GDP. These models are updated monthly and include an 18 month forward outlook. **Disclaimer**: *Armada and MNA offer these models as educational instruments only, individuals making business or investment decisions based on these forecasts **do so at their own risk**. Armada and MNA **assume no responsibility** for any decisions made by organizations or individuals as a result of this information*.

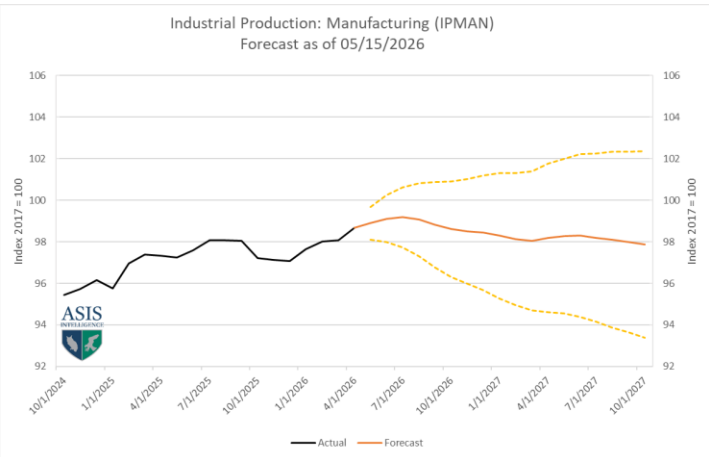
Retail Sales





	2025				2026				2027				2025	2026*	2027*
	Q1	Q2	Q3	Q4	Q1	Q2*	Q3*	Q4*	Q1*	Q2*	Q3*	Q4*			
Advanced Retail Sales RSXFS	0.60%	-0.20%	1.32%	0.39%	2.87%	1.59%	0.37%	0.76%	0.54%	0.85%	0.83%	N/A	2.11%	5.69%	N/A

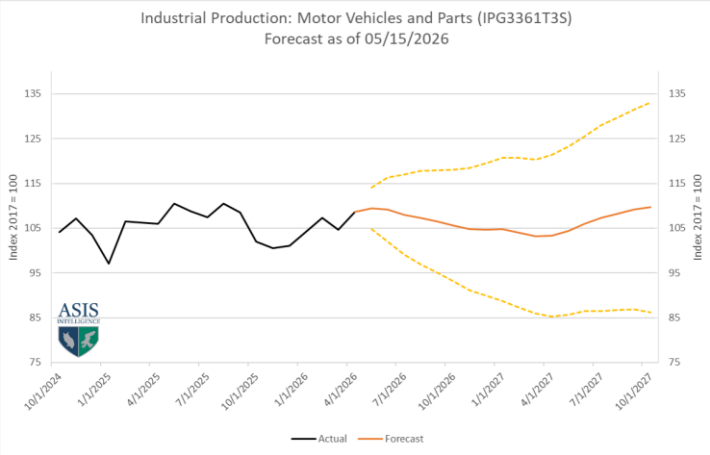
Manufacturing

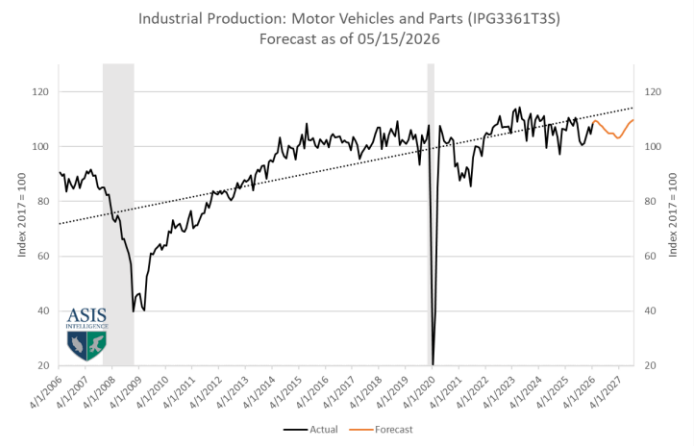




	2025				2026				2027				2025	2026*	2027*
	Q1	Q2	Q3	Q4	Q1	Q2*	Q3*	Q4*	Q1*	Q2*	Q3*	Q4*			
Industrial Production: Manufacturing	1.29%	0.19%	0.48%	-1.01%	1.04%	1.06%	-0.29%	-0.39%	-0.39%	0.26%	-0.32%	N/A	0.94%	1.41%	N/A

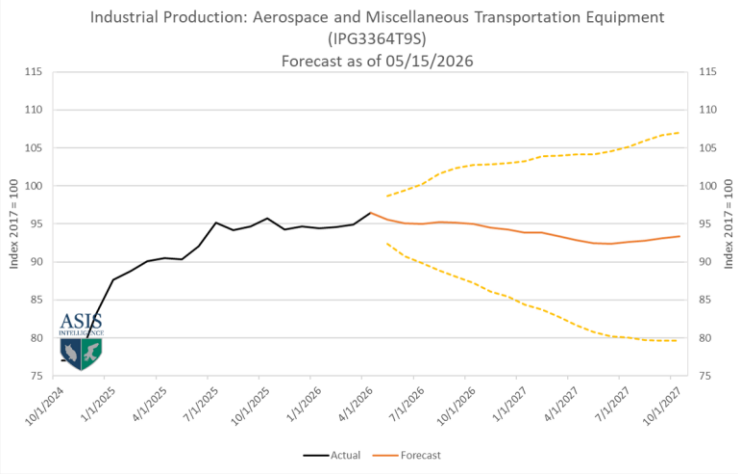
Automotive

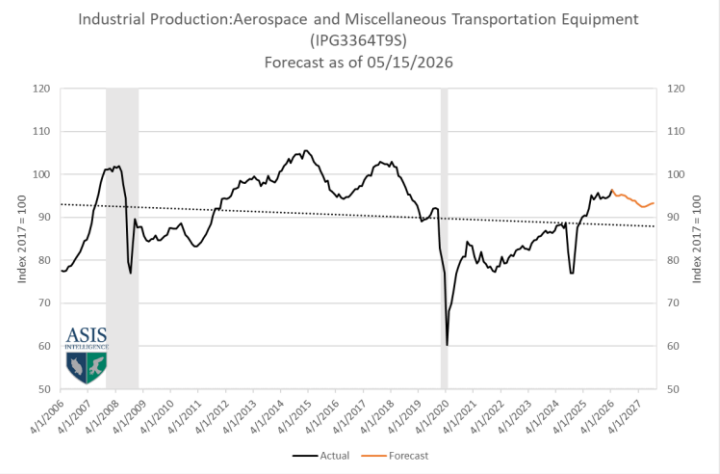




	2025 Q1	Q2	Q3	Q4	2026 Q1	Q2*	Q3*	Q4*	2027 Q1*	Q2*	Q3*	Q4*	2025	2026*	2027*
Motor Vehicles and Parts IPG3361T3S	2.61%	2.44%	-0.33%	-6.74%	3.53%	4.25%	-2.45%	-1.65%	-1.49%	2.71%	2.99%	N/A	-2.29%	3.54%	N/A

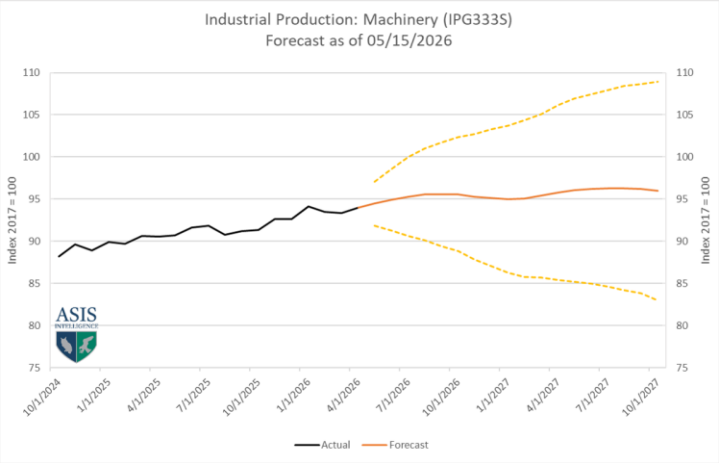
Aerospace

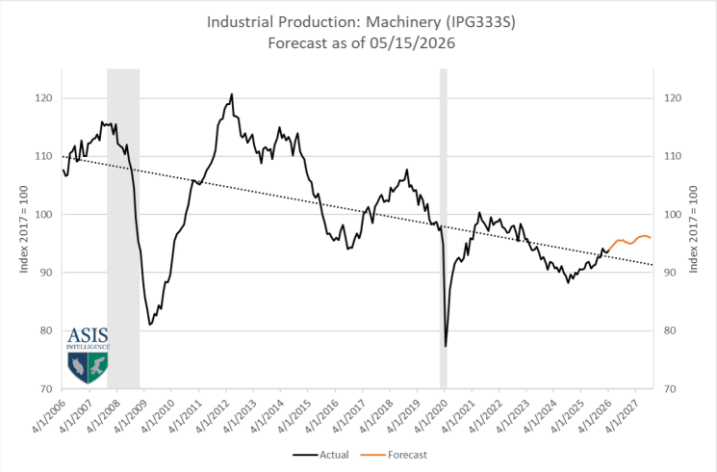




	2025 Q1	Q2	Q3	Q4	2026 Q1	Q2*	Q3*	Q4*	2027 Q1*	Q2*	Q3*	Q4*	2025	2026*	2027*
Aerospace and miscellaneous transportation equipment IPG3364T9S	8.42%	2.19%	2.84%	0.02%	0.30%	0.11%	0.14%	-1.01%	-0.92%	-1.05%	0.83%	N/A	13.96%	-0.46%	N/A

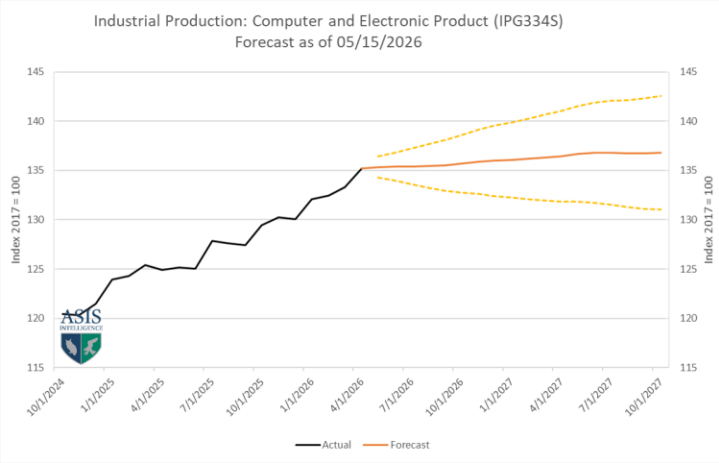
Machinery

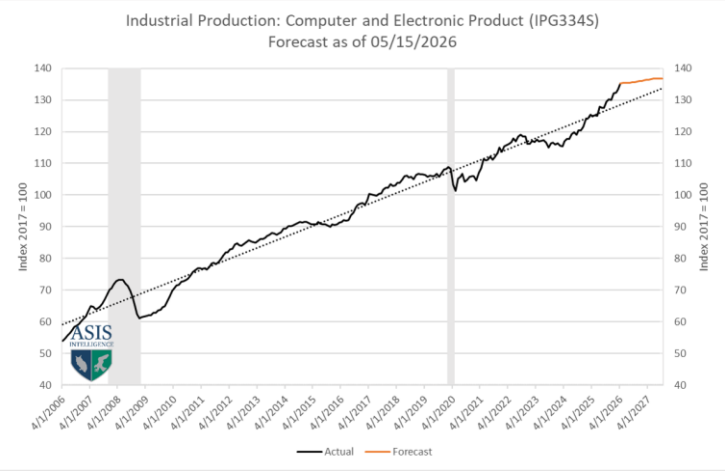




	2025 Q1	Q2	Q3	Q4	2026 Q1	Q2*	Q3*	Q4*	2027 Q1*	Q2*	Q3*	Q4*	2025	2026*	2027*
Machinery IPG333S	1.91%	1.10%	-0.40%	1.53%	0.80%	1.64%	0.67%	-0.40%	0.24%	0.84%	0.02%	N/A	4.18%	2.73%	N/A

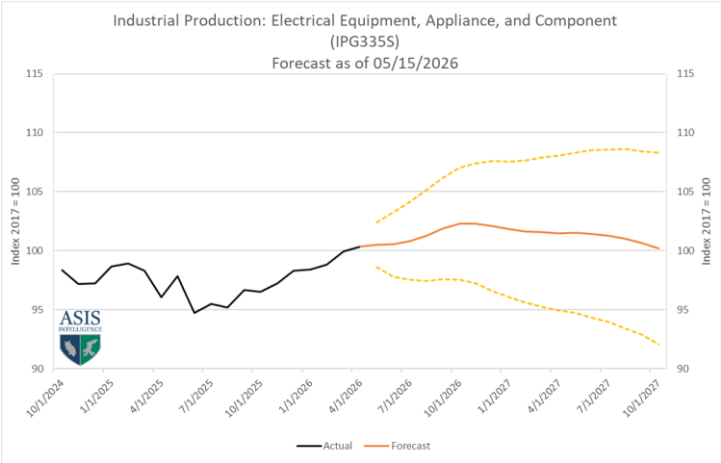
Computer and Electronic Products

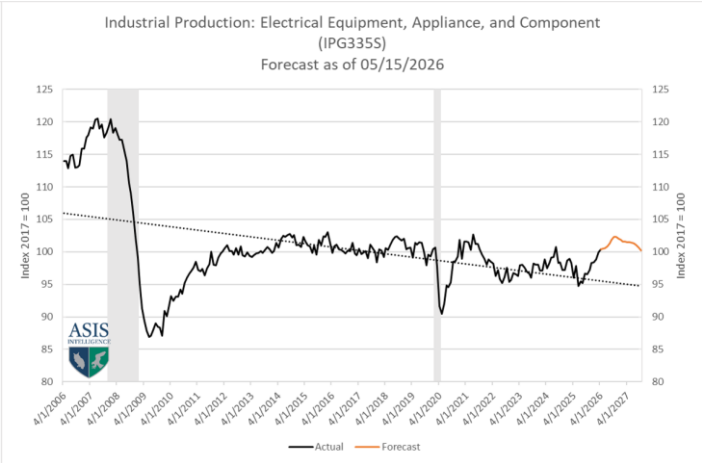




	2025 Q1	Q2	Q3	Q4	2026 Q1	Q2*	Q3*	Q4*	2027 Q1*	Q2*	Q3*	Q4*	2025	2026*	2027*
Computer and electronic product IPG334S	3.22%	-0.30%	1.94%	2.06%	2.46%	1.59%	0.09%	0.34%	0.24%	0.37%	-0.07%	N/A	7.07%	4.54%	N/A

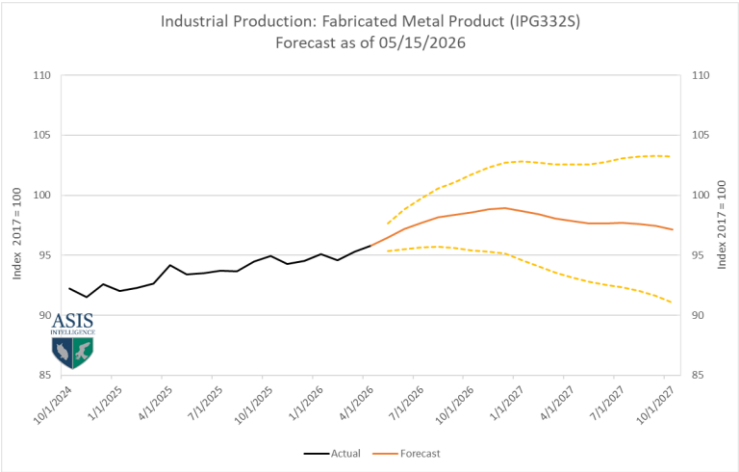
Electrical Equipment and Appliances

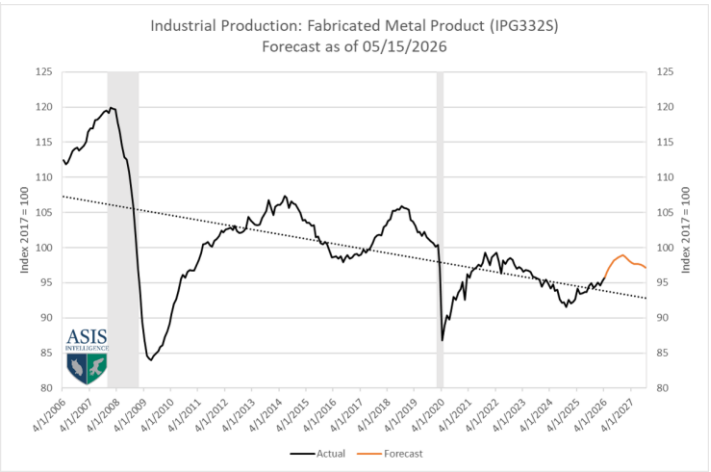




	2025 Q1	Q2	Q3	Q4	2026 Q1	Q2*	Q3*	Q4*	2027 Q1*	Q2*	Q3*	Q4*	2025	2026*	2027*
Electrical equipment, appliance, and component IPG335S	1.11%	-3.66%	2.05%	1.70%	1.64%	0.62%	1.34%	0.18%	-0.50%	-0.16%	-0.74%	N/A	1.10%	3.82%	N/A

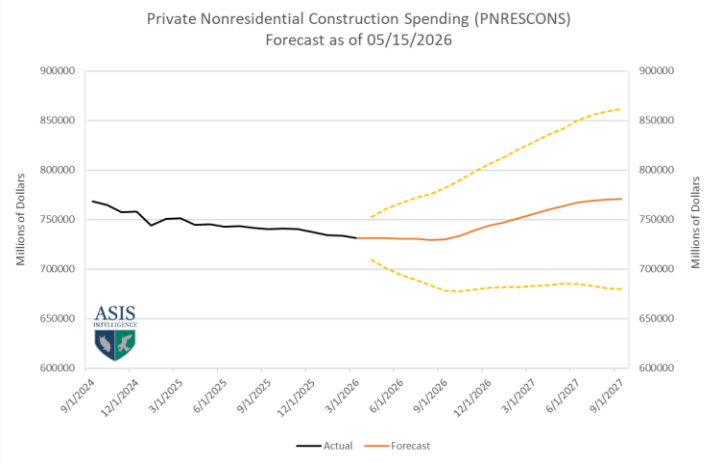
Fabricated Metal Products

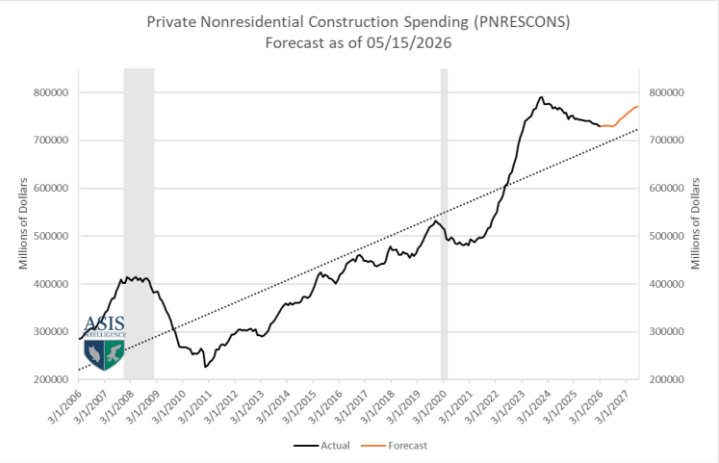




	2025 Q1	Q2	Q3	Q4	2026 Q1	Q2*	Q3*	Q4*	2027 Q1*	Q2*	Q3*	Q4*	2025	2026*	2027*
Fabricated metal product IPG332S	0.04%	0.94%	1.05%	0.02%	0.83%	1.97%	1.21%	0.59%	-0.87%	-0.43%	-0.21%	N/A	2.07%	4.67%	N/A

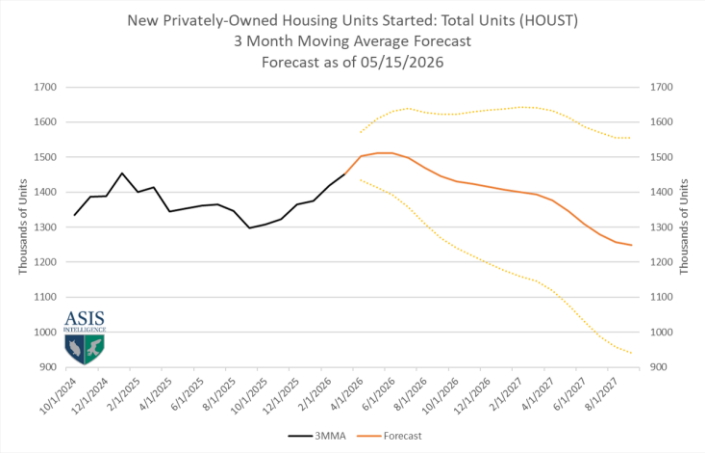
Nonresidential Construction

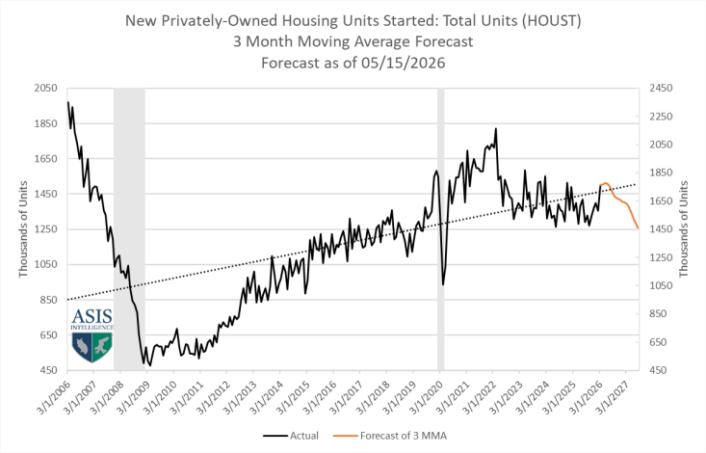




	2025				2026				2027				2025	2026*	2027*
	Q1	Q2	Q3	Q4	Q1	Q2*	Q3*	Q4*	Q1*	Q2*	Q3*	Q4*			
Private Nonresidential Construction PNRESCONS	0.12%	-0.17%	-0.38%	-0.89%	-0.66%	0.15%	-0.03%	1.86%	1.59%	1.56%	0.46%	N/A	-1.32%	1.32%	N/A

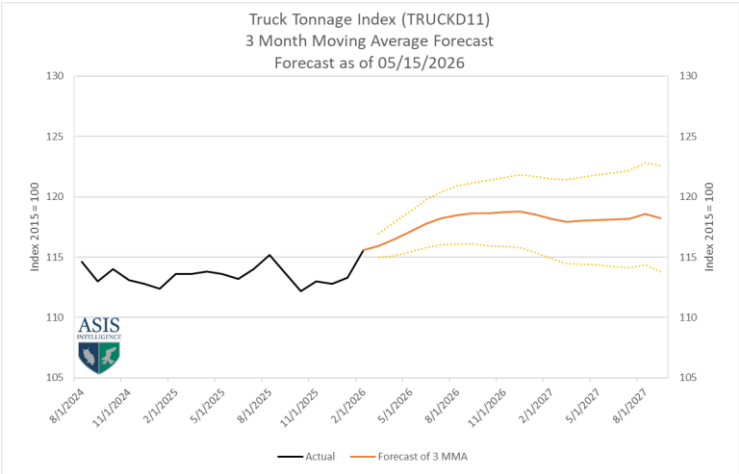
Residential Construction

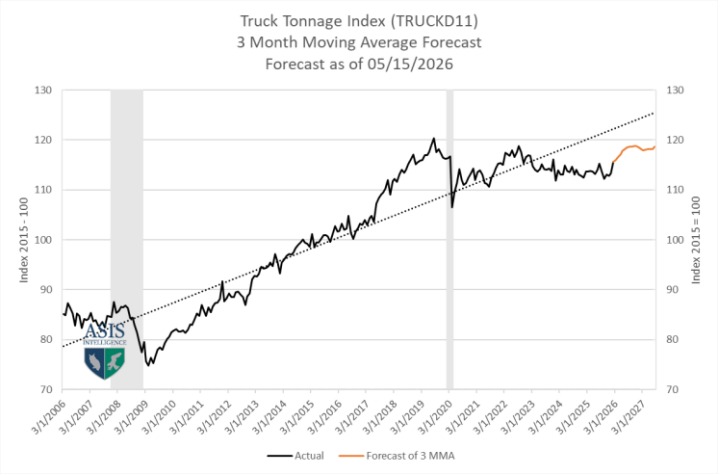




	2025				2026				2027				2025	2026*	2027*
	Q1	Q2	Q3	Q4	Q1	Q2*	Q3*	Q4*	Q1*	Q2*	Q3*	Q4*			
New Privately-Owned Housing Units Started: Total Units HOUST	-10.50%	1.99%	-3.91%	3.39%	9.40%	0.63%	-4.31%	-2.12%	-1.59%	-6.02%	-4.68%	N/A	-9.31%	3.11%	N/A

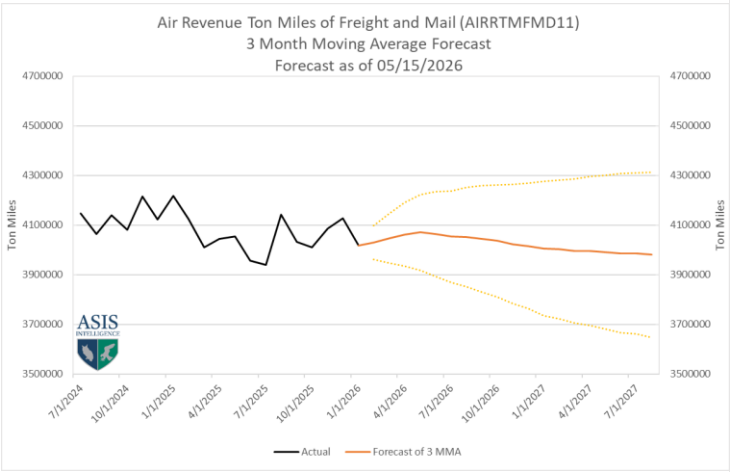
Trucking Tonnage Outlook

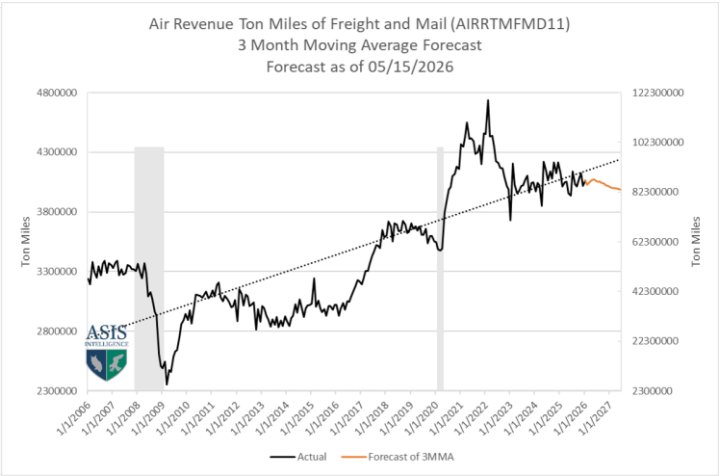




	2025				2026				2027				2025	2026*	2027*
	Q1	Q2	Q3	Q4	Q1	Q2*	Q3*	Q4*	Q1*	Q2*	Q3*	Q4*			
Truck Tonnage TRUCKD11	0.71%	-0.35%	0.44%	-0.79%	2.81%	1.56%	0.72%	0.16%	-0.73%	0.14%	0.40%	N/A	0.00%	5.33%	N/A

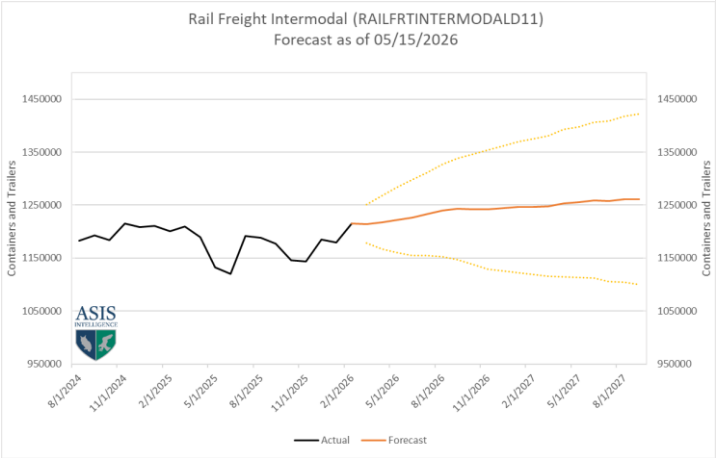
Air Cargo Outlook

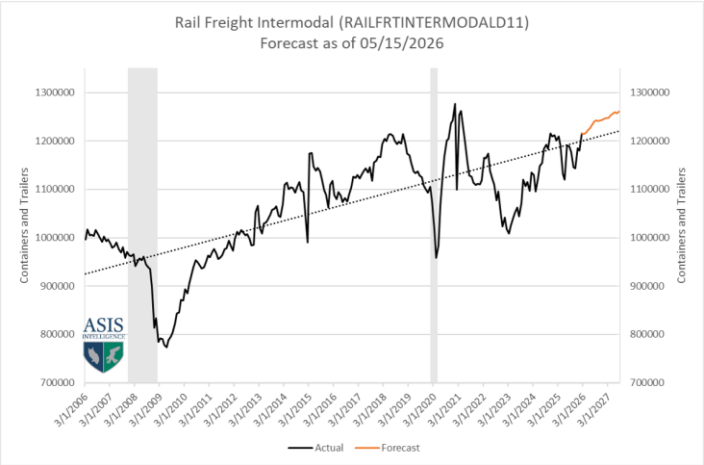




	2025				2026				2027				2025	2026*	2027*
	Q1	Q2	Q3	Q4	Q1	Q2*	Q3*	Q4*	Q1*	Q2*	Q3*	Q4*			
Air Revenue Ton Miles of Freight and Mail AIRRTMFMD11	-4.06%	-2.63%	1.82%	0.21%	0.72%	0.42%	-0.50%	-0.71%	-0.48%	-0.26%	N/A	N/A	-4.69%	-0.08%	N/A

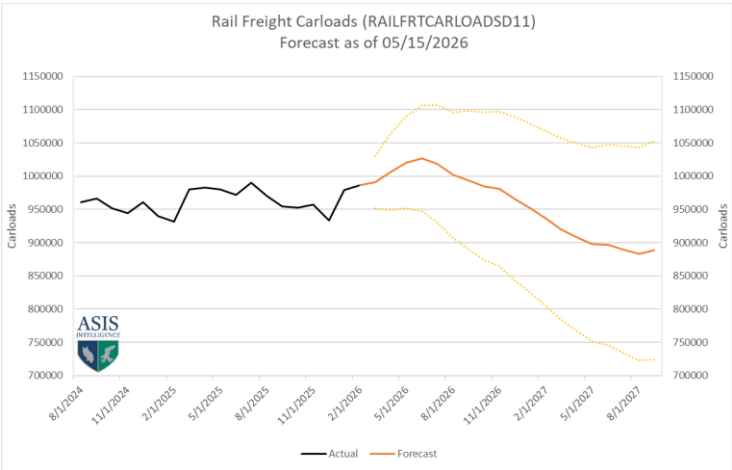
Rail Intermodal

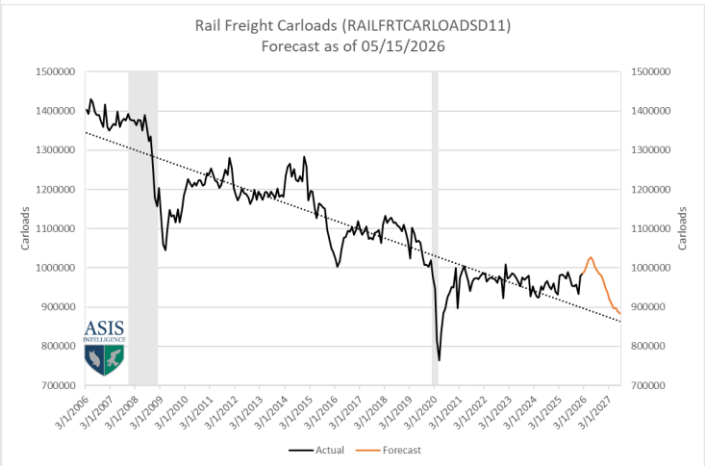




	2025				2026				2027				2025	2026*	2027*
	Q1	Q2	Q3	Q4	Q1	Q2*	Q3*	Q4*	Q1*	Q2*	Q3*	Q4*			
Rail Freight Intermodal RAILFRTINTERMODALD11	0.05%	-7.36%	5.03%	0.68%	2.48%	0.97%	1.35%	0.08%	0.33%	0.90%	0.13%	N/A	-1.99%	4.96%	N/A

Rail Carload

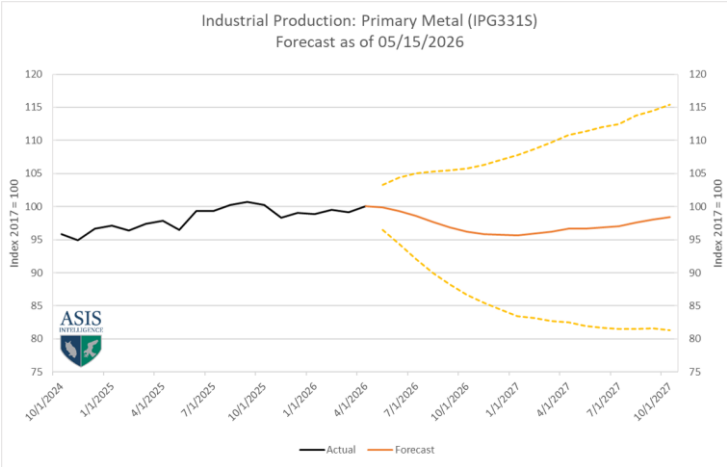


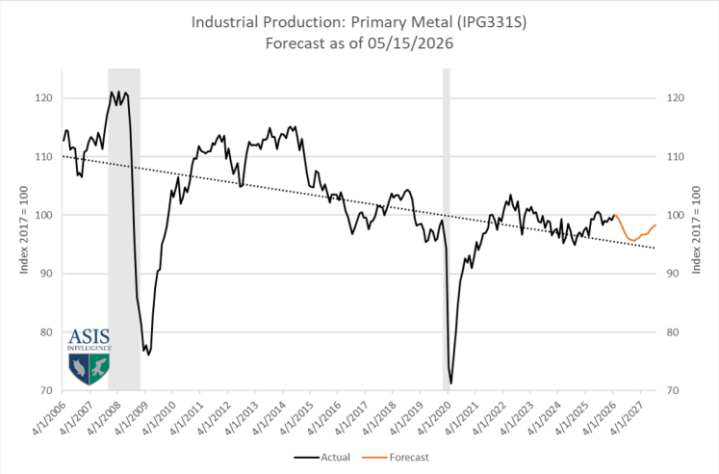


	2025				2026				2027				2025	2026*	2027*
	Q1	Q2	Q3	Q4	Q1	Q2*	Q3*	Q4*	Q1*	Q2*	Q3*	Q4*			
Rail Freight Carloads RAILFRTCARLOADSD11	2.01%	-0.83%	-1.79%	-2.20%	6.14%	3.58%	-3.16%	-2.84%	-4.74%	-2.54%	-0.95%	N/A	-2.83%	3.44%	N/A

The Watch: Predictive Model Economic Outlooks

Primary Metal Products





	2025 Q1	Q2	Q3	Q4	2026 Q1	Q2*	Q3*	Q4*	2027 Q1*	Q2*	Q3*	Q4*	2025	2026*	2027*
Primary Metal IPG331S	0.84%	1.96%	1.32%	-1.63%	0.15%	0.19%	-2.52%	-1.13%	0.48%	0.64%	1.25%	N/A	2.48%	-3.30%	N/A

ASIS INTELLIGENCE

Performance Scorecard

	3-month	6-month
Industrial Production: Manufacturing IPMAN	99.9%	99.56%
Aerospace and miscellaneous transportation equipment IPG3364T9S	97.7%	96.0%
Computer and electronic product IPG334S	98.0%	98.2%
Electrical equipment, appliance, and component IPG335S	96.9%	93.7%
Fabricated metal product IPG332S	98.716%	98.8%
Machinery IPG333S	98.1%	99.4%
Motor vehicles and parts IPG3361T3S	98.6%	94.1%
Primary metal IPG331S	96.3%	97.4%

	3-month	6-month
New Privately-Owned Housing Units Started: Total Units HOUST	95.4%	91.8%
Private Nonresidential Construction PNRESCONS	99.1%	99.1%
Advanced Retail Sales RSXFS	98.0%	97.4%

	3-month	6-month
Truck Tonnage TRUCKD11	99.6%	99.6%
Rail Freight Carloads RAILFRTCARLOADSD11	99.5%	93.8%
Rail Freight Intermodal RAILFRTINTERMODALD11	98.7%	95.6%
Air Revenue Ton Miles of Freight and Mail AIRRTMFMD11	99.2%	99.2%

Note: Due to repeated government shutdowns, the ASIS performance scorecard reflects data reported through Oct 2025. Updated performance will be reported as soon as practical.

The charts shown depict the Watch accuracy for the 3- and 6-month timeframes and is updated monthly.

ARMADA

MORRIS, NELSON & ASSOCIATES LLC