# State of the Economy

**October 1, 2025**

Revised: September 26, 2025

GODSEY & GIBB
WEALTH MANAGEMENT

# Disclosure

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# TODAY'S AGENDA

## HEADWINDS TO ECONOMIC GROWTH ARE STARTING TO EASE

- Tariff policy is becoming clearer
- Passage of One Big Beautiful Bill Act (OBBBA) and de-regulation provide stimulus
- Housing and Manufacturing are stabilizing
- The Fed has restarted monetary policy normalization

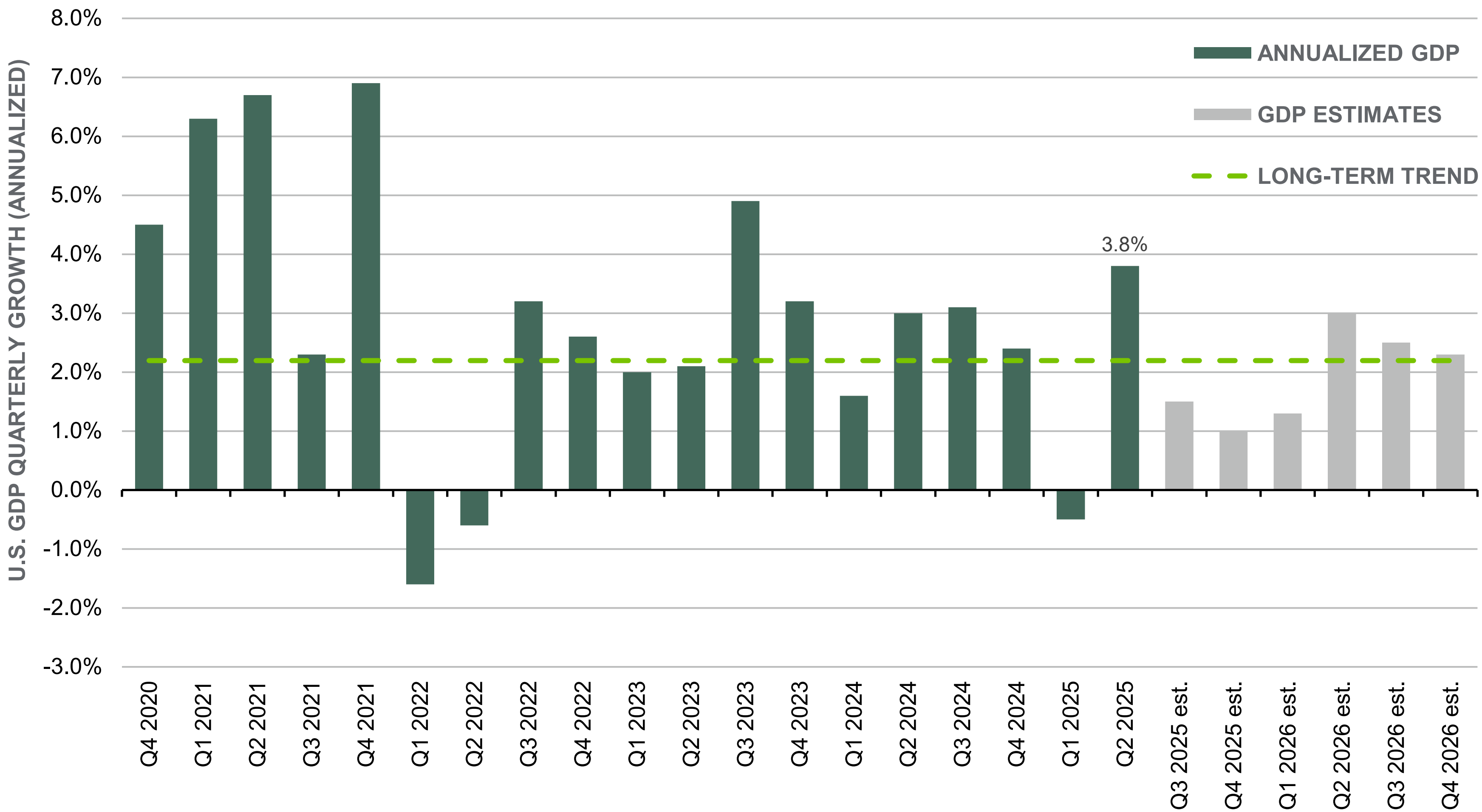
## INFLATION EXPECTED TO RISE OVER THE NEAR-TERM, THEN MODERATE

- Tariff impact on prices in the short run
- Signs of deflationary pressures elsewhere

## FINANCIAL MARKETS ARE NOT CHEAP, BUT EARNINGS GROWTH IS SOLID

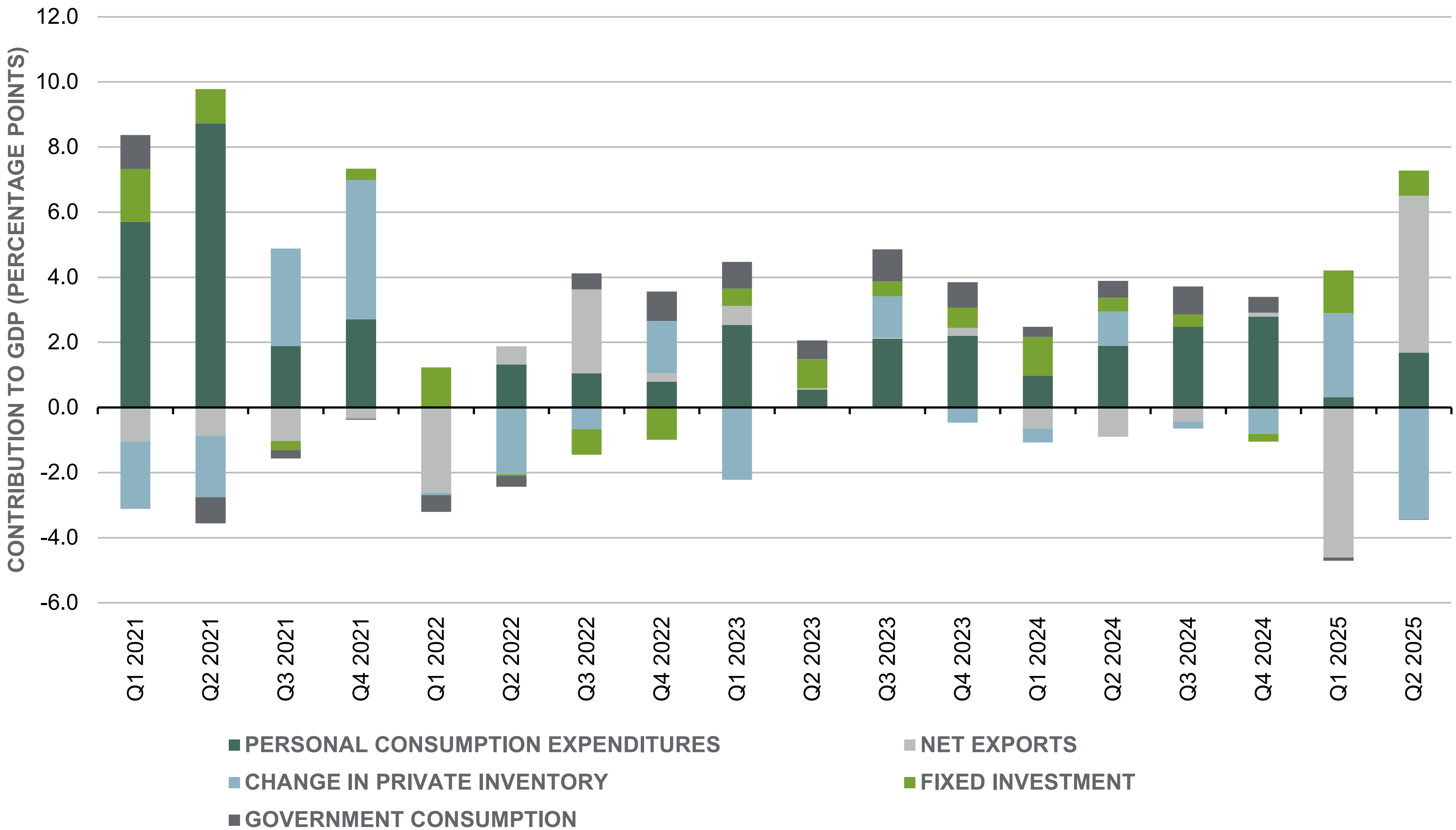
- The market rally continues to be more broad-based
- At current levels, market appreciation will be driven by ongoing earnings growth

# ECONOMIC GROWTH IS EXPECTED TO BE POSITIVE BUT BELOW-TREND




**Source:** Godsey & Gibb Research, Bloomberg, Strategas

# THE DRIVERS OF ECONOMIC GROWTH ARE MORE VOLATILE

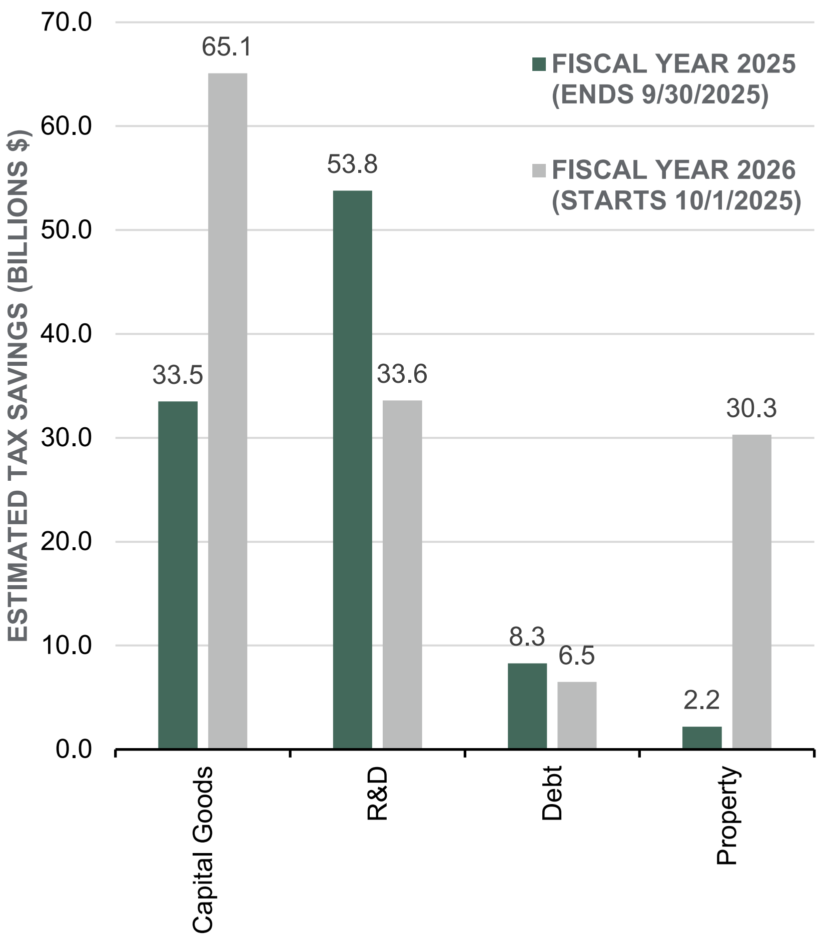


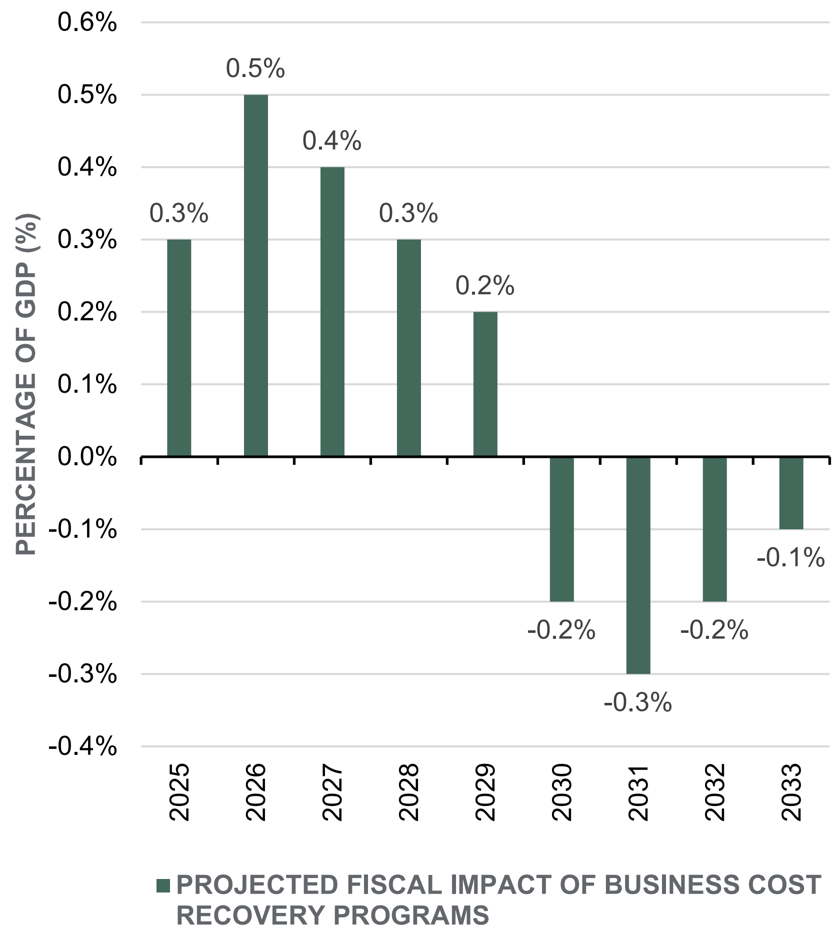

**Source:** Godsey & Gibb Research, Bloomberg

## AS POLICY UNCERTAINTY DECLINES, CONFIDENCE IS IMPROVING


**Source:** Godsey & Gibb Research, Bloomberg

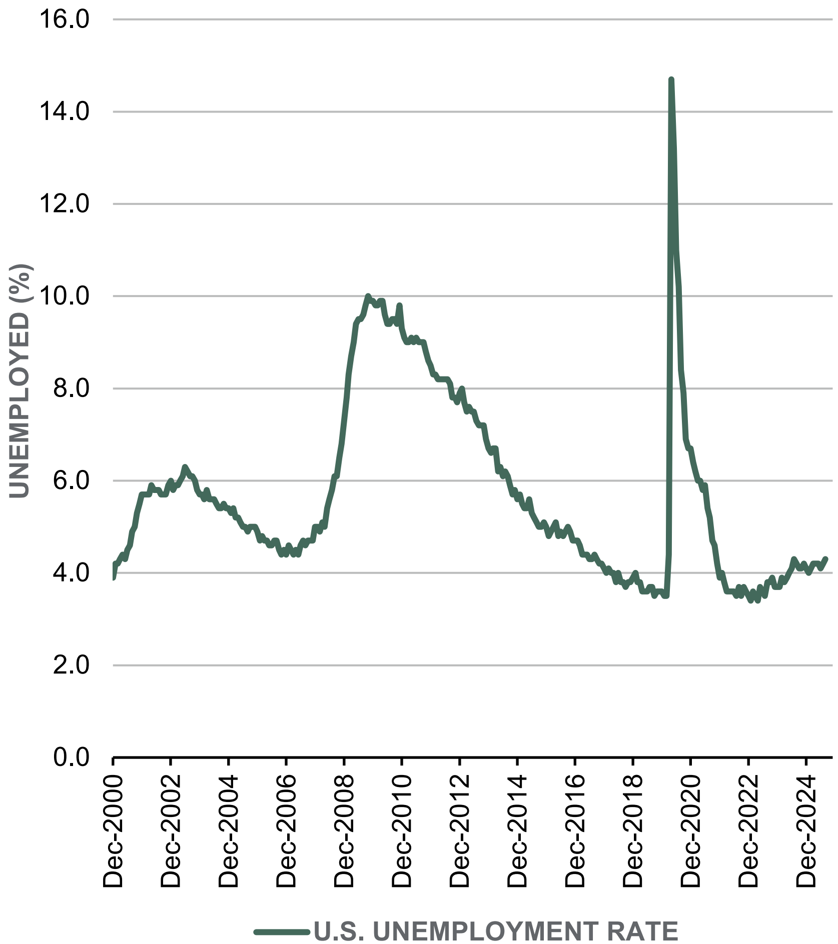
# TAX SAVINGS FROM BUSINESS INCENTIVES ARE TAKING EFFECT

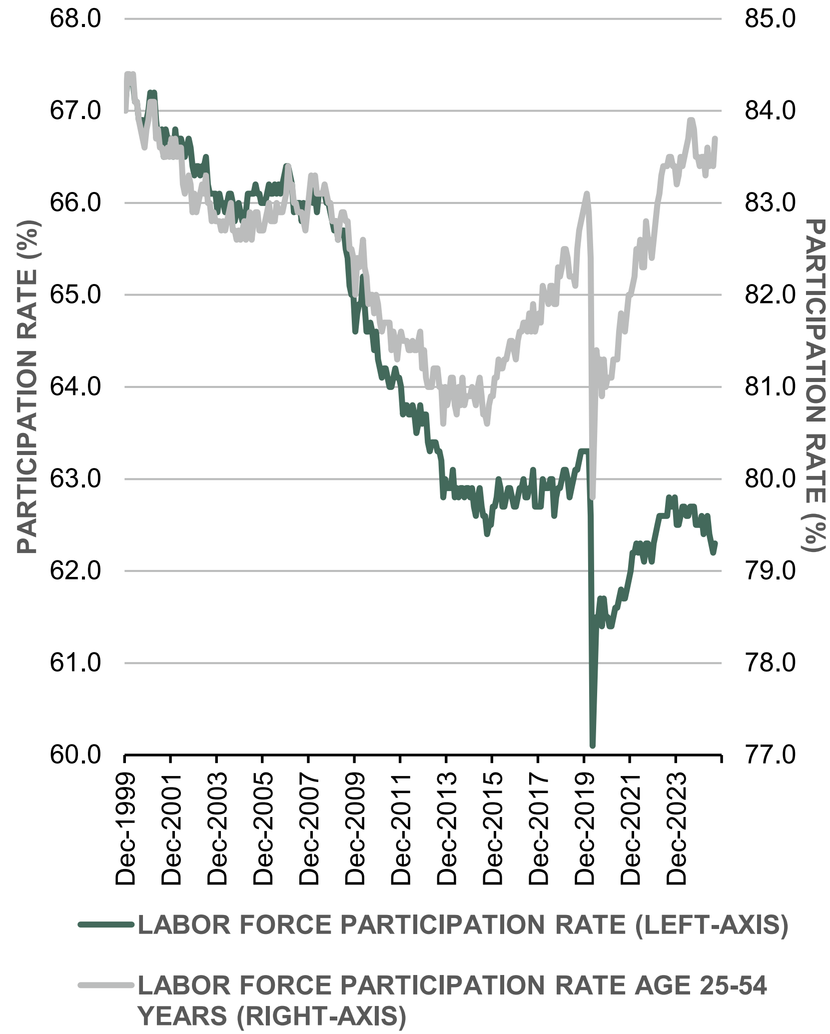



**Source:** Strategas Research Partners

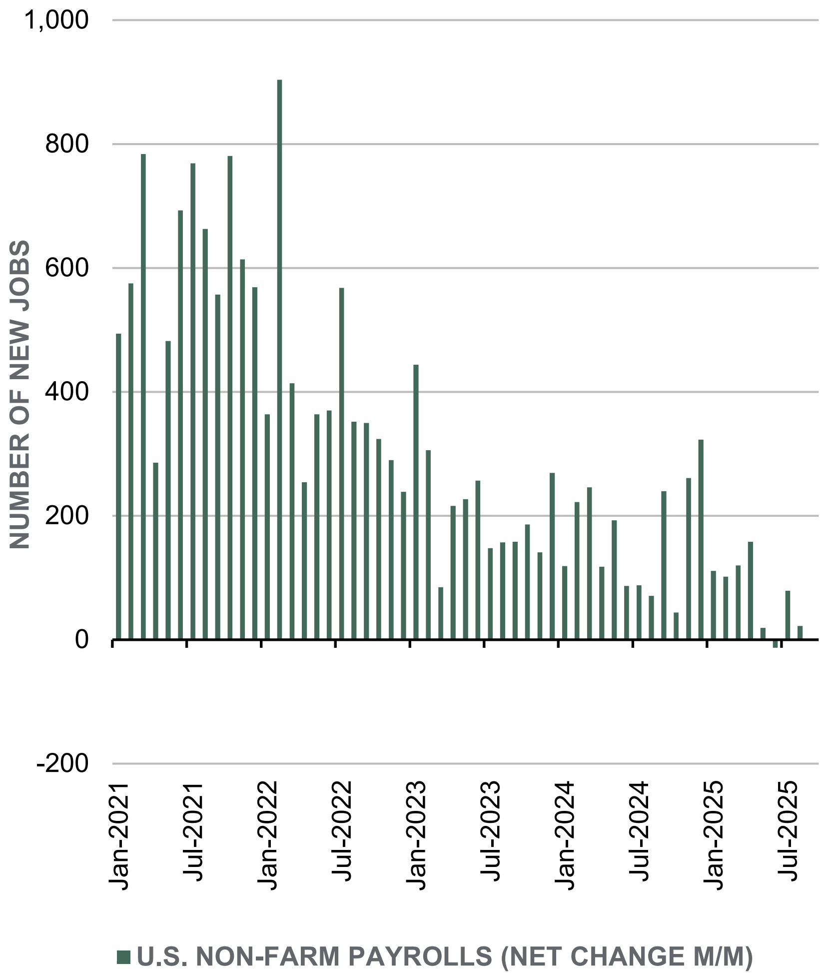
# A HEALTHY LABOR MARKET IS CRITICAL TO CONSUMER ACTIVITY

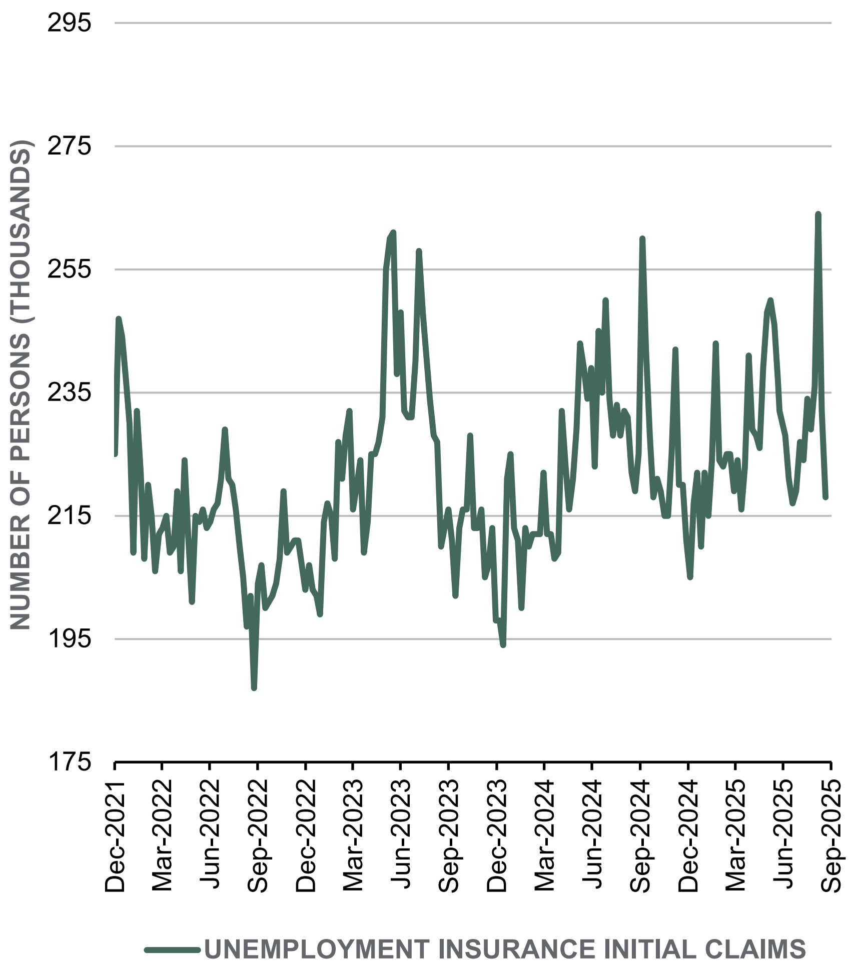



**Source:** Godsey & Gibb Research, Bloomberg

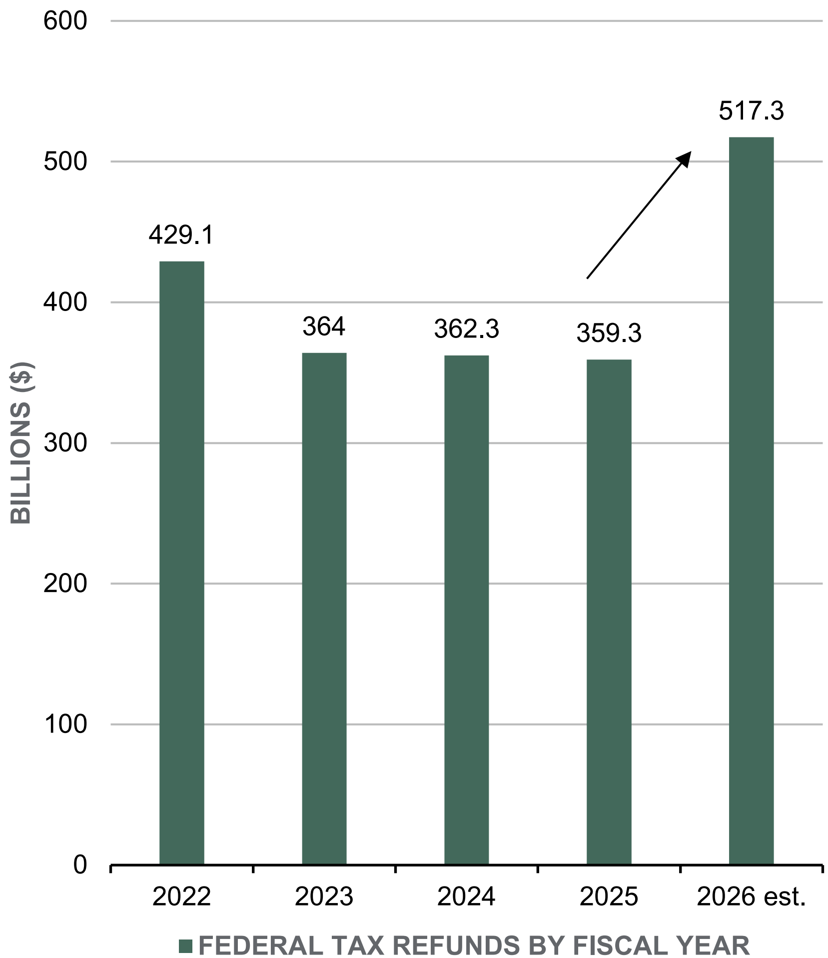
## JOB GROWTH IS SLOWING, BUT JOB LOSSES ARE MINIMAL




**Source:** Godsey & Gibb Research, Bloomberg

# CONSUMER STIMULUS WILL IMPACT EARLY 2026

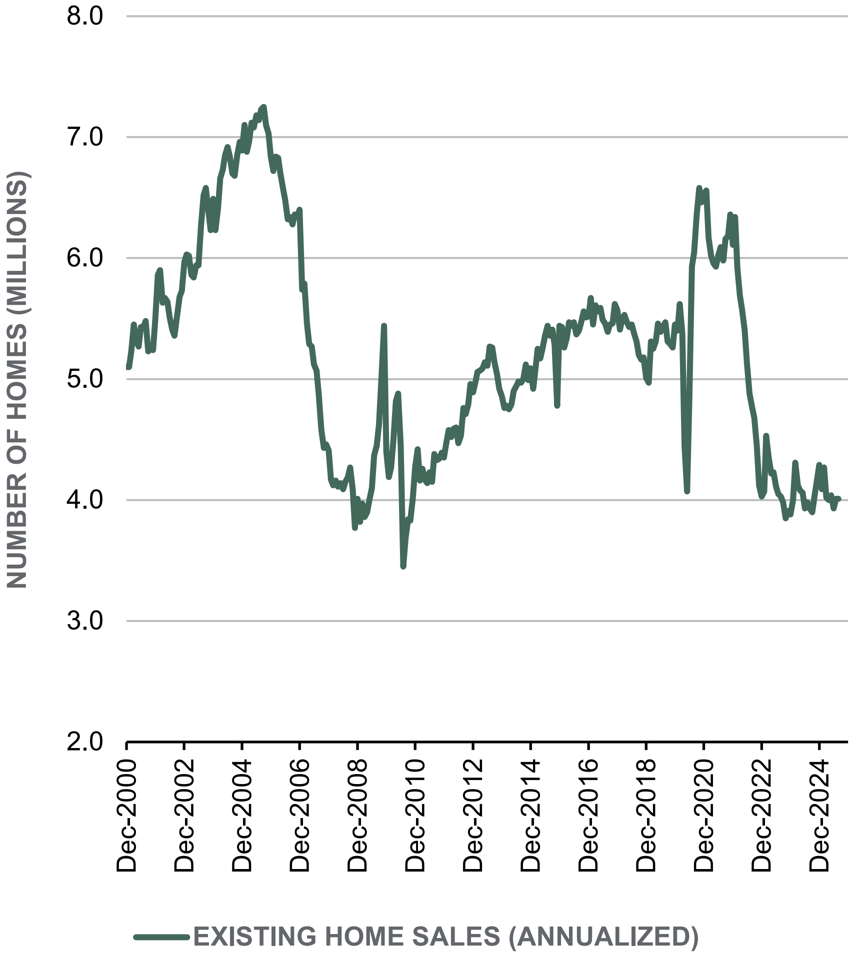


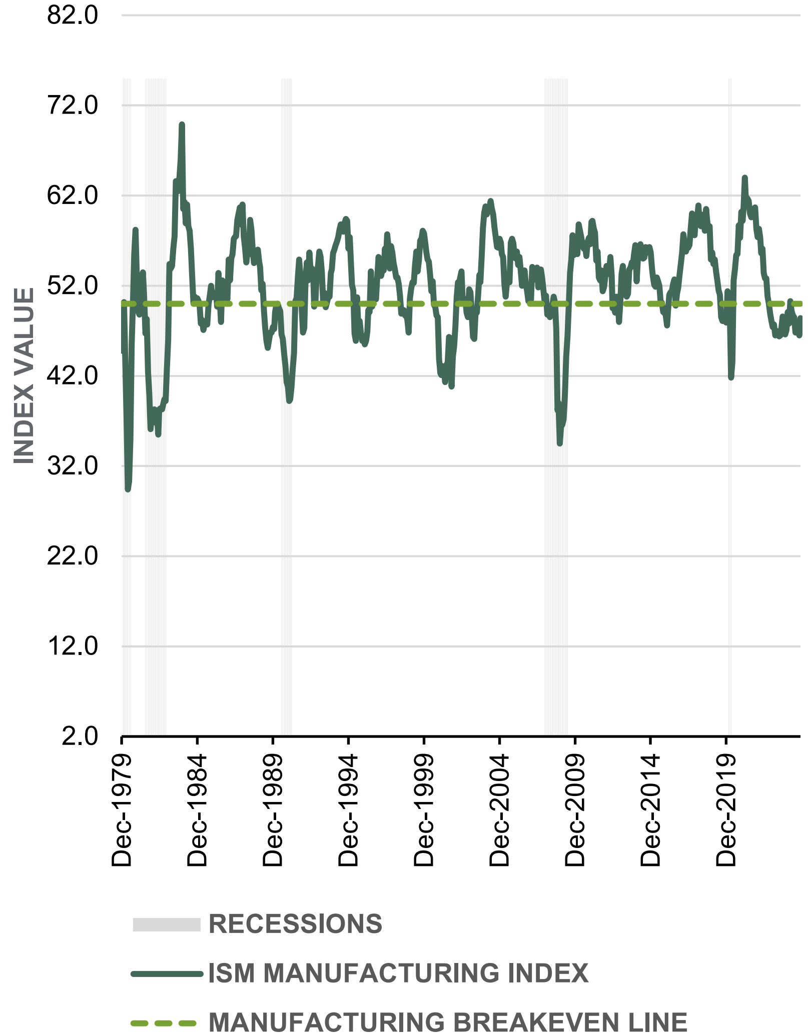

**ADDITIONAL STIMULUS FROM THE OBBBA FOR FISCAL YEAR 2025-2026**

| TAX PROVISION | STIMULUS (MILLIONS $) |
|---|---|
| Changes to SALT | $39,247 |
| No tax on overtime | $32,806 |
| Changes to deduction for personal exemption | $32,314 |
| Increases to standard deduction | $26,503 |
| No tax on tips | $10,121 |
| Increases to Child Tax Credit | $10,014 |
| No tax on car loan interest | $7,332 |
| Other provisions | $12,185 |
| **TOTAL STIMULUS** | **$170,522** |

**Source:** Strategas Research Partners

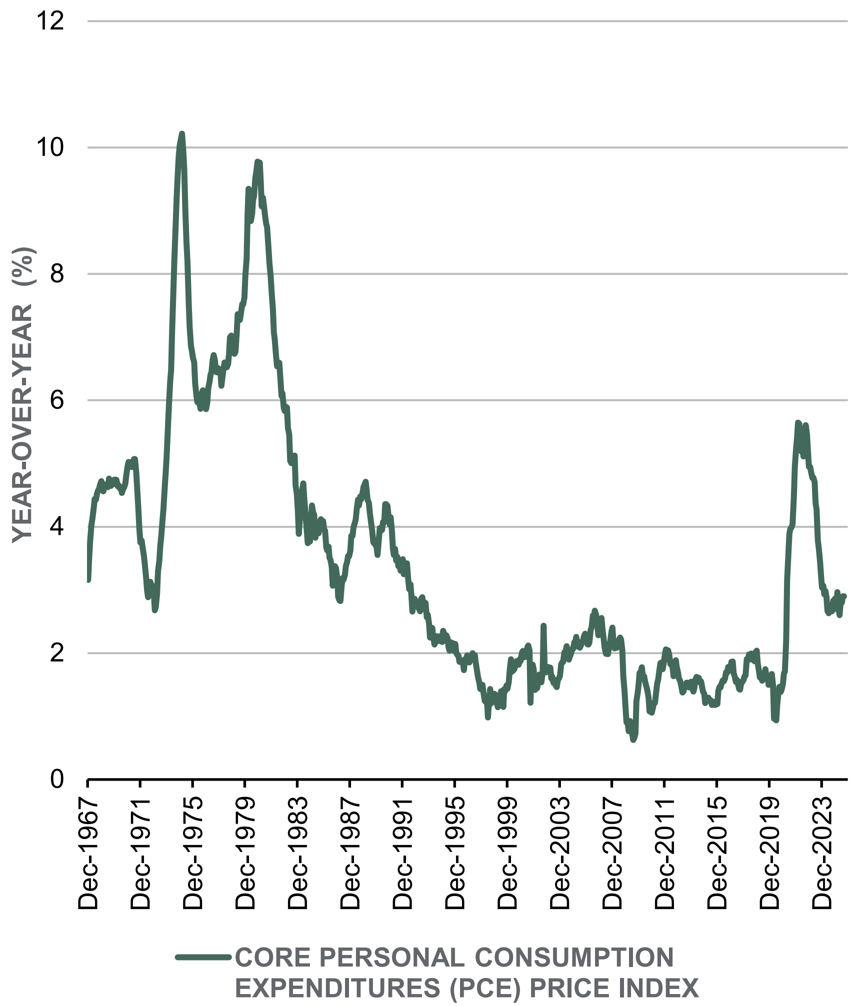
# MONETARY AND FISCAL STIMULUS COULD PROVIDE A BOOST

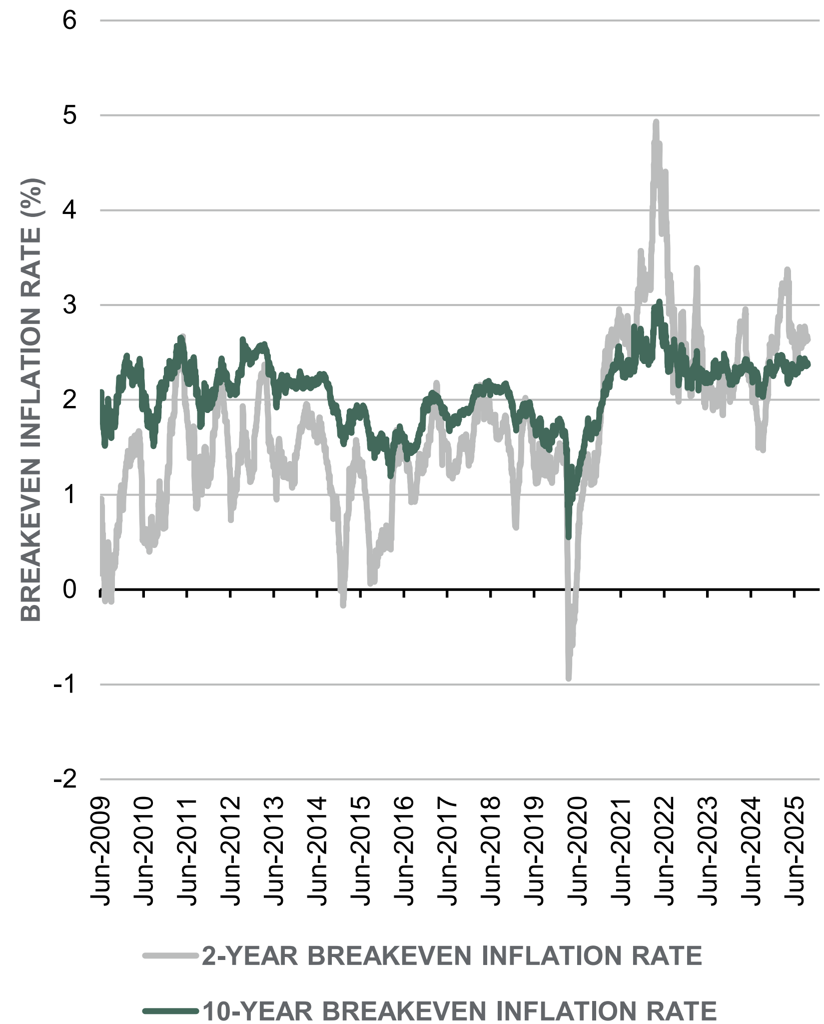



**Source:** Godsey & Gibb Research, Bloomberg

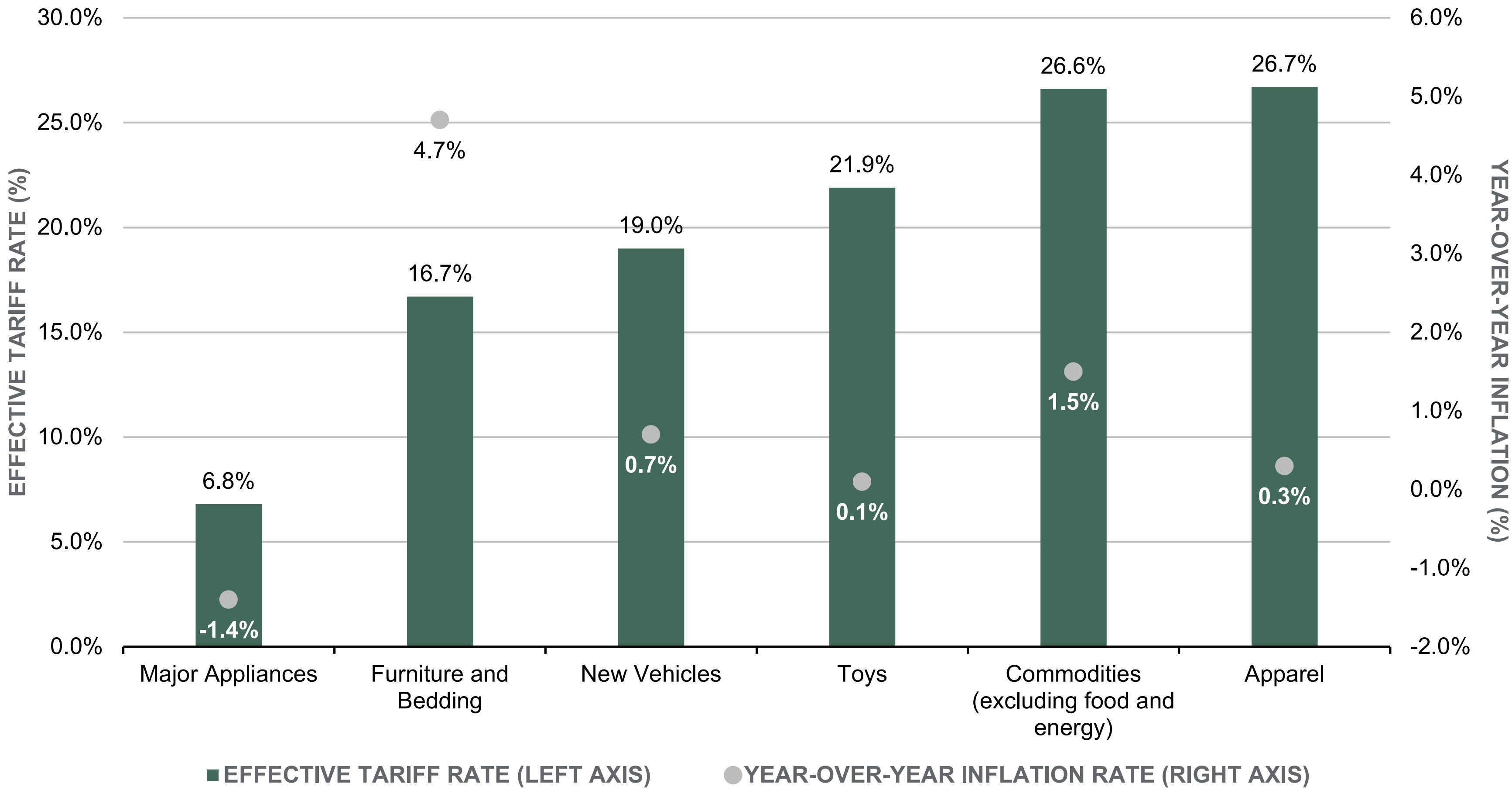
# INFLATION IS TICKING HIGHER, BUT EXPECTATIONS REMAIN ANCHORED



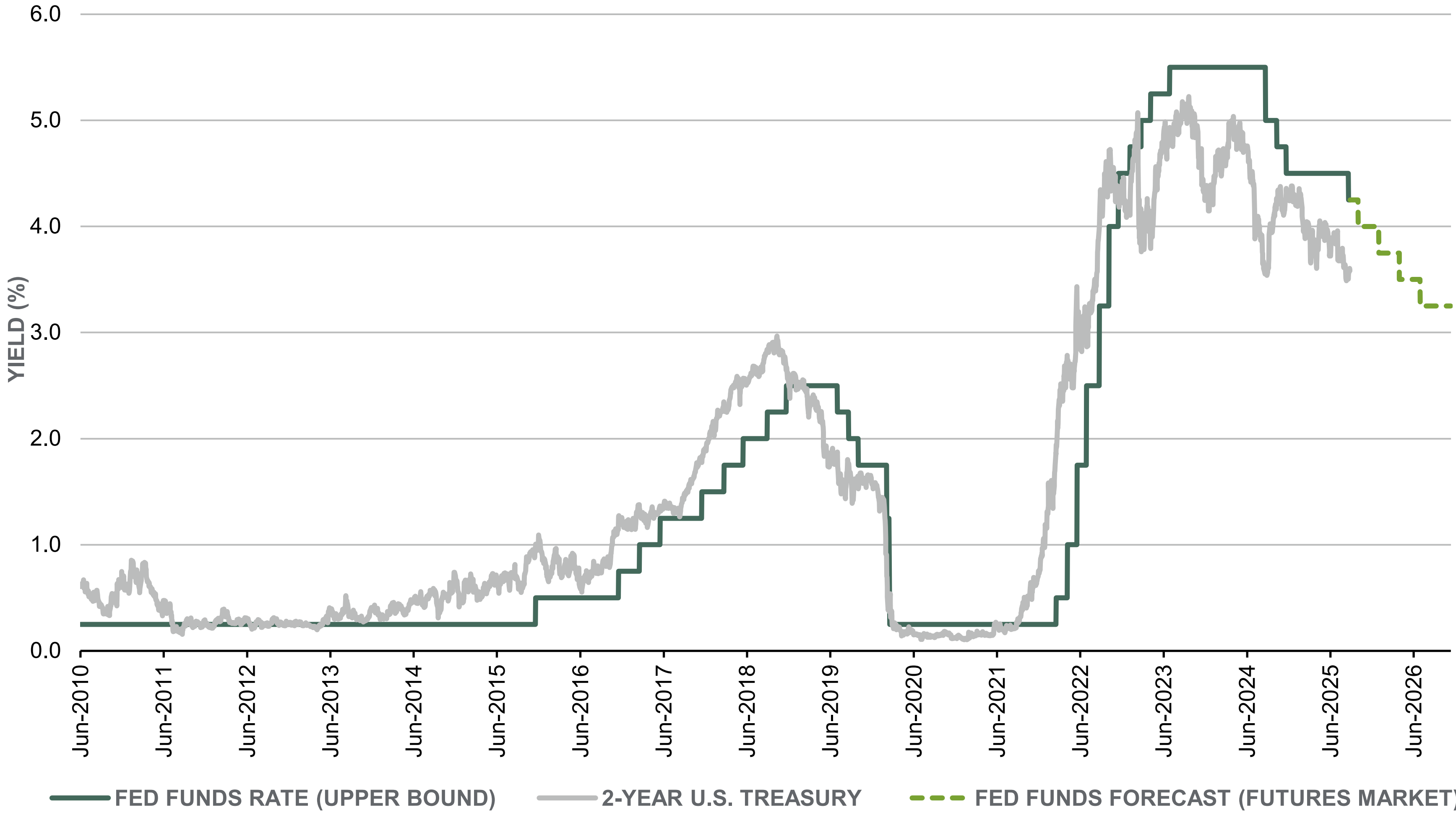

**Source:** Godsey & Gibb Research, Bloomberg

# TARIFF IMPACT ON GOODS INFLATION IS MIXED



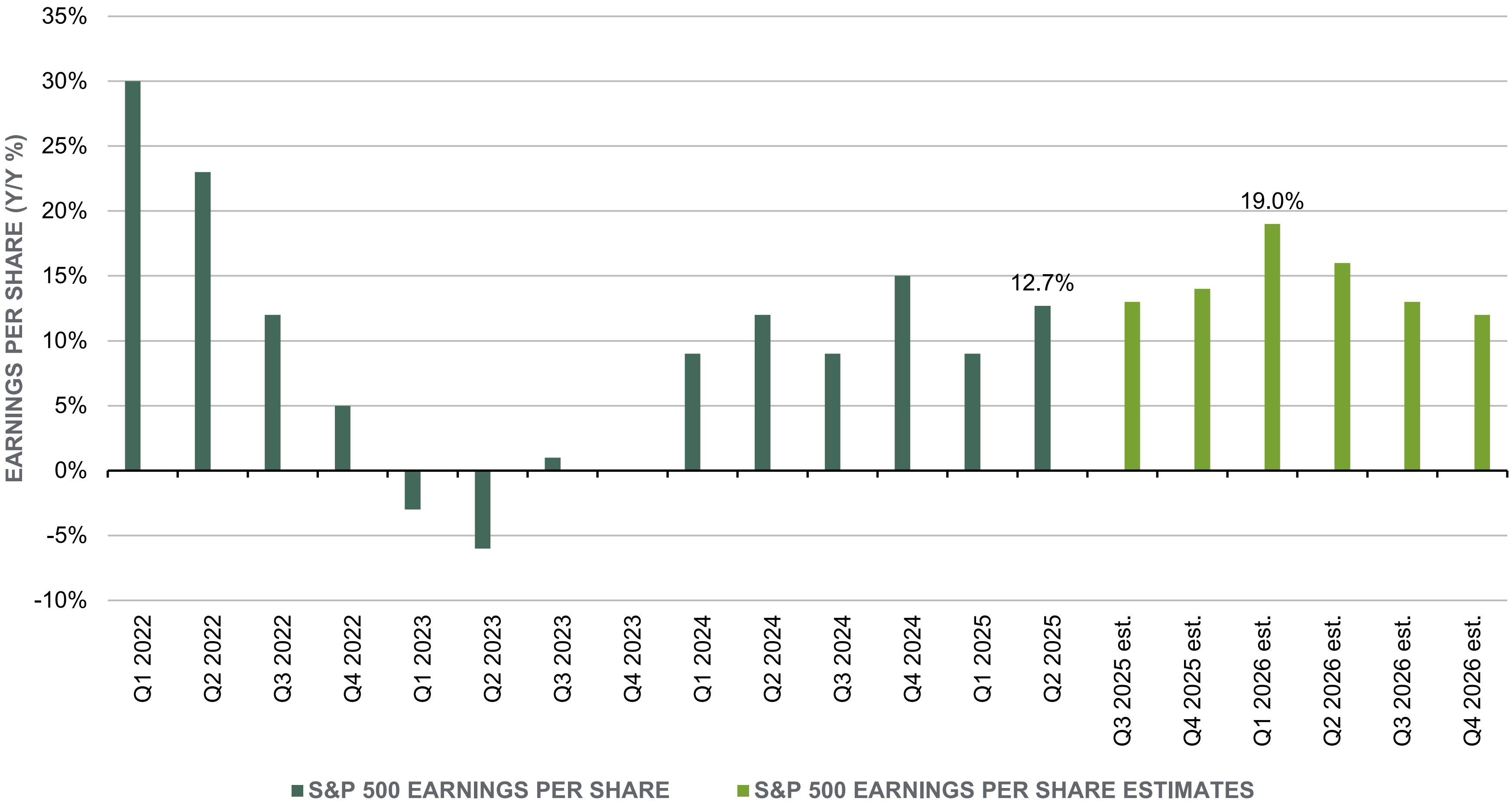

**Source:** Strategas Research Partners

# THE FED BEGINS THE POLICY NORMALIZATION PROCESS




**Source:** Godsey & Gibb Research, Bloomberg, Federal Reserve Bank

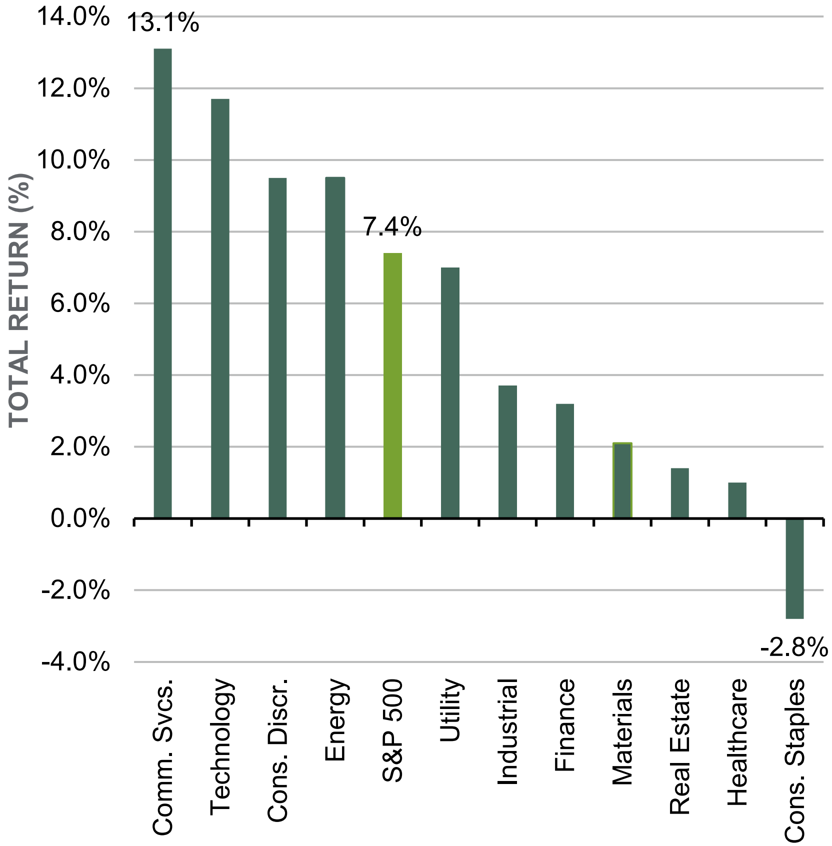
# EARNINGS PER SHARE GROWTH SUPPORTS EQUITY RETURNS



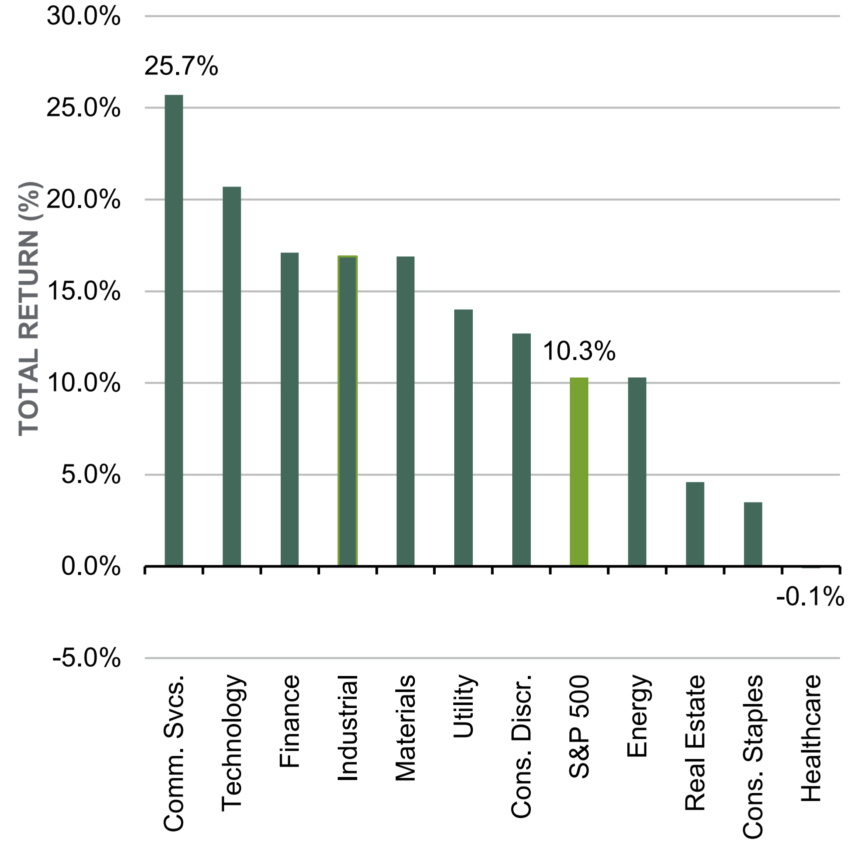

**Source:** Godsey & Gibb Research, Bloomberg, Strategas Research Partners

# EQUITY RETURNS ARE MORE BROAD-BASED

S&P 500 SECTOR RETURNS (QUARTER-TO-DATE*)




S&P SECTOR RETURNS (YEAR-TO-DATE*)




**Source:** Godsey & Gibb Research, Bloomberg

* Returns as of: 9/26/2025

# Questions

**Please reach out to your advisor if you have any questions or would like additional information.**

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