

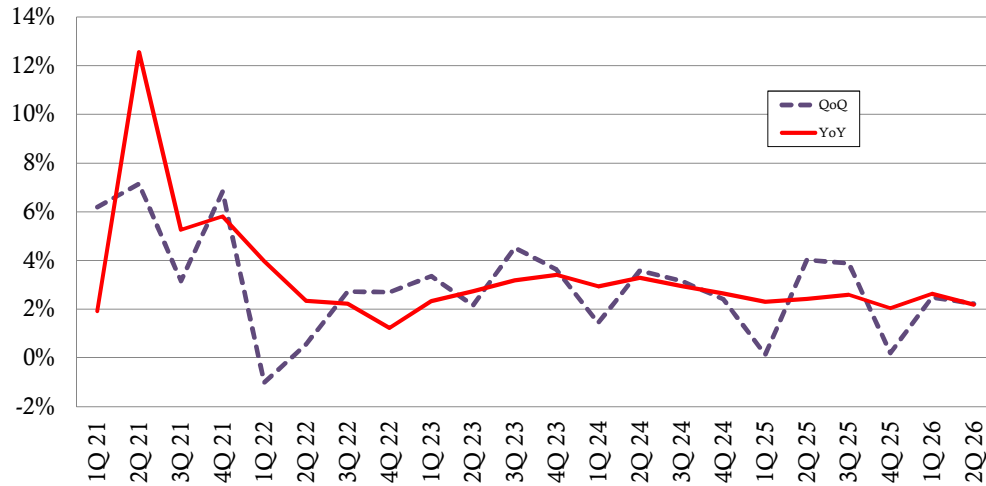
On the Economic, Business & Political Climate

**Roger Tutterow, Ph.D.
Coles College of Business
Kennesaw State University
rtuttero@Kennesaw.edu**

**Southeast Franchise Forum
October 13, 2026
Atlanta, GA**

Gross Domestic Product

(source: Department of Commerce)

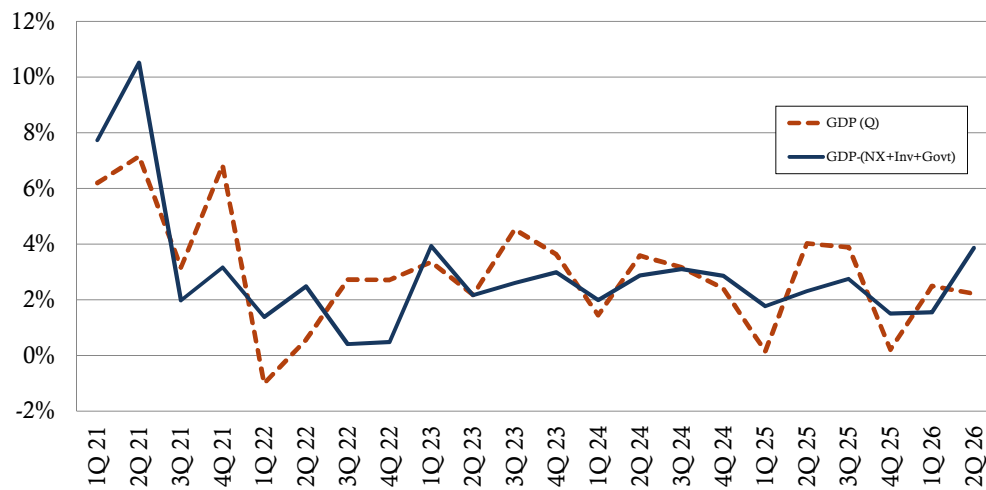


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GDP less Trade, Inventory & Government

(source: Department of Commerce)

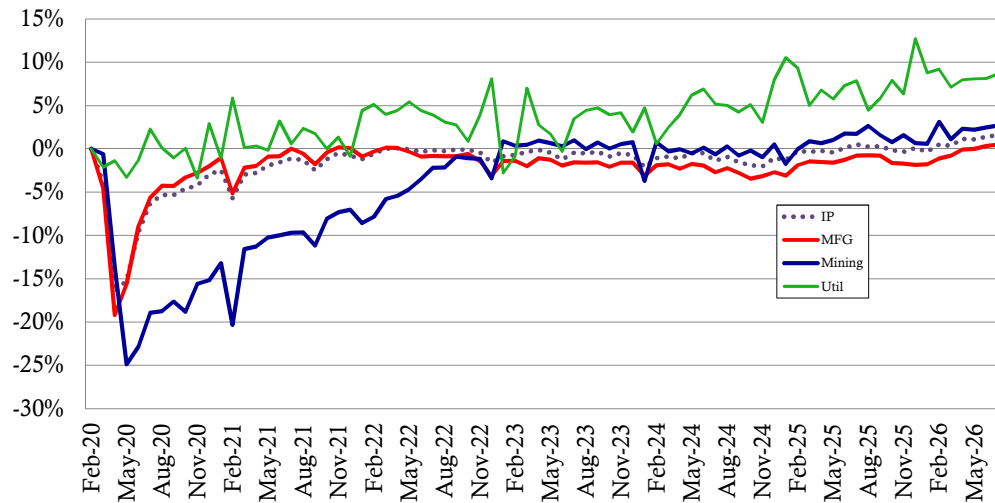


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Industrial Production: From 2020 Peak

(source: Board of Governors of Federal Reserve)

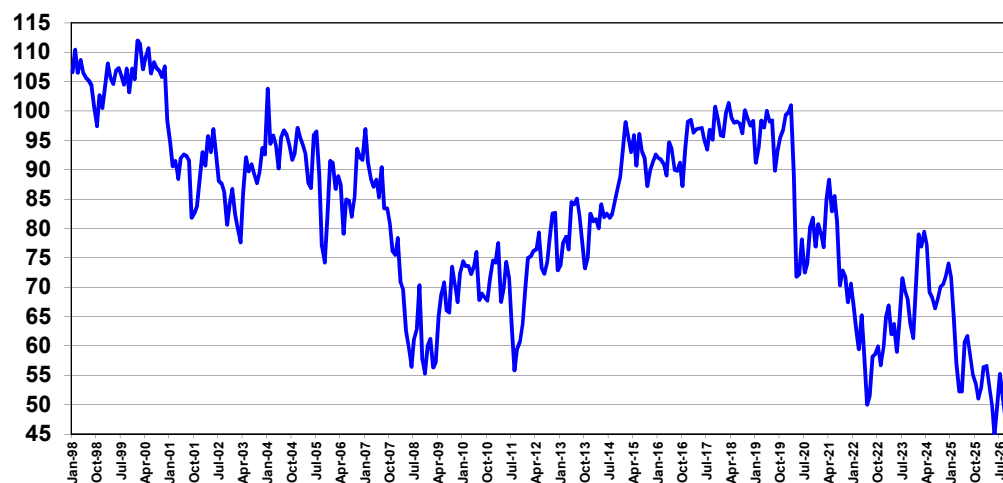


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Consumer Sentiment

(source: University of Michigan, Survey Research Center)

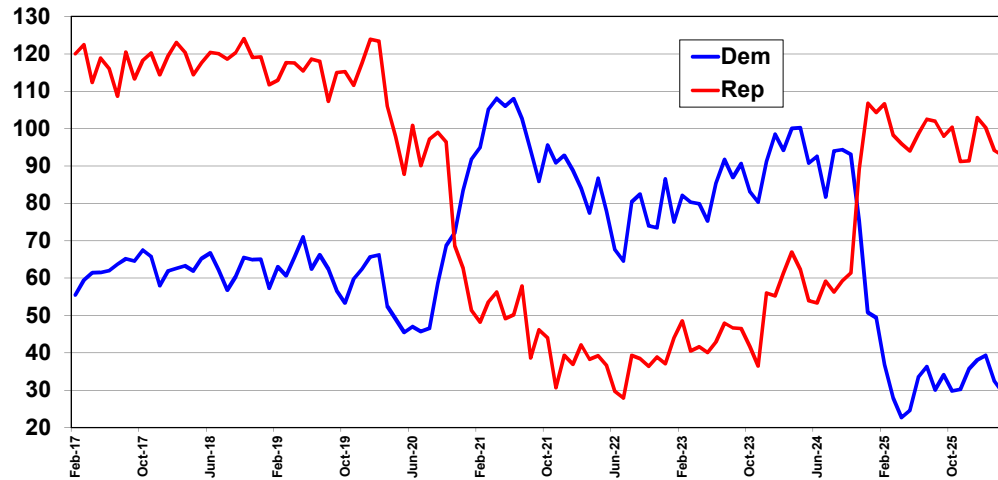


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Consumer Expectations: By Party

(source: University of Michigan, Survey Research Center)

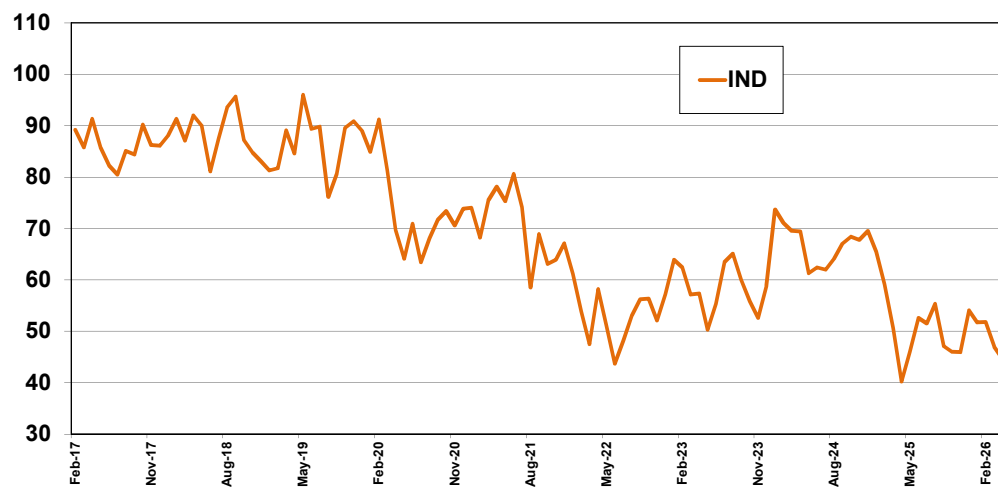


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Consumer Expectations: Independents

(source: University of Michigan, Survey Research Center)



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Leading Economic Indicators

(source: The Conference Board, 6 month change)

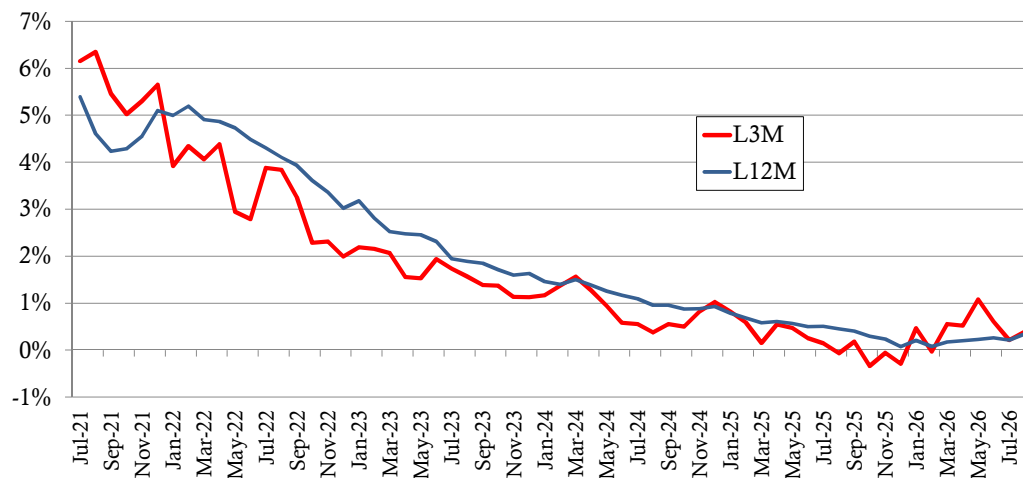


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Payrolls Growth

(Source: Bureau of Labor Statistics; 3-month & 12-month growth rate)

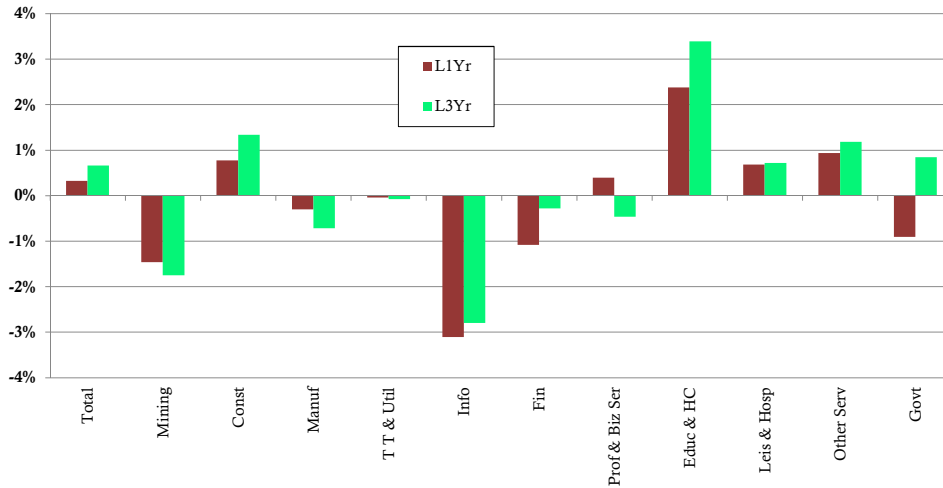


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Payroll Growth: by Sectors

(source: Bureau of Labor Statistics, thru July 2026)

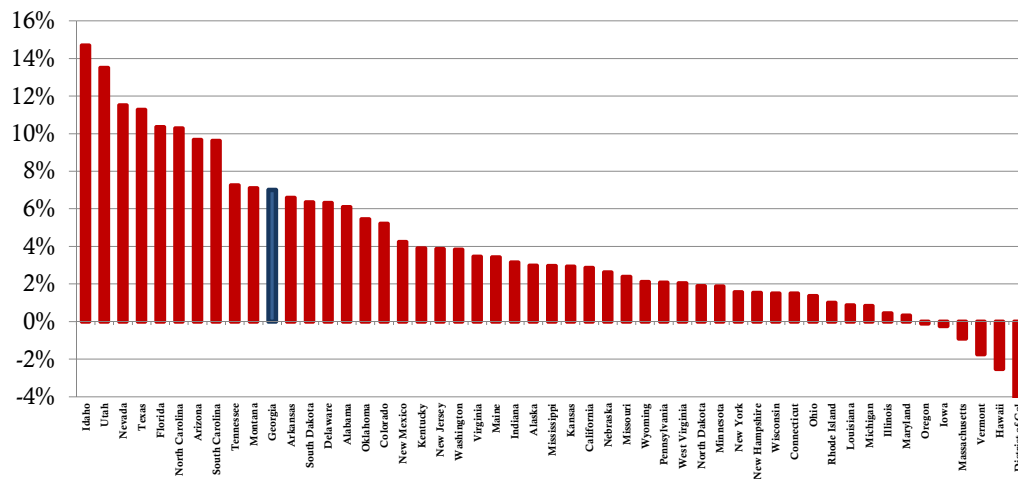


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Payrolls: Recovery from Bottom

(Source: Bureau of Labor Statistics; through June 2026)

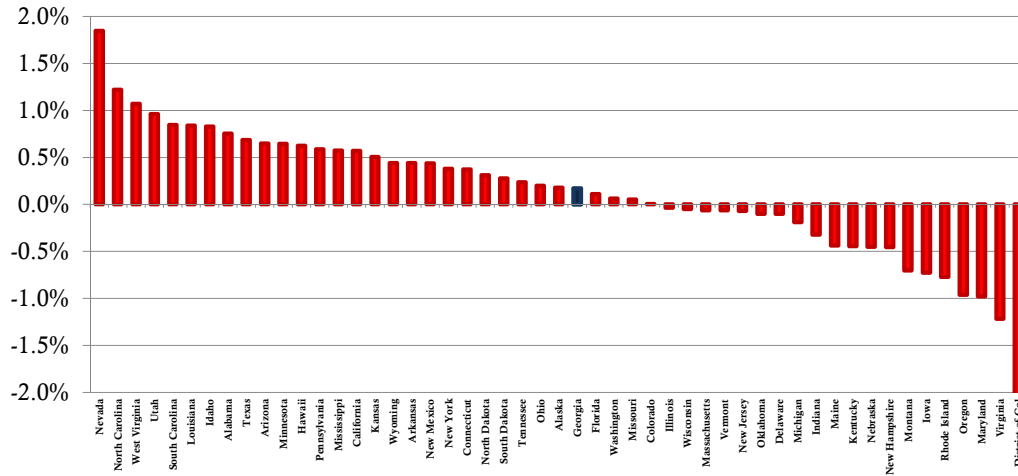


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Payrolls: Year over Year Change

(Source: Bureau of Labor Statistics; through July 2026)

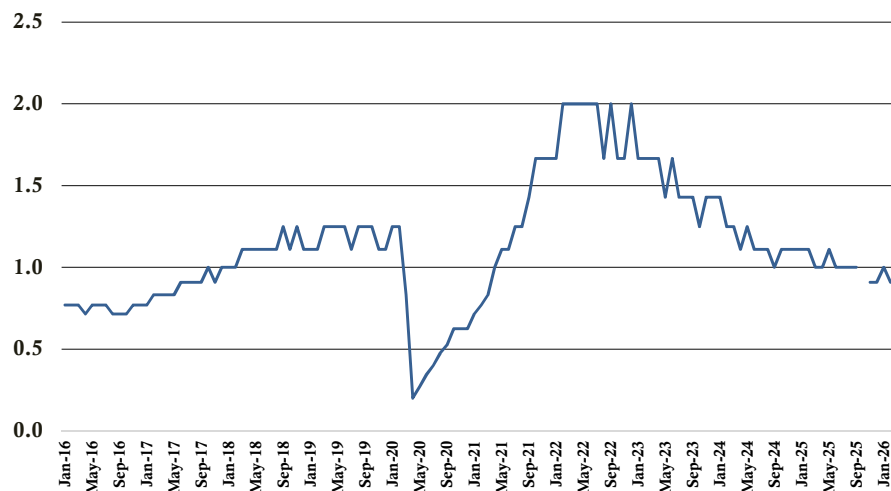


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JOLTS: Openings/Unemployed

(Source: Bureau of Labor Statistics)

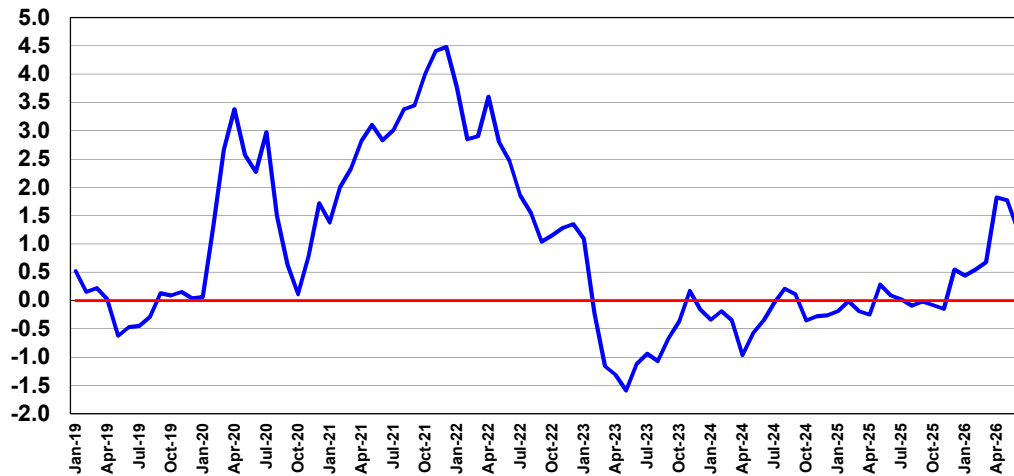


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Global Supply Chain Pressure

(Source: Federal Reserve Bank of New York)

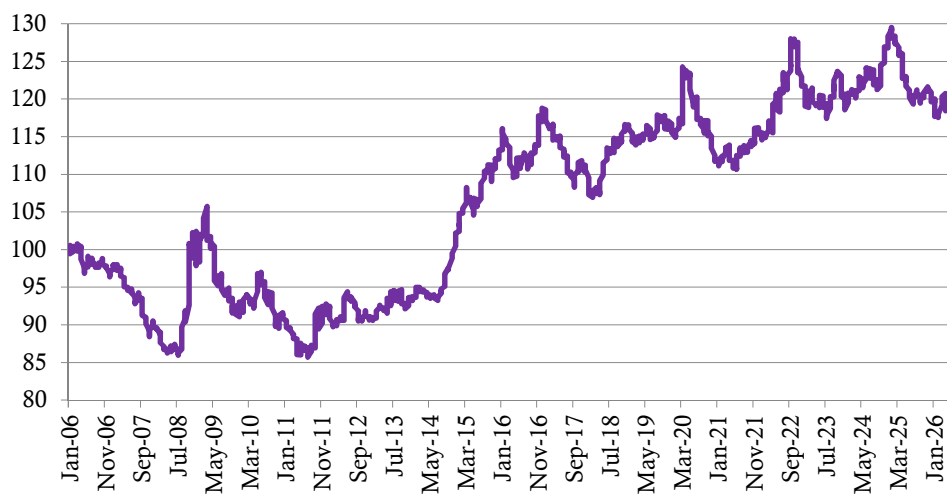


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Foreign Exchange: Broad Dollar

(source: Board of Governors of Federal Reserve System)



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Basis of Tariffs

Congress has constitutional standing.

Section 232 (1962): certain circumstances allows the president to impose tariffs based on the recommendation from the Secretary of Commerce if "an article is being imported into the United States in such quantities or under such circumstances as to threaten or impair the national security.

Section 201 & 301 (1974): designed to eliminate unfair foreign trade practices that adversely affect U.S. trade and investment in both goods and services.

International Emergency Economic Powers Act of 1977.
Struck down by SCOTUS On February 20, 2026



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Impact of Tariffs

- ISM-PMI surged to 52.6 in January, now above 50 for 5 months.
- Manufacturers were slowing capital expenditures as they wait for more “clarity”
- Domestic impact is product of
 - Tariff rate
 - Margin compression for producer
 - Change in FX
 - Percentage of final good subject to tariff
 - Ability of final consumer to substitute
- Level shifts versus untick in inflation.
 - Lags in system
 - Feedback on retaliatory tariffs

Open questions:

Will we build redundant supply chains or “reshore”

What does it mean for capital flows?



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Inflation: Transitory or Persistent?

(source: Bureau of Labor Statistics)

- CPI up 0.4% in August. Overall CPI up 3.4% over last 12 months.
- Core CPI was up 0.3% in August. Core up 2.4% over last year.
- Energy component was **up 2.1% and down 5.7%** in August and July. The energy component is up 16.3% over the last 12 months.
- PCE up 3.4% for 12 months ending in August, core PCE up 3.0% over the same period.

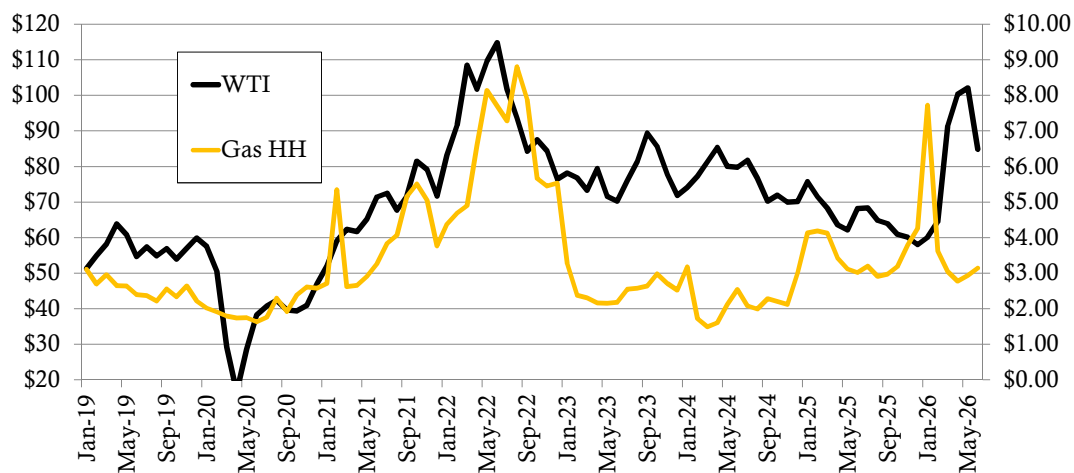


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Energy Cost: Oil & Natural Gas

(source: U.S. Energy Information Administration)

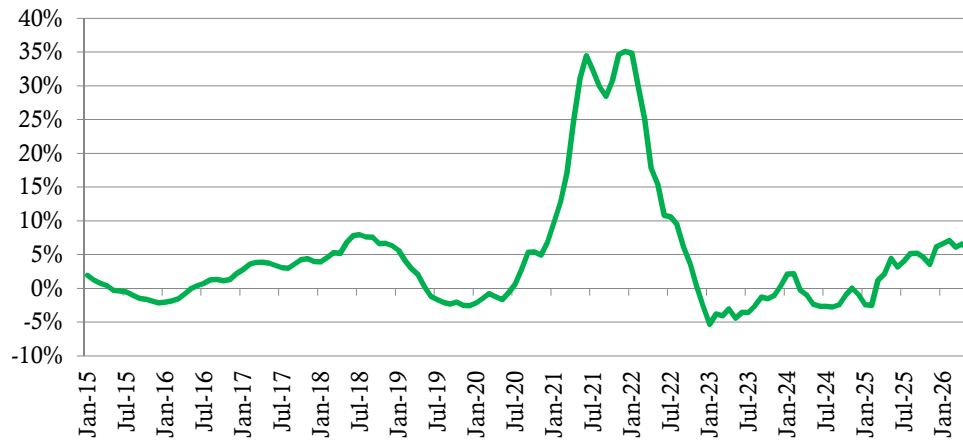


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Producer Price Index: Construction Materials

(Change L12M, source: Bureau of Labor Statistics)

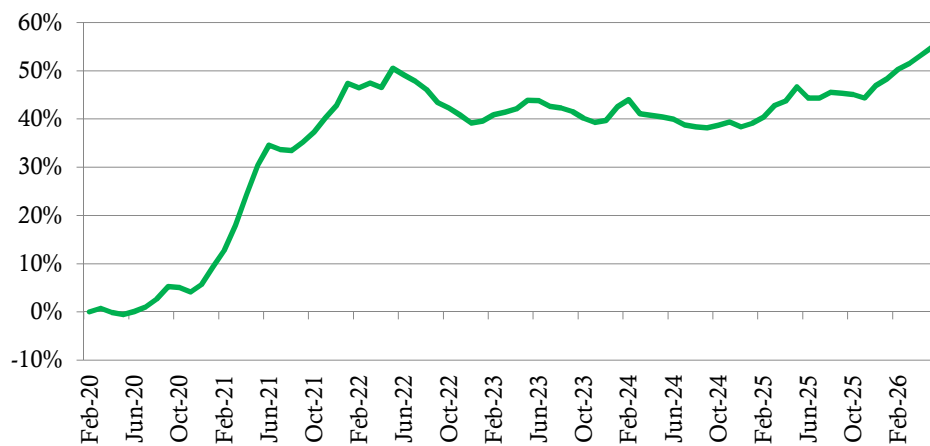


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Cumulative PPI: Construction Materials

(Cumulative since Feb 2020, source: Bureau of Labor Statistics)

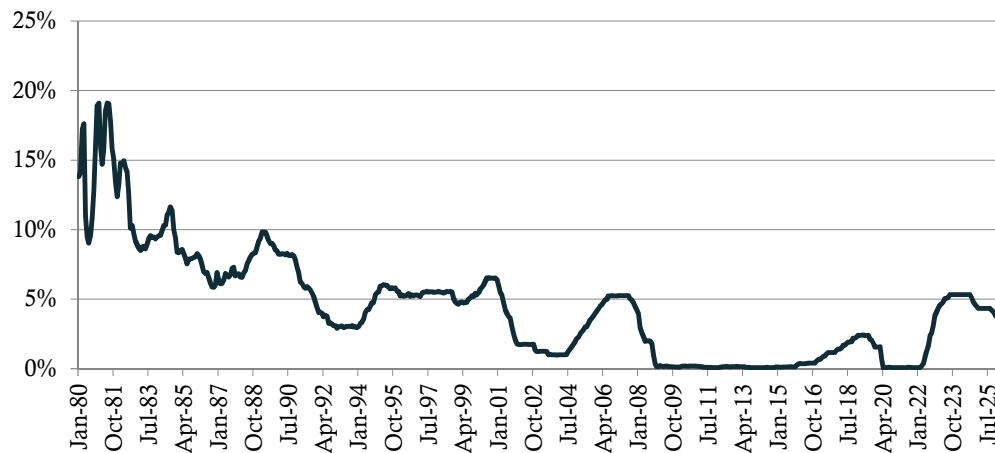


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Federal Funds Rate

(source: Board of Governors of the Federal Reserve System)



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Market's Expectation for Federal Funds Rate:

October 13, 2026

(Source: CME Group)

MEETING DATE	375-400	400-425	425-450	450-475	475-500
10/28/2026	80.63 %	19.38 %	0.00 %	0.00 %	0.00 %
12/9/2026	0.00 %	97.66 %	2.34 %	0.00 %	0.00 %
1/27/2027	0.00 %	58.63 %	41.37 %	0.00 %	0.00 %
3/17/2027	0.00 %	0.00 %	89.20 %	10.80 %	0.00 %
4/28/2027	0.00 %	0.00 %	50.63 %	49.38 %	0.00 %
6/9/2027	0.00 %	0.00 %	10.12 %	89.88 %	0.00 %
7/28/2027	0.00 %	0.00 %	0.00 %	94.63 %	5.37 %
9/15/2027	0.00 %	0.00 %	0.00 %	80.07 %	19.93 %
10/27/2027	0.00 %	0.00 %	0.00 %	76.63 %	23.37 %
12/8/2027	0.00 %	0.00 %	0.00 %	80.67 %	19.33 %

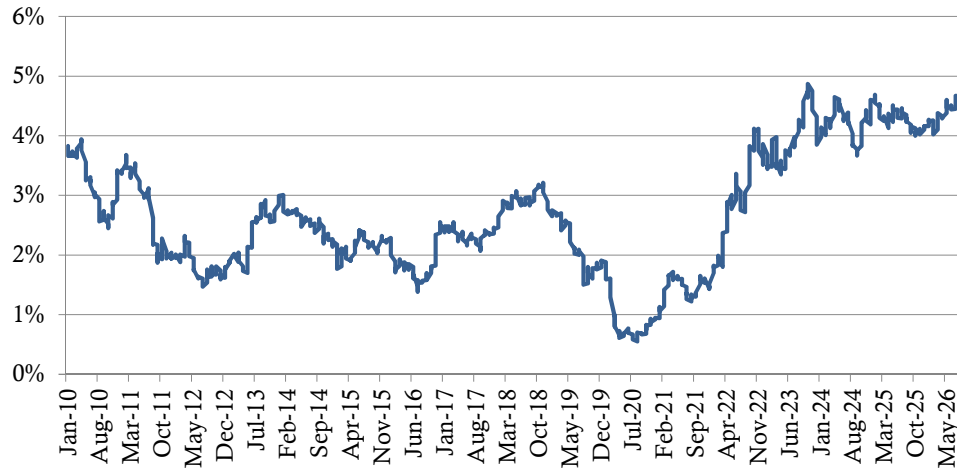


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10-Year Treasury Bonds

(source: Board of Governors of Federal Reserve System)

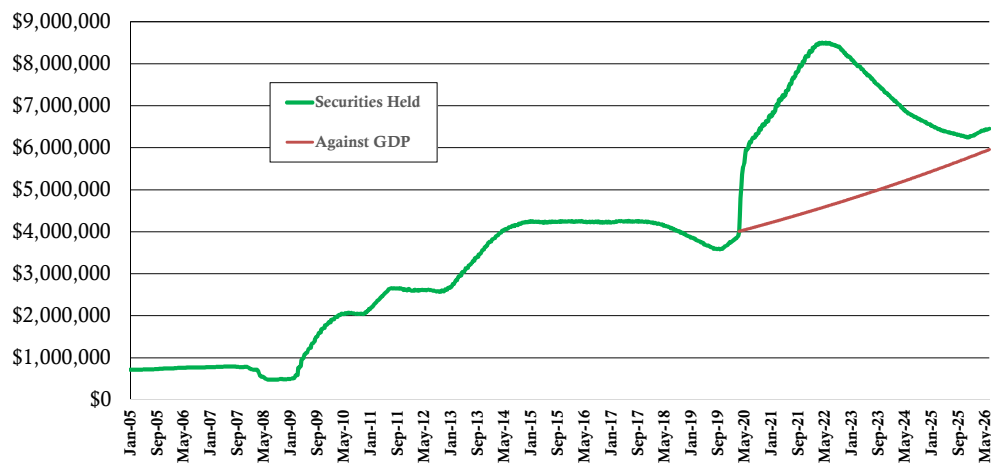


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Fed: Securities Held Outright

(in millions, source: Board of Governors of Federal Reserve System, Department of Commerce)

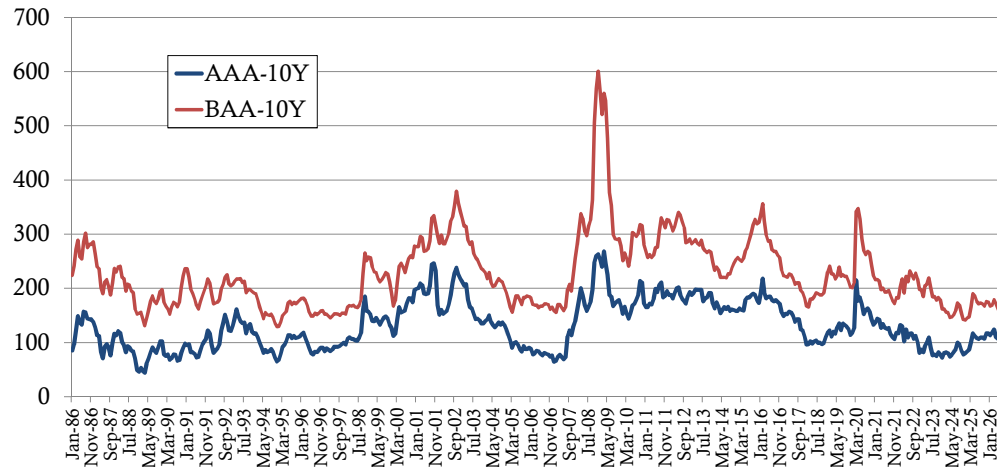


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Corporate Credit Spreads

(source: Board of Governors of Federal Reserve System, Moody's)

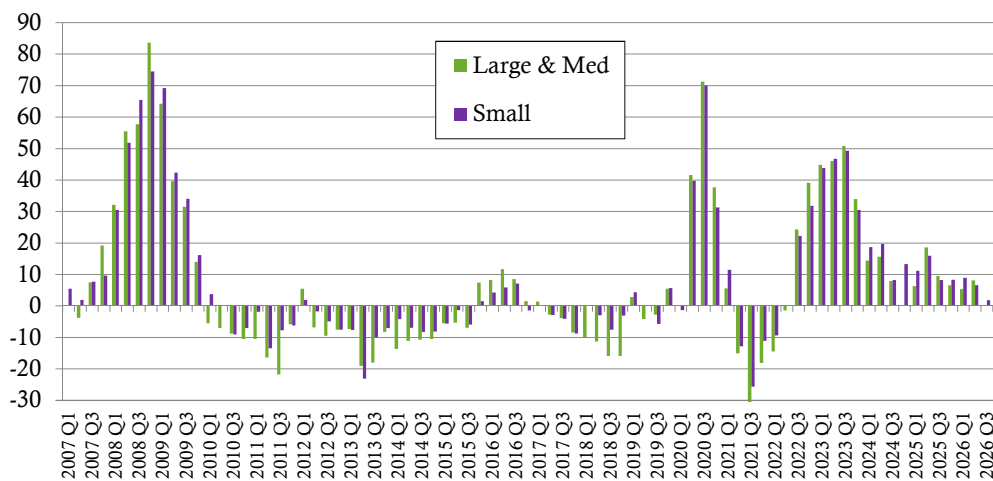


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C&I Loan Standards: Net Tightening

(Source: Federal Reserve System, Senior Officers Lending Survey)

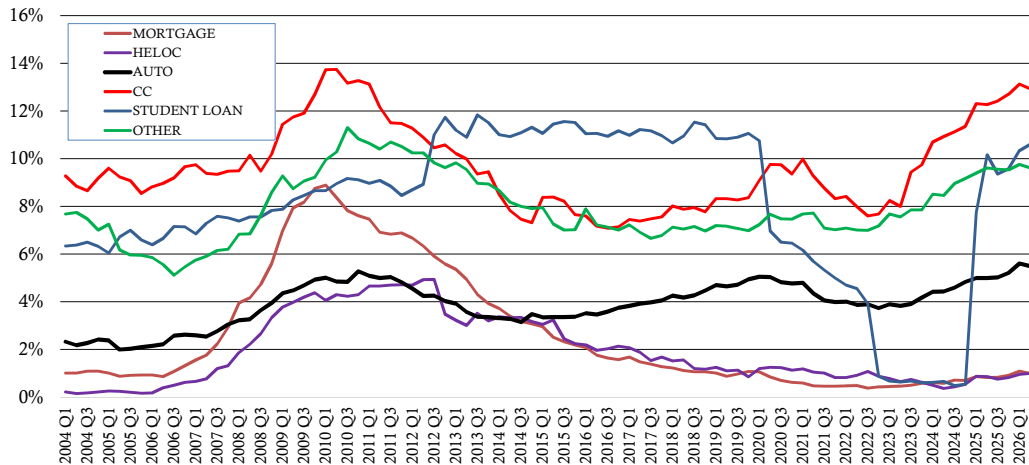


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90+ Days Delinquent by Loan Type

(source: Federal Reserve Bank of New York Credit Panel/Equifax)

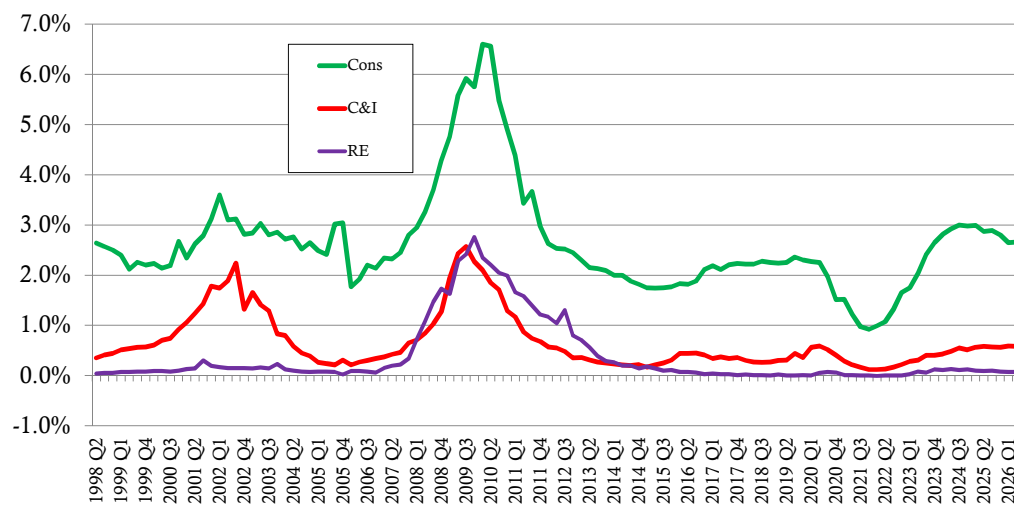


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Charge Off Rates at Banks

(source: Board of Governors of the Federal Reserve System)



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Comments on Risk & Capital Markets

- Did we accurately assess the impact of rising rates (2022 to 2024) on credit risk?
- Will tighter underwriting restrict ability to refinance/refund debt markets? Credit tightening may be more about leverage more than rates.
- Will rise in private debt market continue?
- Is there risk in liquidation of assets that support credits?

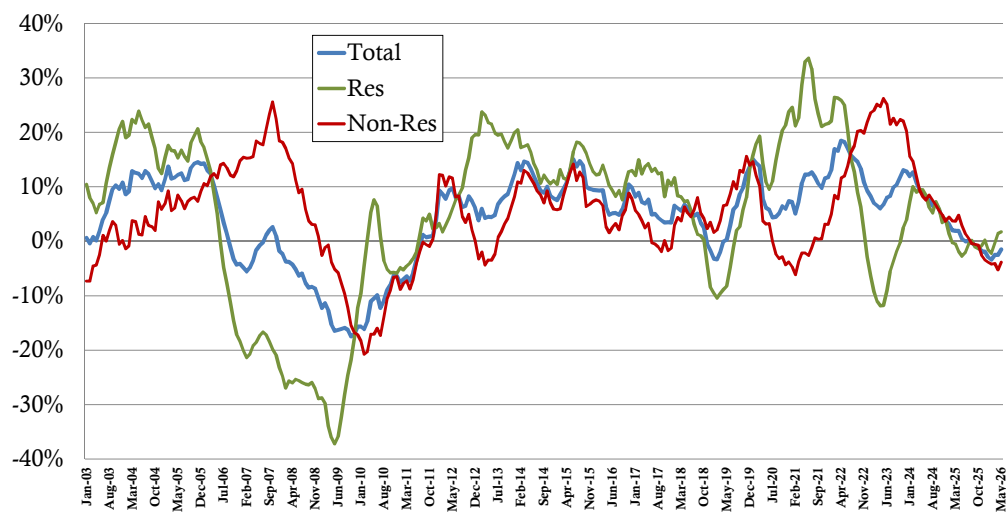


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Construction Spending: Annual Change

(Source: U.S. Census Bureau)

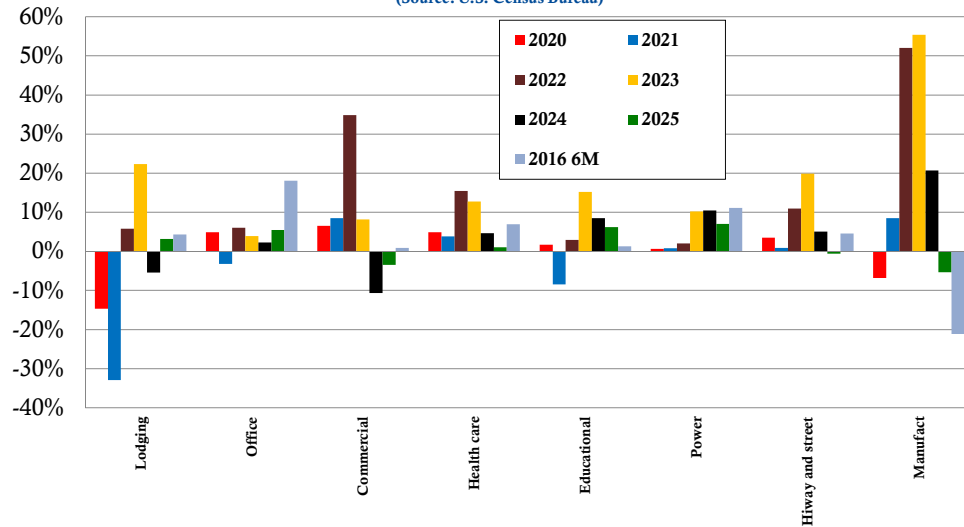


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Non-Residential Construction

(Source: U.S. Census Bureau)

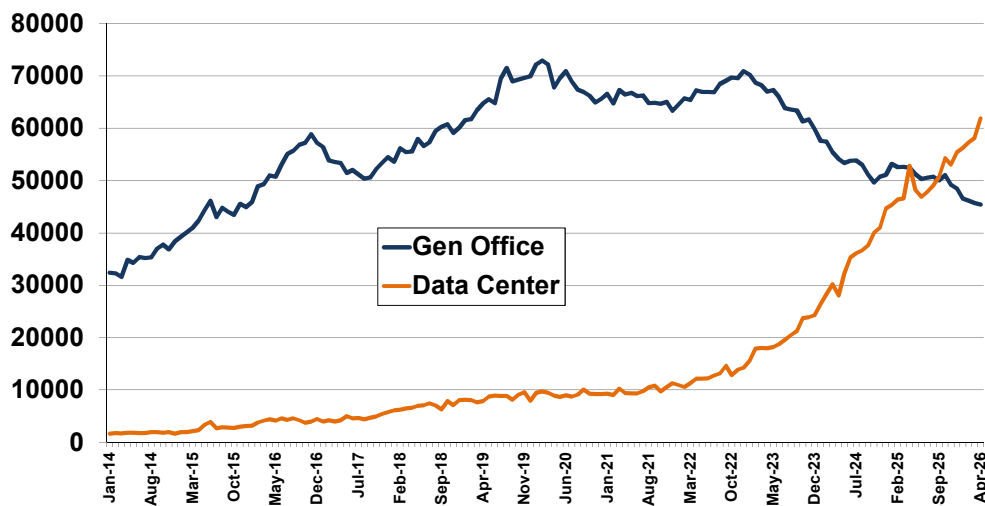


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Office & Data Centers

(Source: US Census)

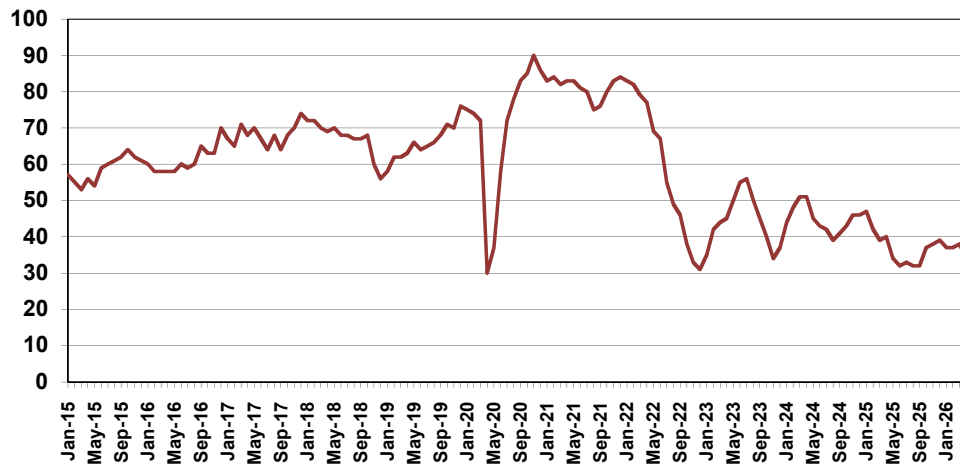


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Housing Market Index

(source: NAHB/Wells Fargo)

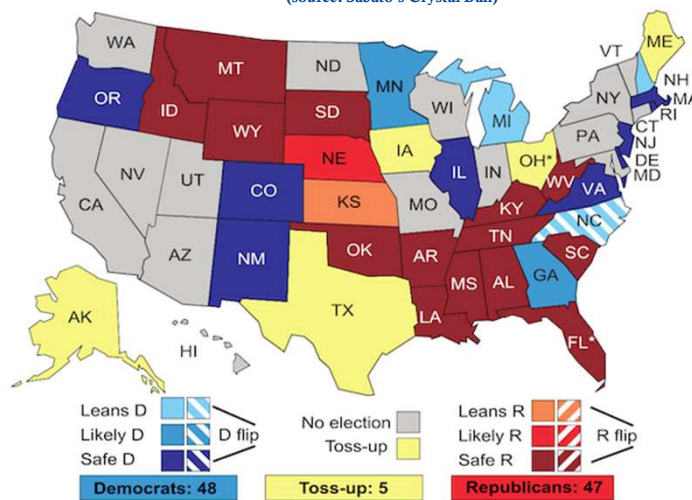


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Senate Election 2026

(source: Sabato's Crystal Ball)



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House Election 2026

(source: The Cook Political Report, Sabato's Crystal Ball)

Current Split: 219 (Rep), 214 (Dem), 2 (Vac)					
The Cook Political Report			Sabato's Crystal Ball		
	Democrats	Republicans		Democrats	Republicans
Solid	185	176	Solid	182	170
Likely	12	19	Likely	14	21
Leans	11	10	Leans	17	11
Solid & Likely	197	195	Solid & Likely	196	191
Solid, Likely & Leans	208	205	Solid, Likely & Leans	213	202
Needed for 218	10	13	Needed for 218	5	16

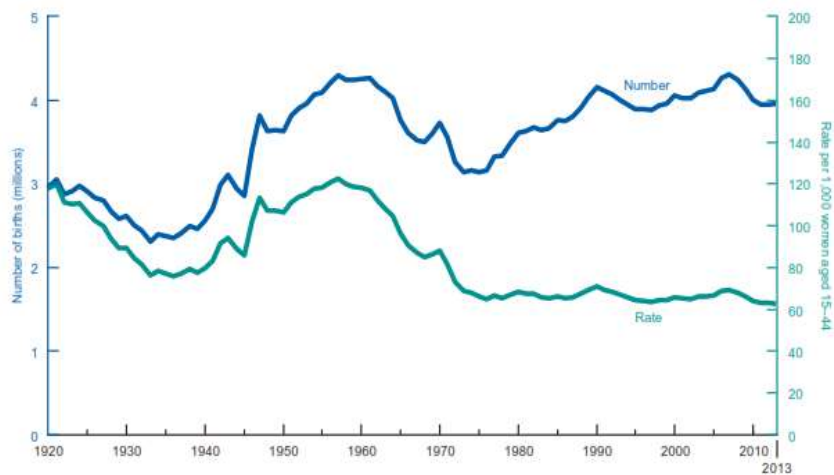


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The Demographics: Boom & Bust

(source: U.S. Census Bureau)

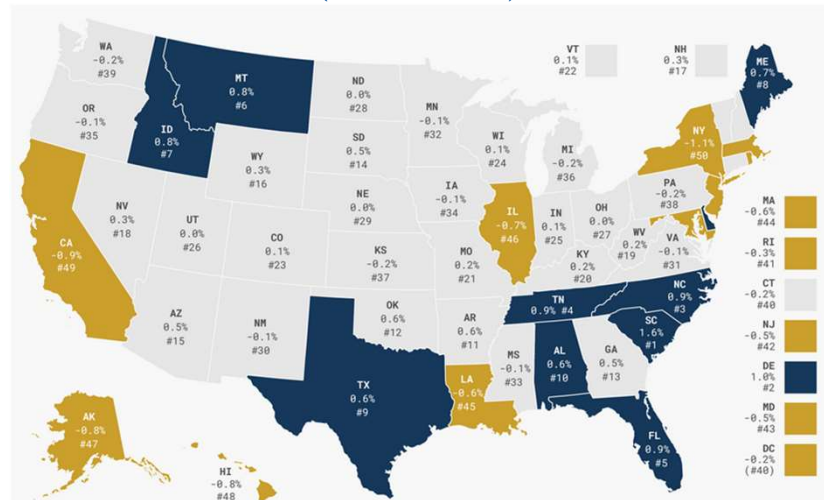


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Internal Migration

(source: Tax Foundation)



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