



Economic Update

April 2025

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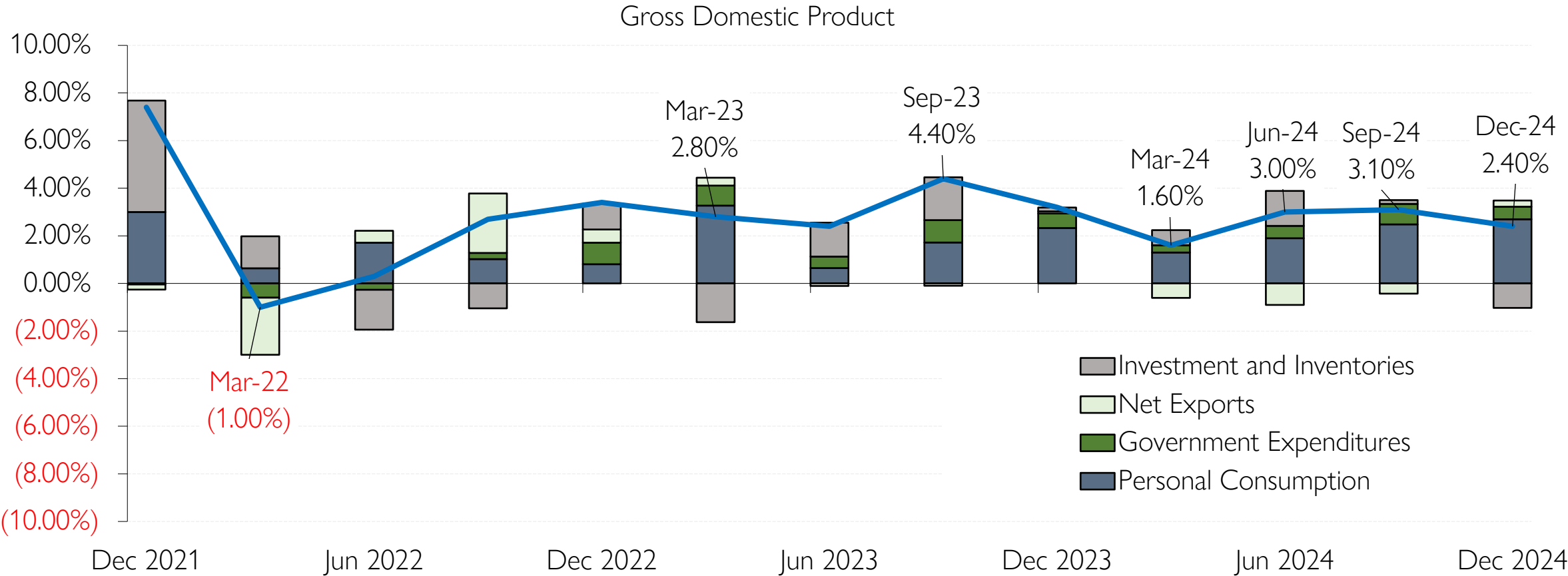
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Public Trust Advisors
717 17th Street, Suite 1850
Denver, Colorado 80202

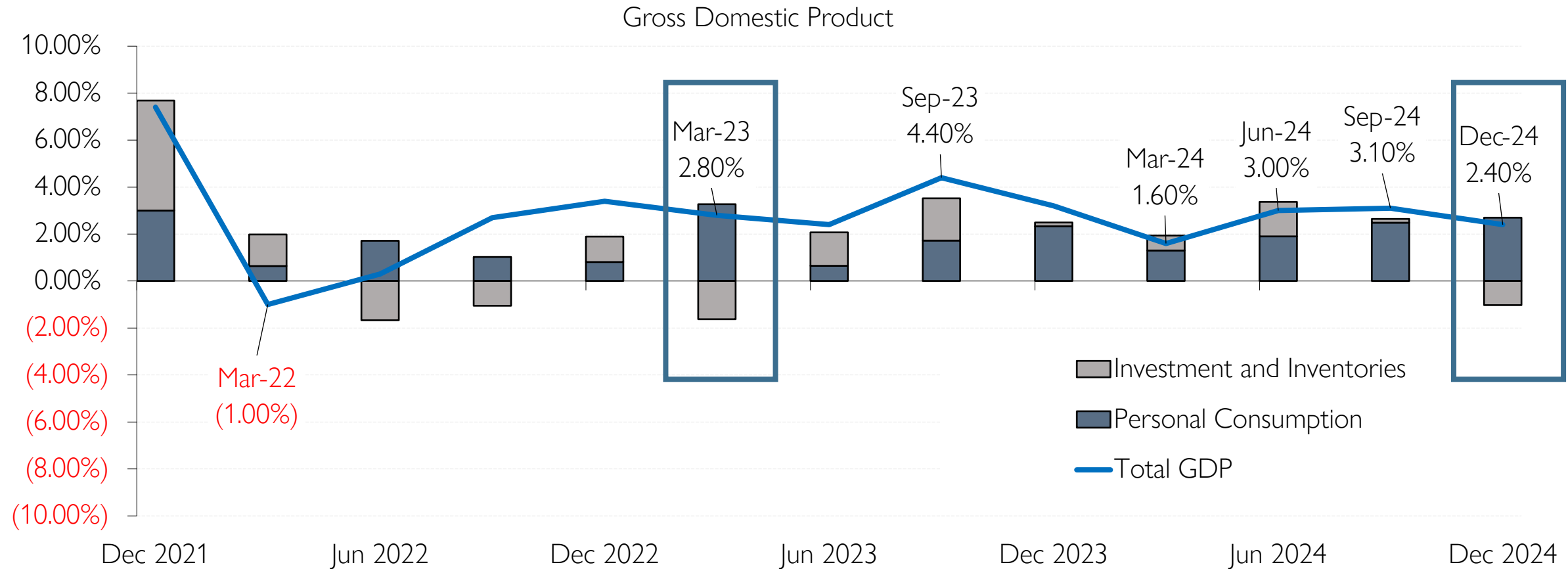
Gross Domestic Product

- The final reading of fourth quarter 2024 GDP was 2.40%, slightly lower than the expected 2.60% growth for the period. Not surprisingly, the Consumer represented a majority of economic growth (2.70%). This was the largest contribution to economic growth by the Consumer since March 2023. Coincidentally, the Investment and Inventories component of GDP was a drag on the economy (-1.03%) for the first time since March 2023.



Gross Domestic Product – Consumer and Business Sectors

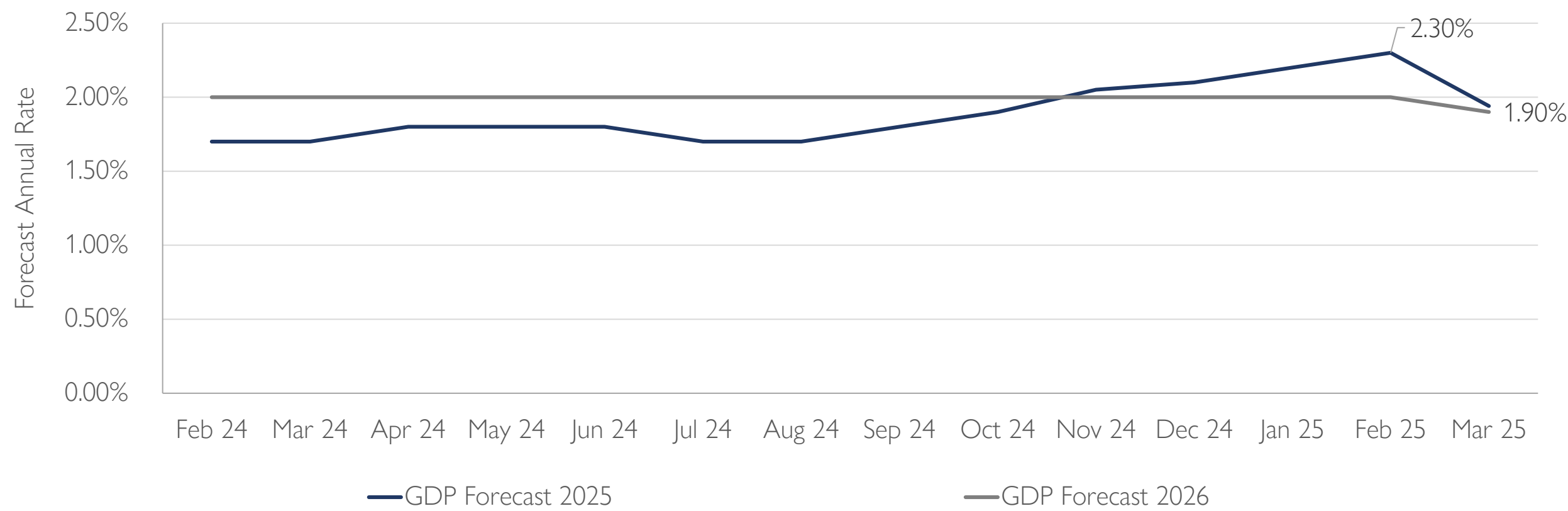
- The Consumer and Business and Investment and Inventories makes up approximately 80%-90% of economic growth as measured by GDP. The Consumer has remained resilient following the economic shutdown in 2020, helped in part by government stimulus and relatively strong wage growth as compared to pre-pandemic.



Gross Domestic Product – Forecast 2025 and 2026

- The recent forecast for GDP growth during 2025 and 2026 have been fairly stable, with current expectation of approximately 2.0%.

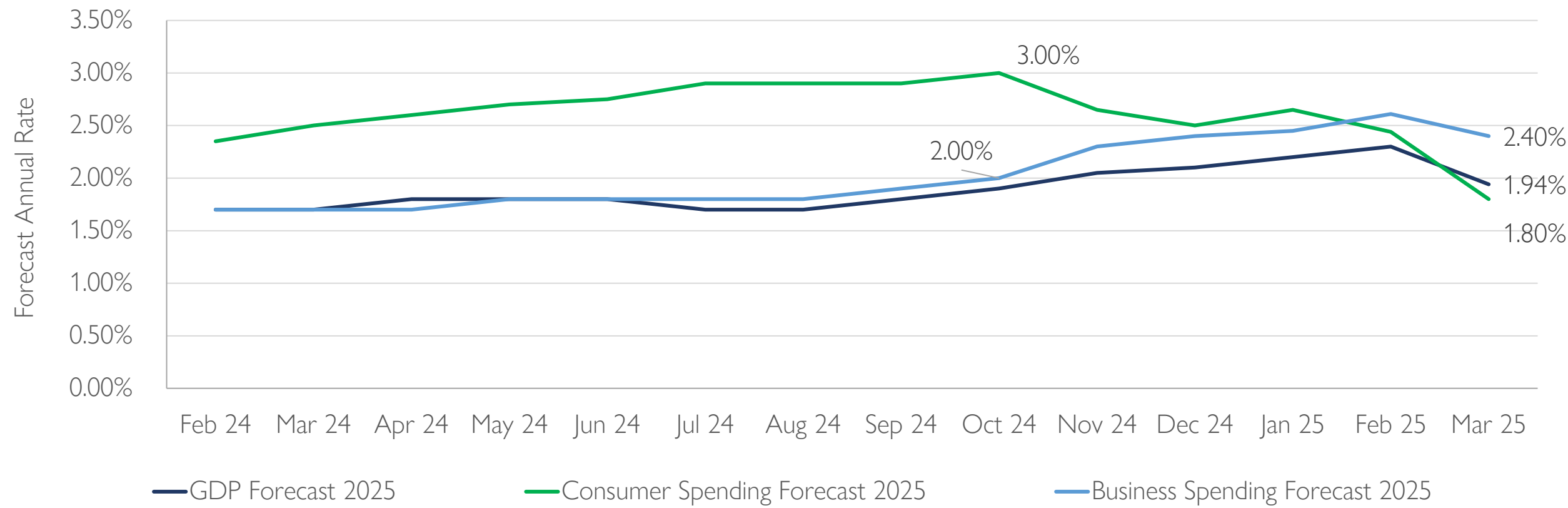
GDP Forecast - 2025 & 2026



Gross Domestic Product Forecast – Consumer and Business Sectors

- The forecast for consumer spending and business spending has been more volatile in recent months' surveys as a result of the uncertainty around policies in the new administration.

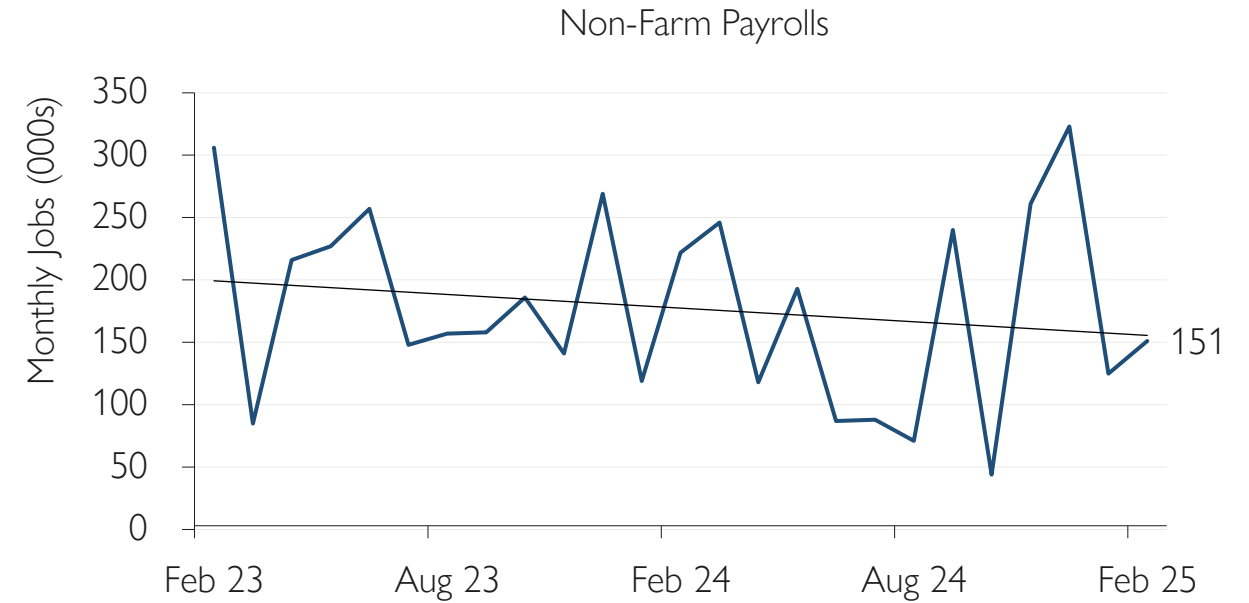
GDP Forecast - 2025 & 2026



Jobs

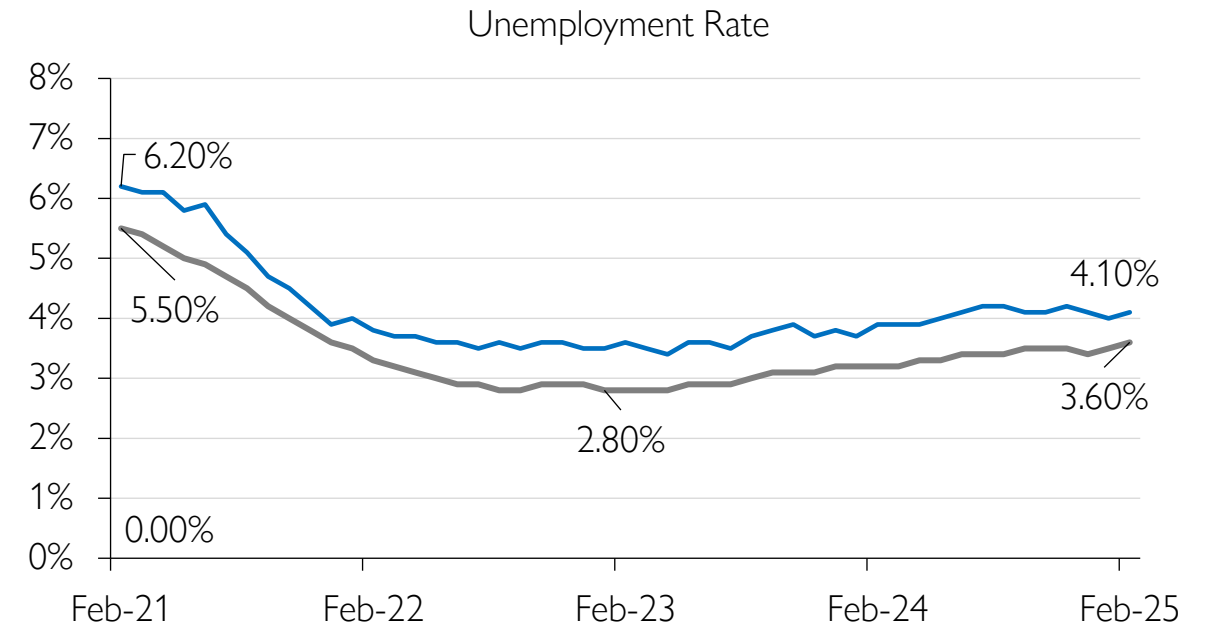
Job Growth continues

- February job growth was positive with 151k reported new jobs, slightly below expectations of 160k. In addition, January job growth was reduced to 125k (originally 143k).
- While job growth has been volatile over the last several months, job growth remains positive.



Unemployment Levels Remain Favorable

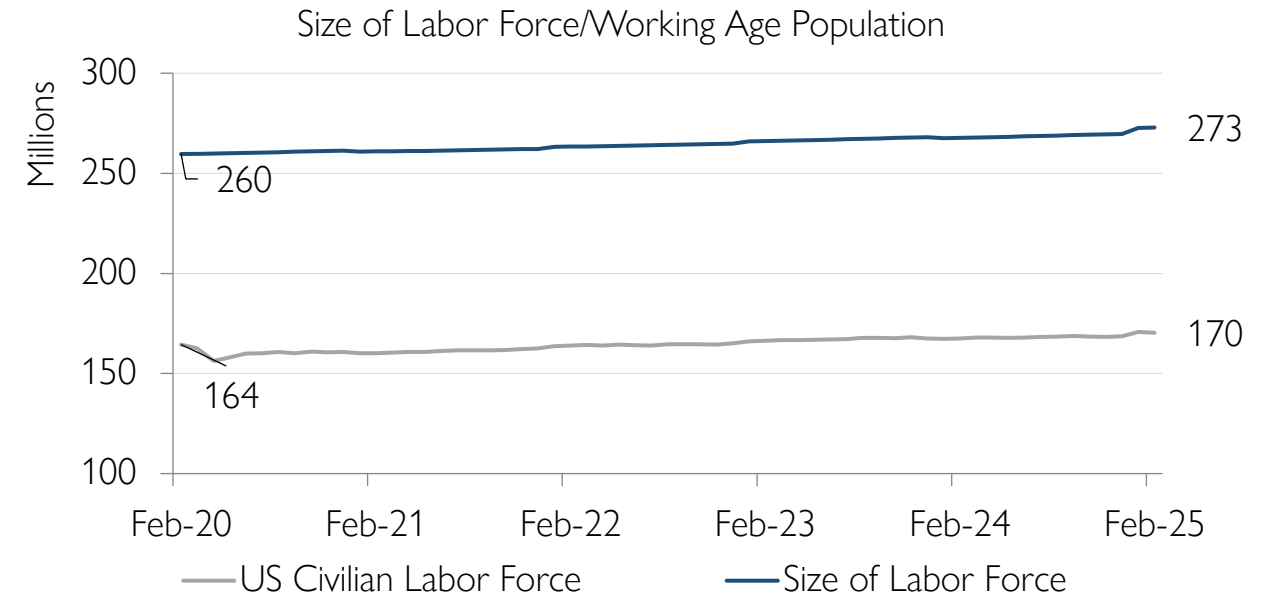
- The national unemployment increased slightly by 0.1% to 4.10% in February, although remains very favorable from an historical perspective.
- The unemployment rate for the state of Florida remains below the national unemployment rate.



Jobs

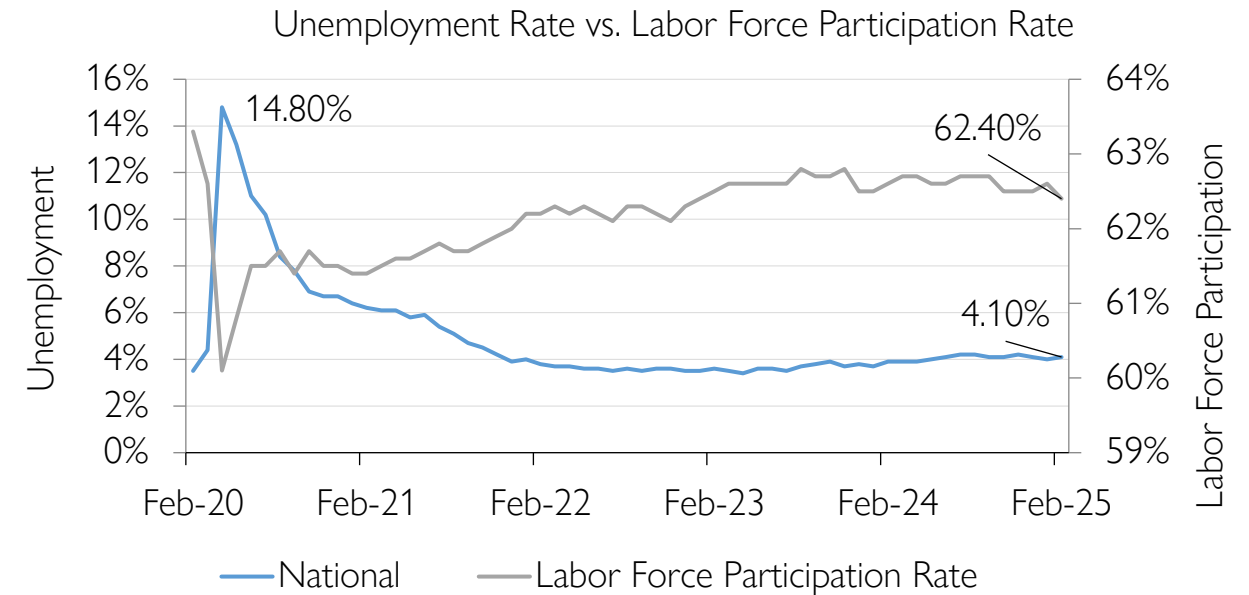
Size of the Labor Force

- The chart on the right below illustrates the difference between the size of the labor force, the number of workers aged between 15-64 and the actual number of those individuals working or seeking work, which is the US Civilian Labor Force.



Labor Force Participation Rate

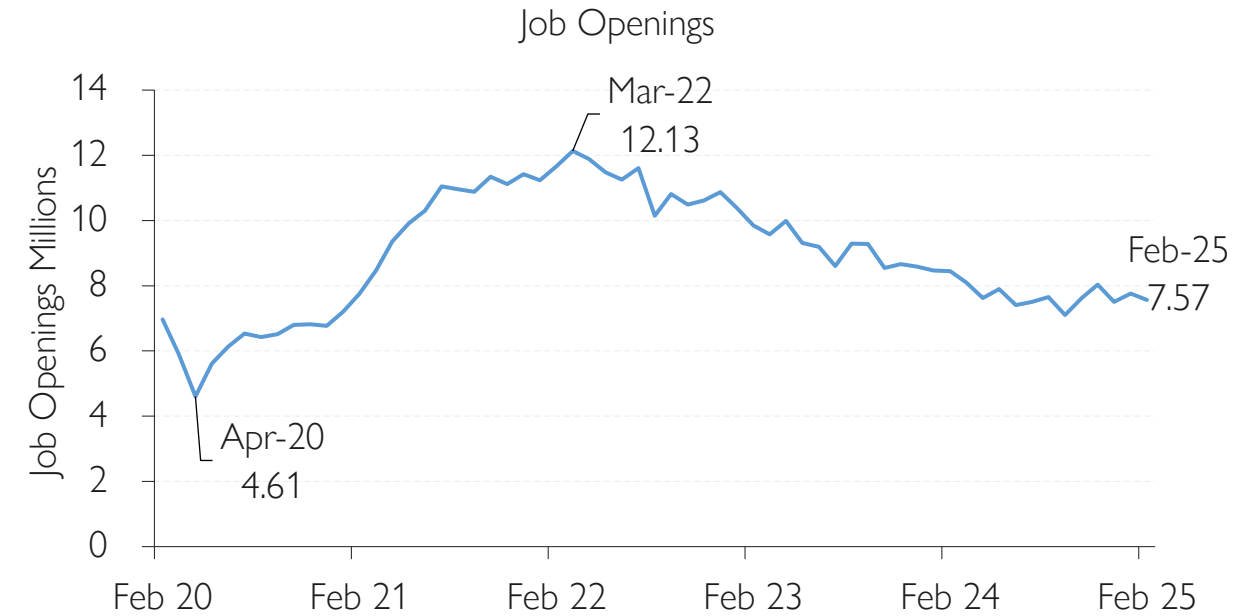
- The Labor Force Participation rate has improved since the economic shutdown in 2020, although remains below the 66% average in the first decade of the 2000s.
- The lower participation rate equates to millions of individuals that are within the working age population that are not employed or not actively seeking employment.



Jobs

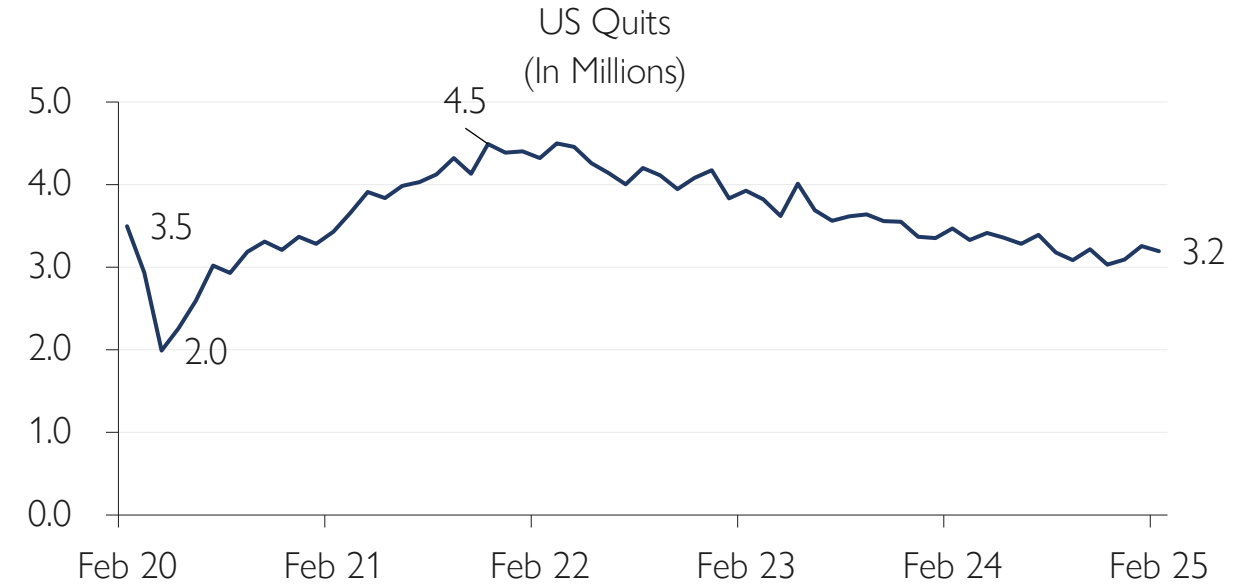
Job Openings

- As the labor market has cooled, the number of job openings has also decline from record levels during 2022.
- The number of job openings in February 2025 was 7.57 million, which includes 482k manufacturing and 264k construction job openings.



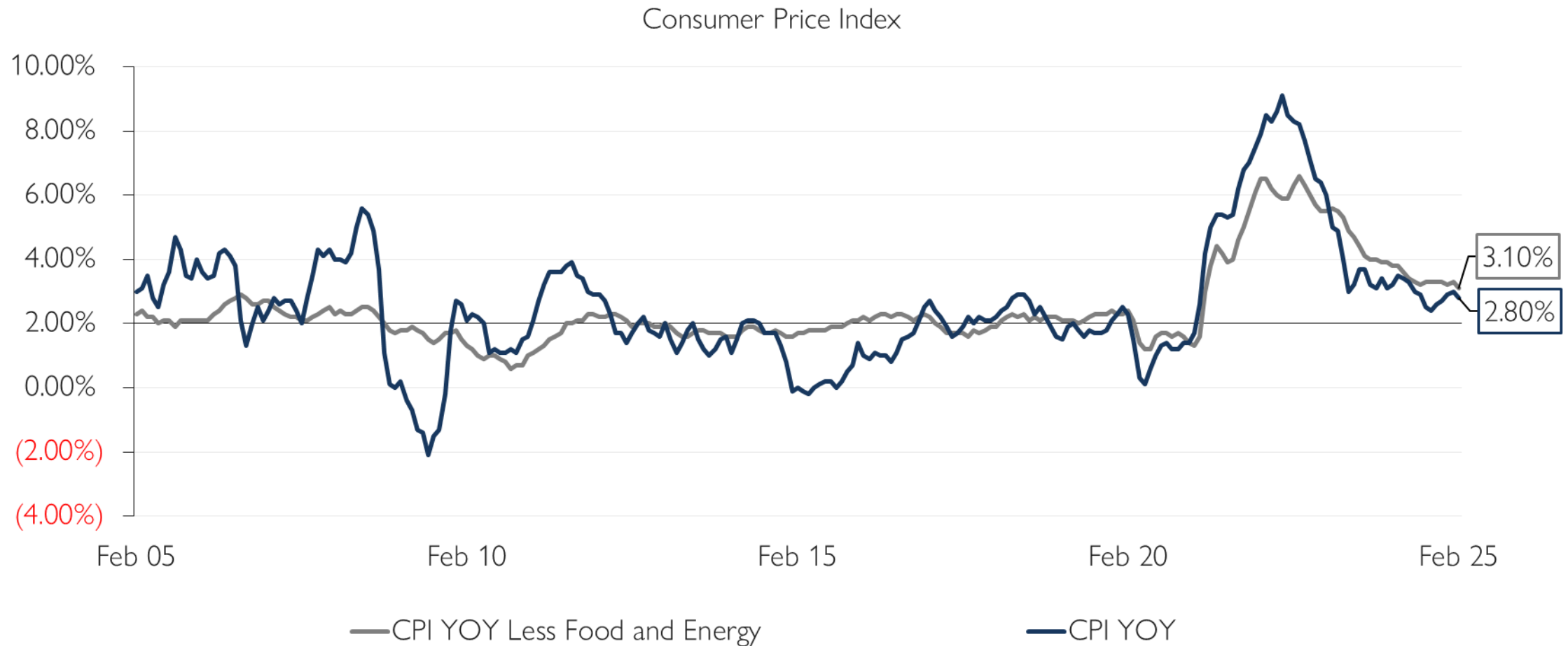
US Quits

- The number of individuals quitting has declined back to pre-pandemic levels.
- During the height of the pandemic .the number of quits increased significantly leading to economists referring to this period as the great resignation.



Inflation - CPI

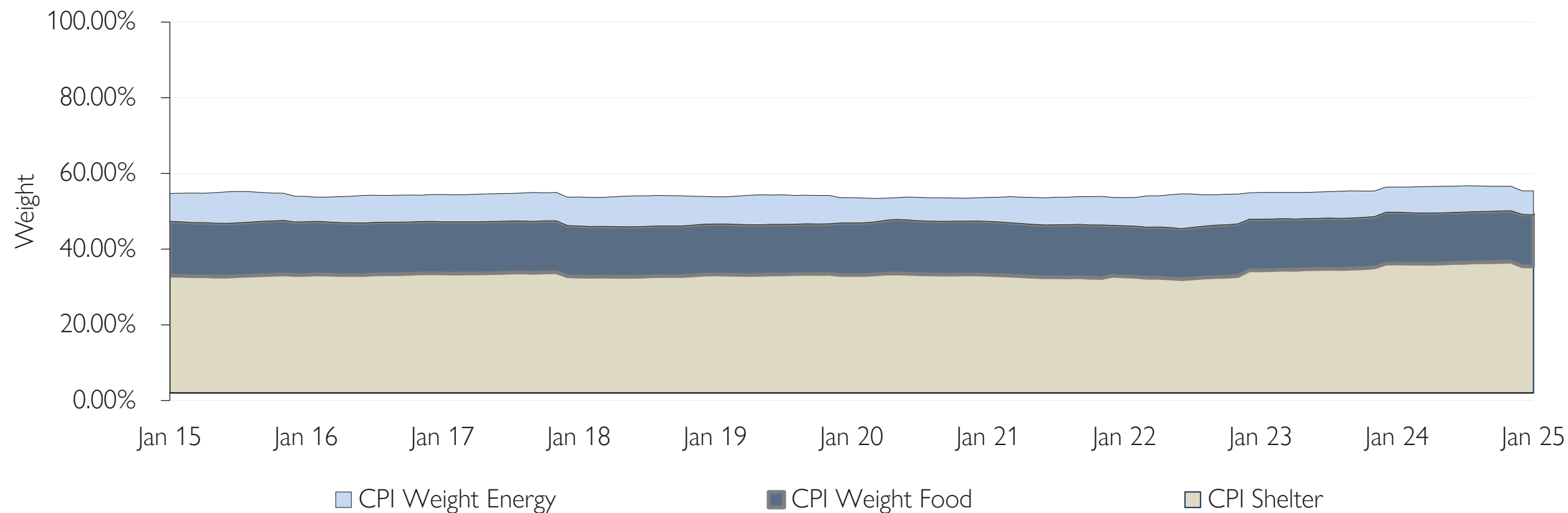
- Following four consecutive months of increasing consumer prices, the February CPI index provided some relief with a decrease in overall and core CPI of 0.2%. Core CPI, which excludes food and energy, declined to 3.1% and Core CPI declined to 2.8%, The primary culprits for prices increases continue to be Shelter, Food and Transportation prices were 4.2%, 2.6% and 6.0% higher for the twelve month period, respectively.



CPI – Weight of Categories

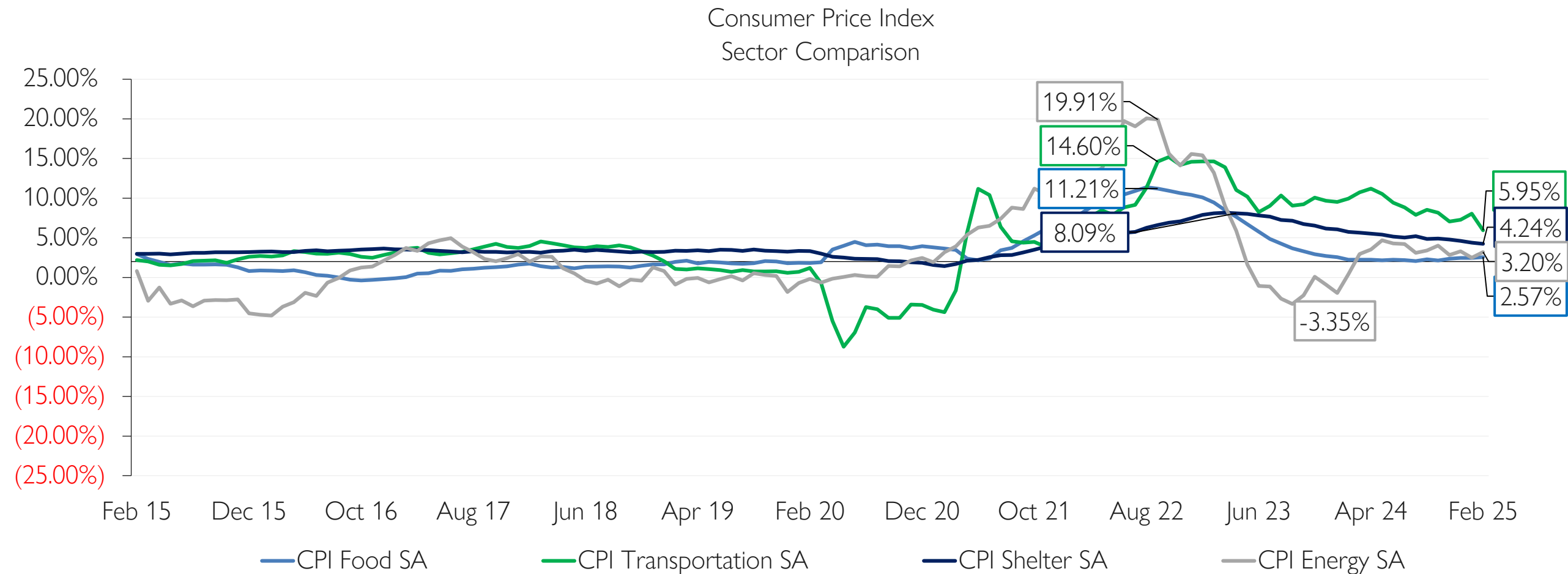
- CPI is calculated based on weights assigned to categories of expenditures and the estimated percentage of expenditures in each category which may include shelter, food, transportation and energy. Shelter, food and energy costs currently represent approximately 55% of the CPI.

Consumer Price Index - Weighted Sectors Food, Energy and Shelter



CPI – Sector Comparison

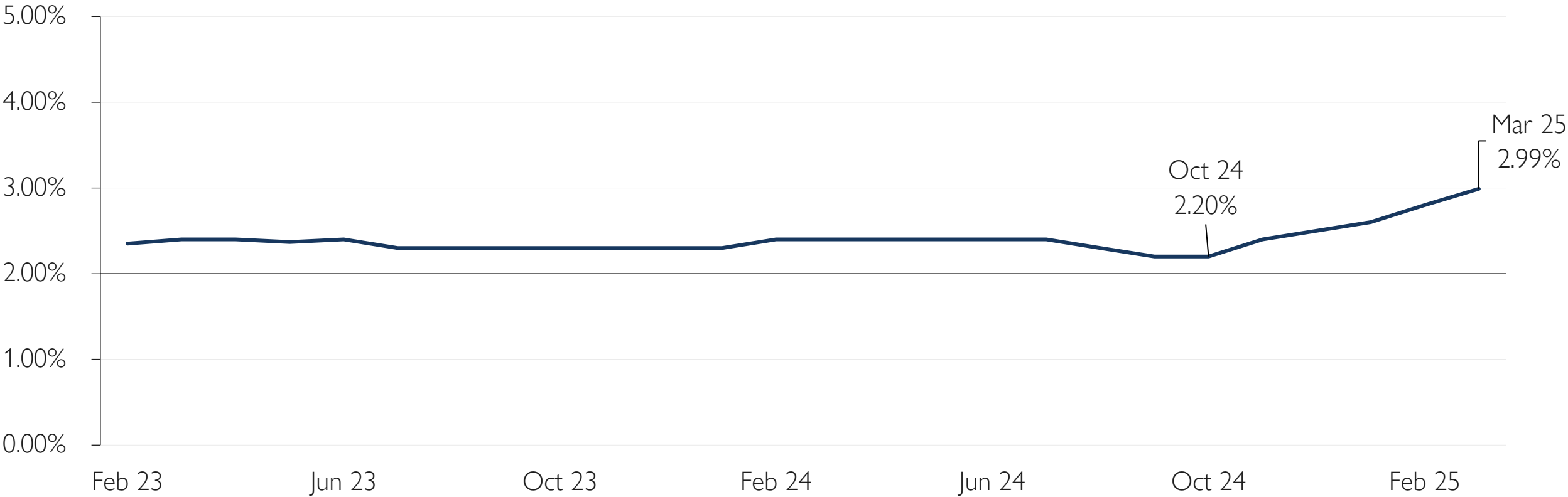
- Food, Shelter, Transportation and Energy experienced considerable inflation beginning during the pandemic and economic shutdown due to a variety of factors, including supply chain issues, policy changes and stimulus that lead to significant demand, especially once restrictions were lifted.



CPI Forecast for 2025

- For the past several months, CPI forecast surveys suggested market expectations that CPI would trend lower in 2025, potentially reaching or getting close to the Federal Reserve target of 2.0%. These expectations have increased recently primarily due to the uncertainty of tariffs,.

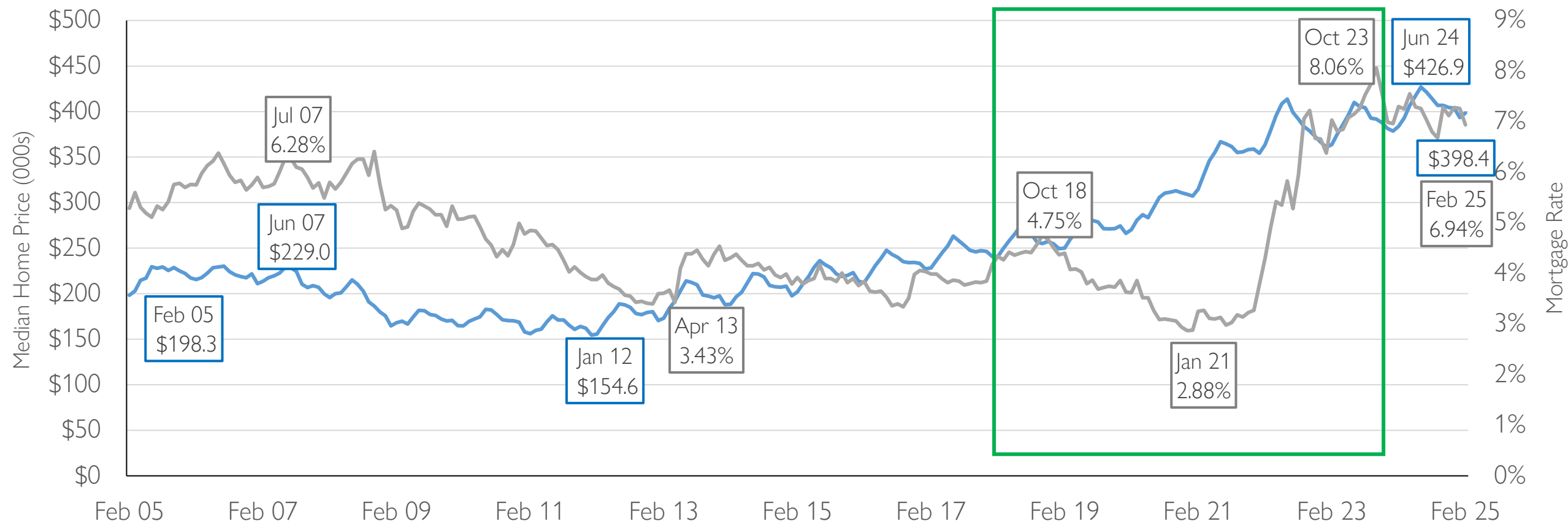
Consumer Price Index Forecast - 2025



Housing Prices and Mortgage Rates

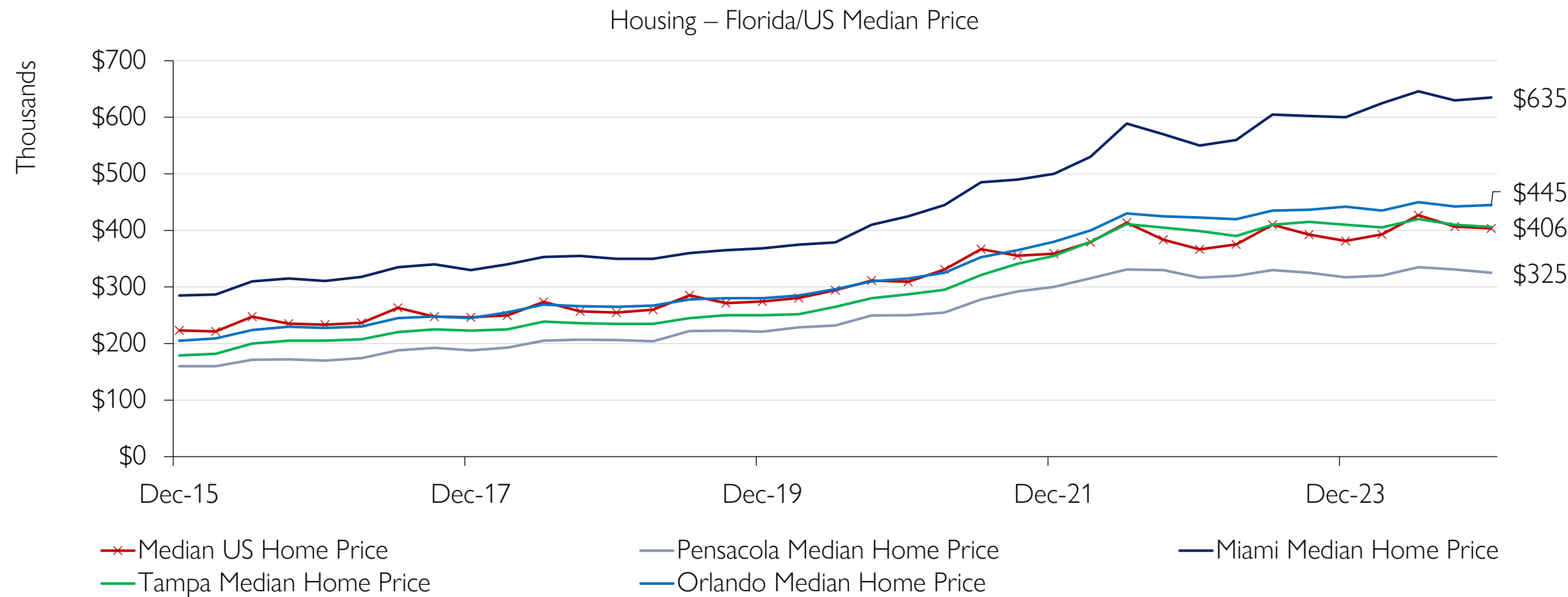
- The market collapse that began in 2007 lasted nearly five years. Peak median prices at the time occurred in August 2007 and trended lower through February 2012. Since 2012, the housing market has played a big role in economic growth. Prices increased dramatically during the pandemic as wages increased, remote work was the norm and low mortgage rates allowed buyers to pay a higher price while maintaining a lower mortgage.

Median Home Price vs. Bankrate 30 Year Mortgage Rates



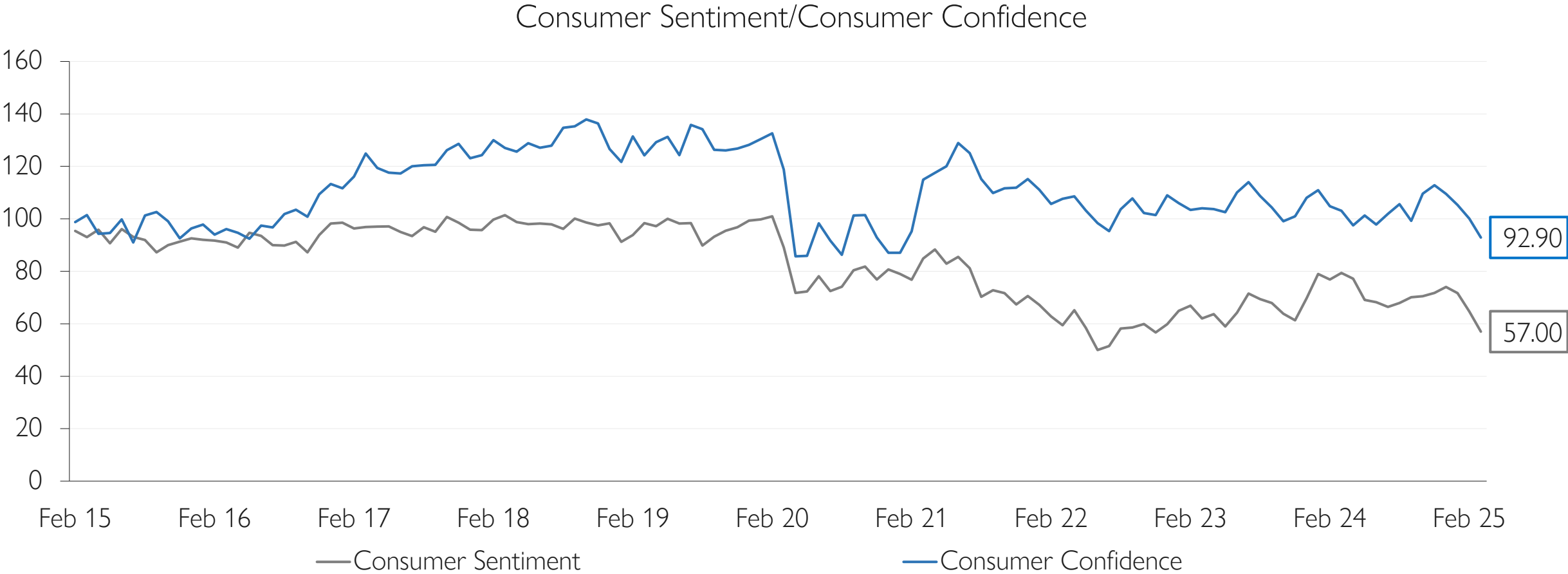
Housing Median Home Prices in Florida vs. Nationally

- Florida has experienced significant price increases, especially during the pandemic as Florida became one of the top net in-migration states. Prices in different parts of Florida have varied historically, although certain areas in Florida, notably Central Florida, Tampa, West Palm Beach and the Ft, Lauderdale- Miami areas experienced some of the largest increases in the nation..



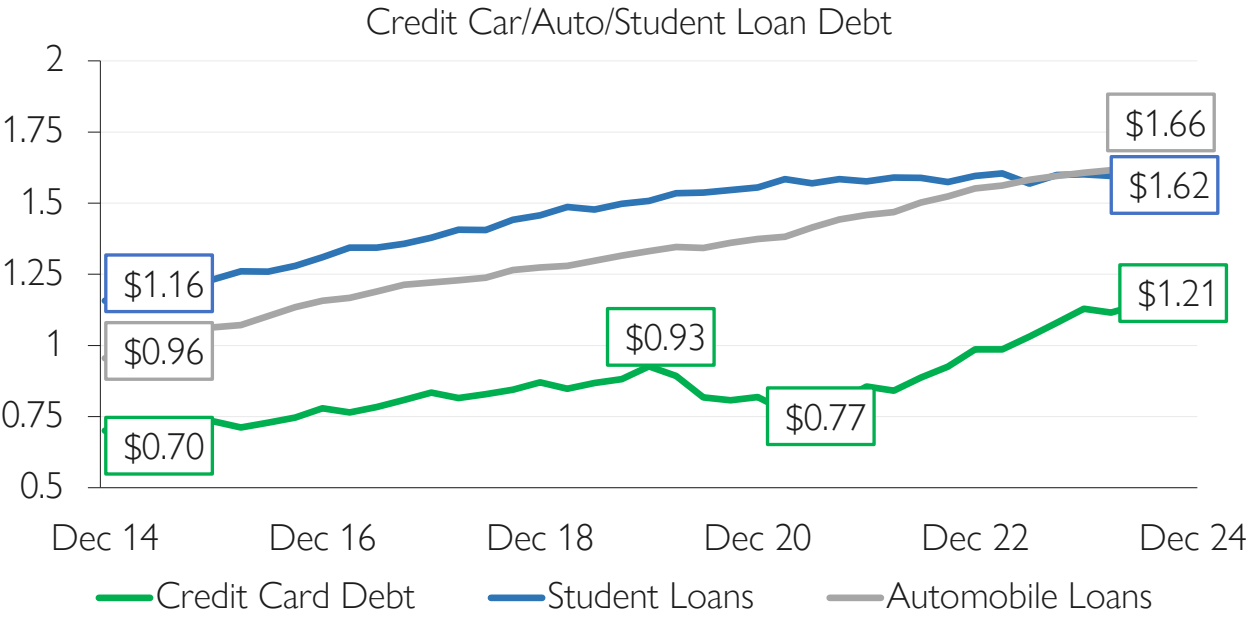
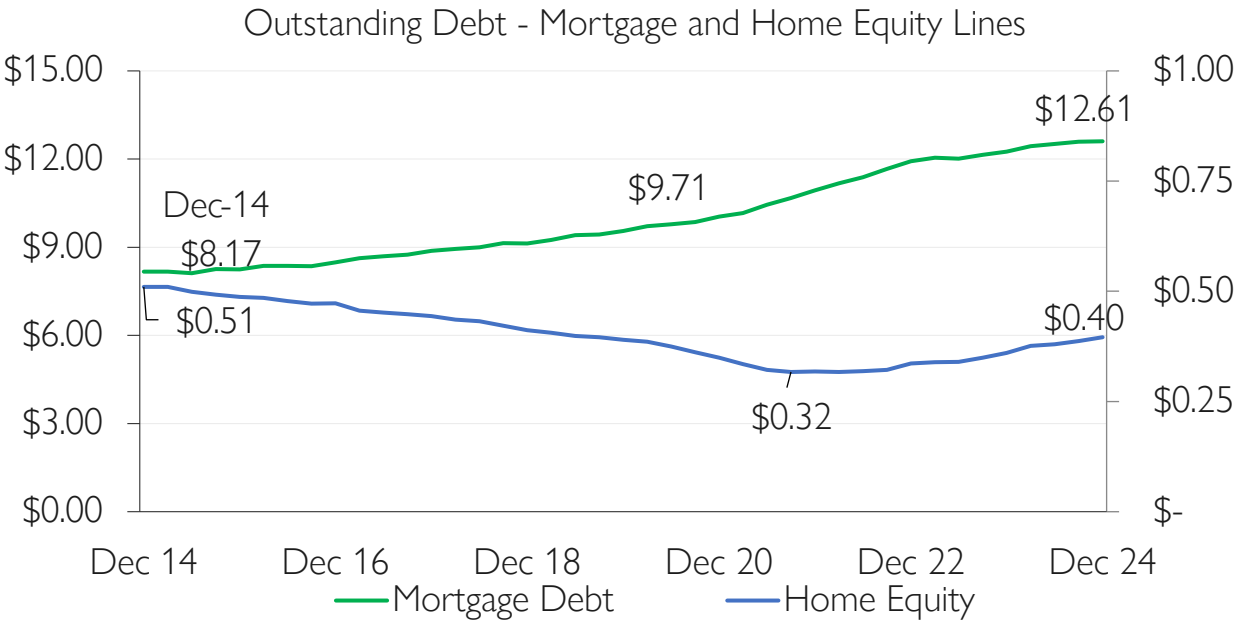
Consumer Confidence

- Consumer confidence and consumer sentiment has declined in 2025, likely due to the uncertainty of the overall economy.

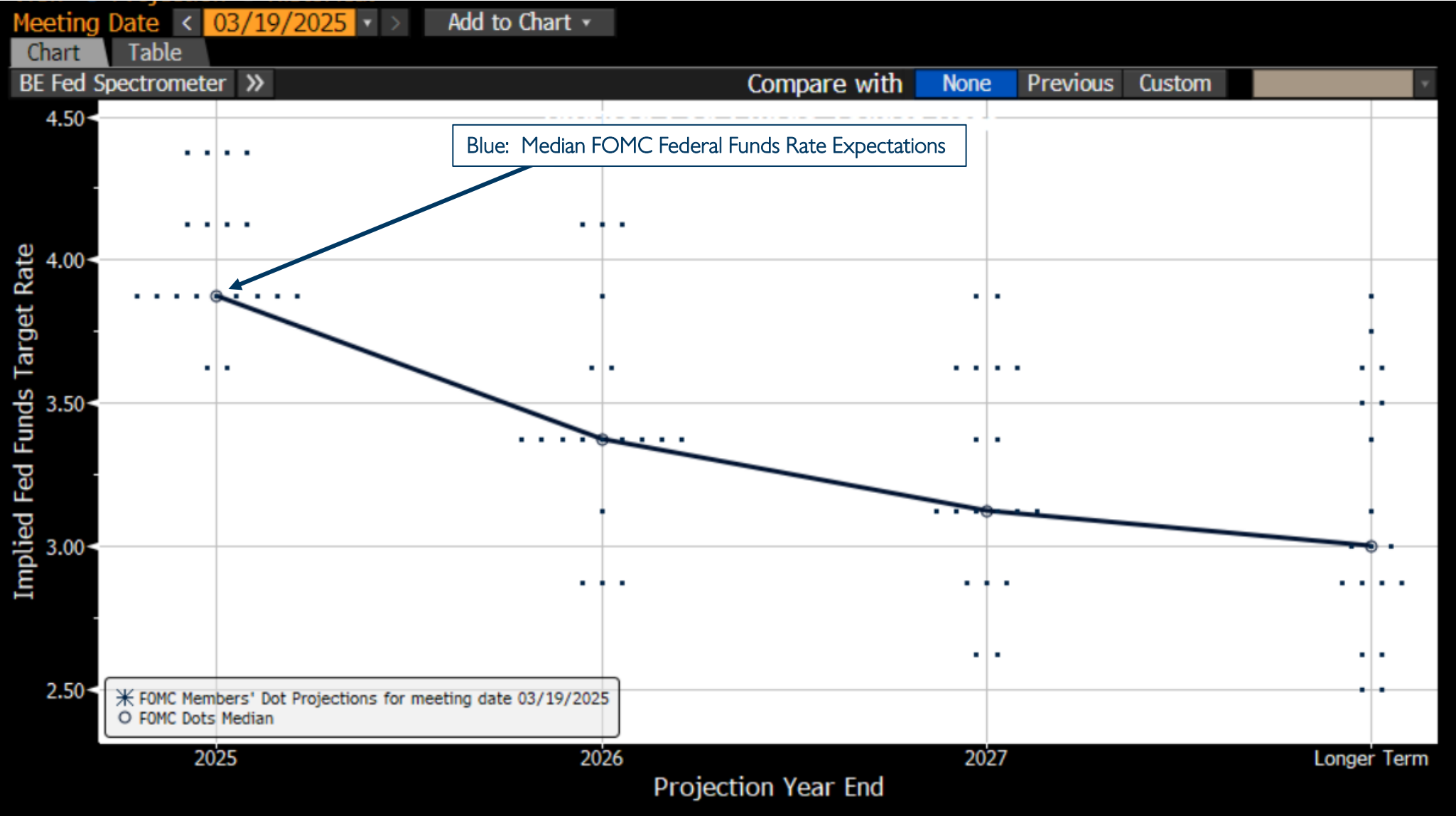


Consumer Debt

- Consumer spending has proven to be resilient, defying economist predictions for the past two years. While this has been positive for economic growth, the ability to continue this trend may be impacted by the amount of debt taken on by the consumer to fund this level of spending.



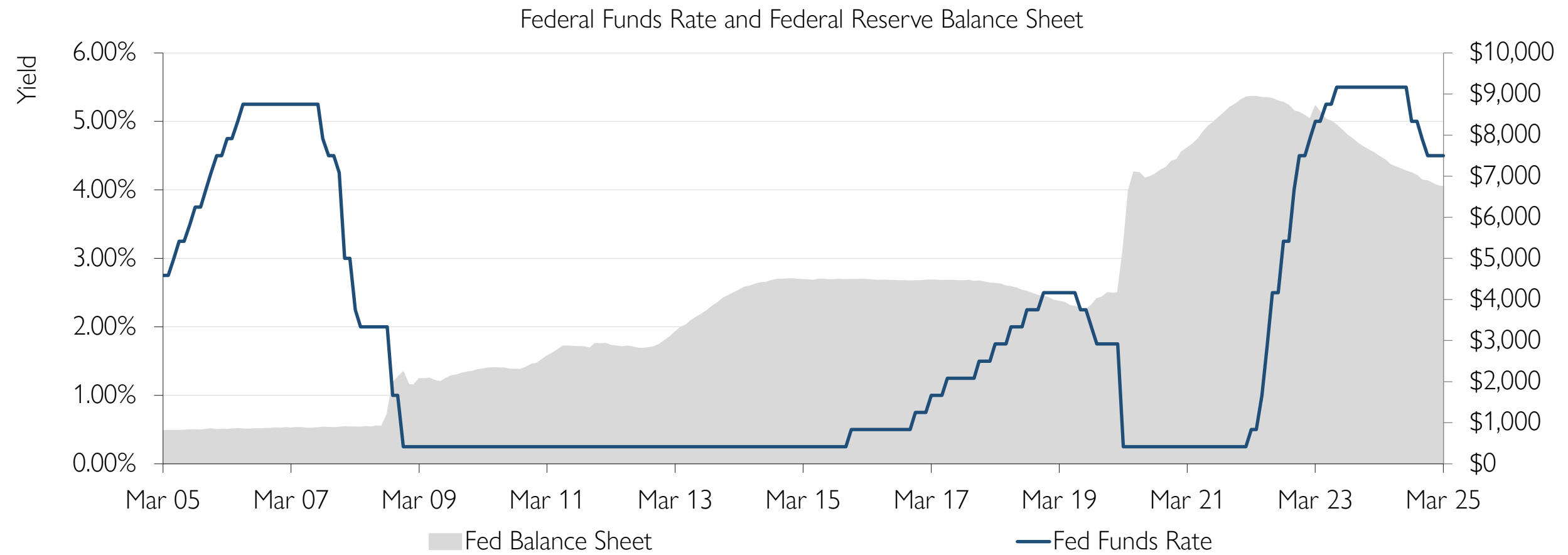
FOMC Dot Plot – March 2025 Meeting



Federal Funds Rate Expectations

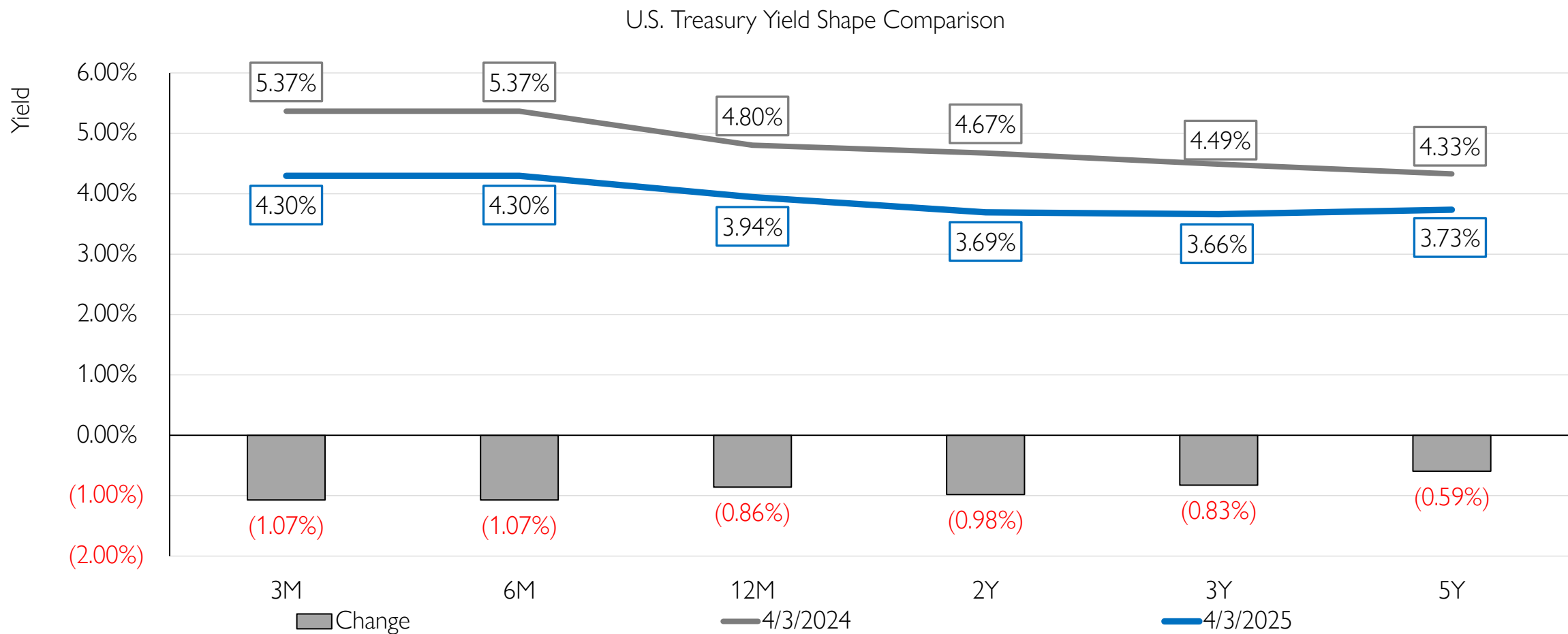
Target Rate	4.50	Pricing Date	04/03/2025		
Effective Rate	4.33	Cur. Imp. O/N Rate	4.320		
Meeting	#Hikes/Cuts	%Hike/Cut	Imp. Rate Δ	Implied Rate	A.R.M. ▲
05/07/2025	-0.297	-29.7%	-0.074	4.246	0.250
06/18/2025	-1.018	-72.0%	-0.254	4.066	0.250
07/30/2025	-1.810	-79.2%	-0.452	3.868	0.250
09/17/2025	-2.616	-80.6%	-0.654	3.666	0.250
10/29/2025	-3.150	-53.4%	-0.788	3.533	0.250
12/10/2025	-3.785	-63.5%	-0.946	3.374	0.250

Historic Federal Funds Rate and Reserve Balance Sheet



U.S. Treasury Yield Curve

- U.S. Treasury yields with maturities between three months and five years are trading within 20 basis points and the three month U.S. Treasury Bill is currently yielding 20 basis point more than the five year U.S. Treasury note in March.



Interest Rates Rebound from recent lows

- U.S Treasury rates continue the volatile trend as fears of persistent inflation returns along with uncertainty over tariffs impact longer term growth expectations.

