



OLD NORTH STATE TRUST

1250 REVOLUTION MILL DRIVE
SUITE 152
GREENSBORO, NC 27405

THE ECONOMY AT A GLANCE

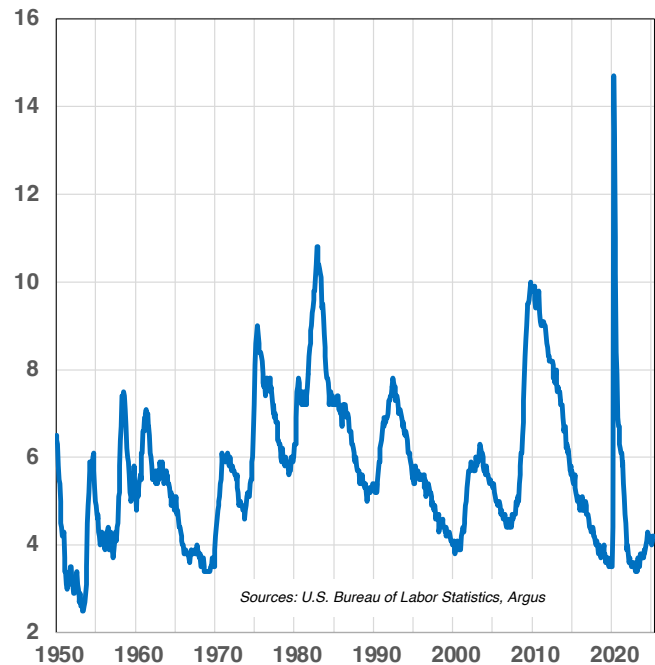
ECONOMIC HIGHLIGHTS

June 16, 2025
Vol. 92, No. 87

UNEMPLOYMENT UNCHANGED AT 4.2%

The job market remained strong in May amid concerns it is poised to slow from tariffs, job cuts at government agencies, and weak business and consumer confidence. The Bureau of Labor Statistics (BLS) reported that the U.S. economy generated 139,000 nonfarm jobs in May, almost exactly matching our forecast of 140,000. Consensus was 130,000. April's payrolls were revised lower by 30,000 and March by 65,000. The May result and the revisions reduced the three-month average to 135,000 from 155,000 before the release. The BLS diffusion index indicated 50% of 250 private industries are hiring. The May unemployment rate remained at 4.2%. Average hourly earnings increased 15 cents month to month and are 3.9% higher year over year, a tick higher than our estimate. The average workweek remained at 34.3 hours. Employment continued to trend up in healthcare, leisure and hospitality, and social assistance. Employment showed little change in mining, quarrying, and oil and gas extraction; construction; manufacturing; wholesale trade; retail trade; transportation and warehousing; information; financial activities; professional and business services; and other services. The manufacturing sector lost 8,000 jobs. Healthcare added 78,000, while federal government employment fell by 22,000. The decline of 59,000 since January is far below 284,000 federal layoffs announced this year according to outplacement firm Challenger, Gray & Christmas. The BLS reiterated that employees on paid leave or receiving ongoing severance pay are counted as employed in the establishment survey.

U.S. UNEMPLOYMENT RATE (%)

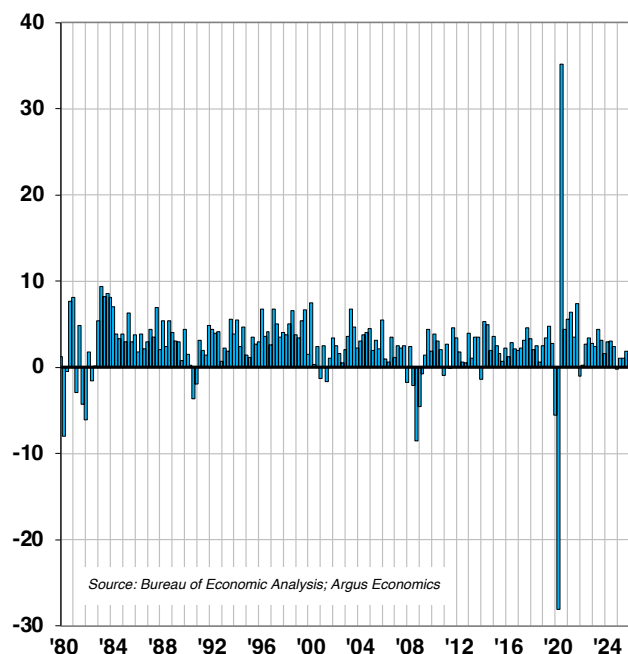


ECONOMIC HIGHLIGHTS (CONTINUED)

RAISING 2025 GDP FORECAST

We have raised our 2025 estimate for GDP growth to 1.0% from 0.5%. U.S. consumers have been an engine of growth and that should continue with unemployment low, at 4.2%, and real disposable personal income up a healthy 2.9% in the first quarter. We expect Personal Consumption Expenditures (PCE), which represent 68% of GDP, to grow about 1.75% for the year, with spending on services up almost 2%. After a 0.2% decline in 1Q, GDP by our estimates will grow 1.1% in 2Q, 1.1% in 3Q, and 1.9% in 4Q. Our 2026 growth estimate is 1.5%. Based on the Federal Reserve Bank of Philadelphia's Survey of Professional Forecasters, GDP is expected to grow 1.4% in 2025 and 1.6% in 2026. Indicators driven by a broad array of data point to 2Q growth. On June 9, the Federal Reserve Bank of Atlanta's GDP Nowcast was estimating a 2Q GDP increase of 3.8, with PCE projected to grow 2.5%. The trade balance and inventories, notoriously difficult to forecast, are likely to be key factors in the near term. Imports of foreign-made goods, which are subtracted from domestic production, reduced 1Q GDP by five points as consumers and businesses made purchases to front-run expected tariffs. Net exports are projected to add about two points to 2Q GDP -- a swing of almost seven points from 1Q. Inventories added 2.6 points to 1Q GDP because some of the imported goods were held for later in the year. Inventories are projected to reduce 2Q GDP by 0.6 points. On June 6, the Federal Reserve Bank of New York's Staff Nowcast for 2Q called for 2.33% growth, with a 68% probability range of 0.82%-3.89%. The Weekly Economic Index tracked by the Federal Reserve Bank of Dallas is based on 10 daily and weekly indicators of consumer behavior, the labor market, and production. If, for example, an index value of 2% persisted for an entire quarter, the index would suggest that quarter's GDP would be 2% higher than a year ago. For the week ended May 31, the index was 1.75%, with a 13-week moving average of 2.32%.

GDP TRENDS & OUTLOOK (% CHANGE)

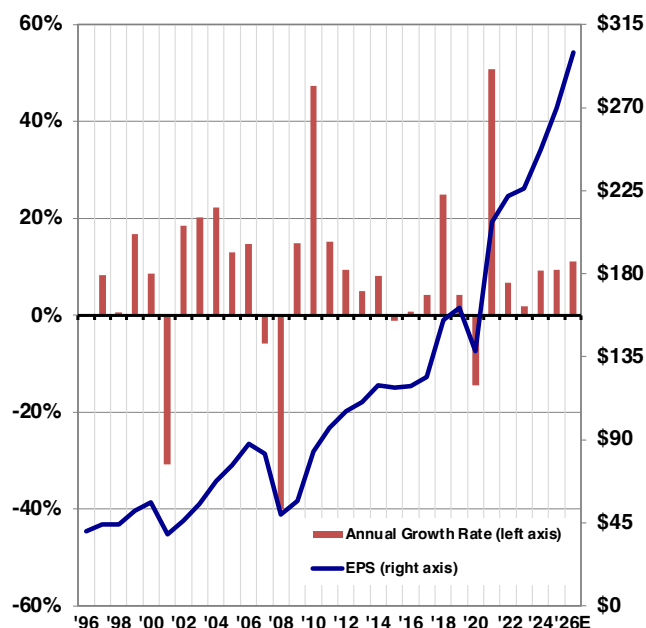


FINANCIAL MARKET HIGHLIGHTS

ARGUS ADJUSTS S&P 500 EPS ESTIMATES

We have adjusted our estimates of S&P 500 earnings from continuing operations for calendar 2025 and 2026 to reflect potential negative impacts on earnings from higher costs and reduced commerce. We are not sure what will happen with tariffs and White House policy, and may need to adjust our forecasts again in 2025. Our current changes are tweaks rather than big moves. On the upside, the first-quarter earnings season modestly outperformed our expectations, with annual EPS growth of about 14%. On the downside, as tariffs are scheduled and then paused or pushed out, companies are struggling to finalize capital budgets and have proposed a range of strategies. Walmart will pass along tariffs to its customers, but Home Depot will absorb the cost of tariffs. We believe most companies will strike a balance, passing along some and absorbing some portion of tariffs. The ‘mix’ likely will vary from company to company, based on a range of factors. These could include where a company sources raw materials, which regional markets are served, and which products and components are partially or fully exempt from tariffs. Ultimately, we think the balance will point toward slower profit growth. For 2025, our forecast for S&P 500 earnings from continuing operations is now \$270, reduced from \$276. For 2026, our new estimate is \$300, reduced from \$307. Our new 2025 EPS estimate implies full-year EPS growth of 10%, reduced from 12%. And our new 2026 estimate assumes EPS growth of 10%, reduced from 11%.

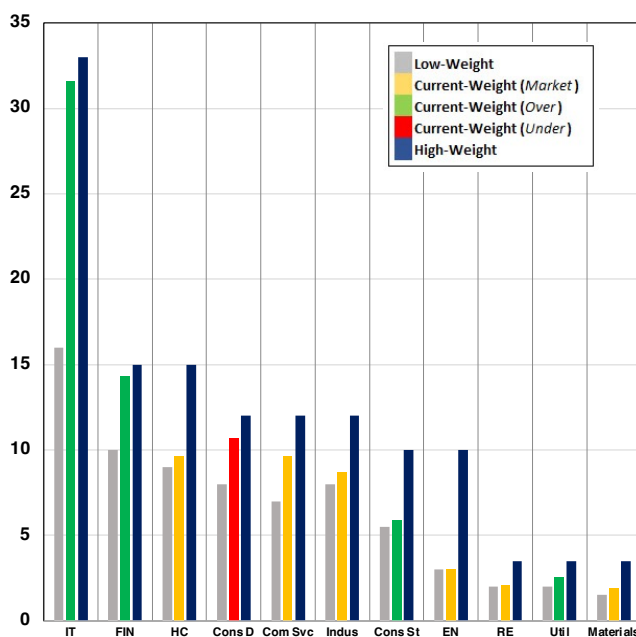
S&P 500 EPS TRENDS & ESTIMATES



ARGUS ADJUSTS SECTOR RATINGS

We have reviewed our recommended sector recommendations and have adjusted our current sector over-weight, under-weight, and market-weight recommendations for the calendar third quarter of 2025. Our process has led to an upgrade of the Materials sector to Market-Weight from Under-Weight. We also have lowered Healthcare to Market-Weight from Over-Weight. Our rebalancing process takes place four times a year, early in the months of March, June, September, and December. Our current Over-Weight sectors are Consumer Staples, Financial, Utilities, and Information Technology. Our current Market-Weight sectors are Communication Services, Energy, Healthcare, Industrials, Materials, and Real Estate. Our Under-Weight sector is Consumer Discretionary. The Argus Research Investment Policy Committee suggests that advisors and investors leverage this consistent and comprehensive process to adjust sector weightings within their diversified equity portfolios, with a primary focus on the largest sectors.

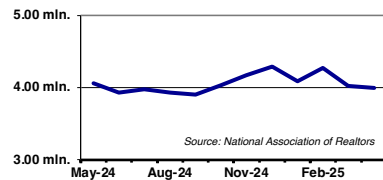
SECTOR WEIGHTS (% OF S&P 500, 5-YR. RANGE)



ECONOMIC TRADING CHARTS & CALENDAR

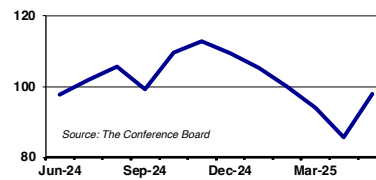
Release: Existing Home Sales

Date: 6/23/2025
Month: May
Previous Report: 4.00 mln.
Argus Estimate: 4.10 mln.
Street Estimate: 3.95 mln.



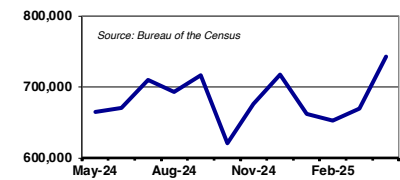
Release: Consumer Confidence

Date: 5/24/2025
Month: June
Previous Report: 98.0
Argus Estimate: 100.0
Street Estimate: 99.8



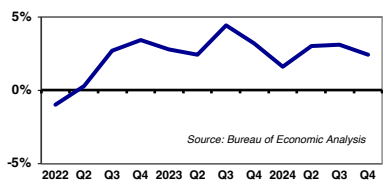
Release: New Home Sales

Date: 6/25/2025
Month: May
Previous Report: 743000
Argus Estimate: 655000
Street Estimate: 690000



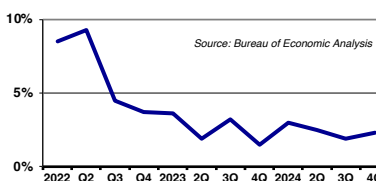
Release: GDP Annualized QoQ

Date: 6/26/2025
Month: 1Q
Previous Report: -0.2%
Argus Estimate: -0.2%
Street Estimate: -0.2%



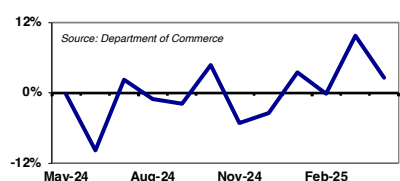
Release: GDP Price Index

Date: 6/26/2025
Month: 1Q
Previous Report: 3.7%
Argus Estimate: 3.7%
Street Estimate: NA



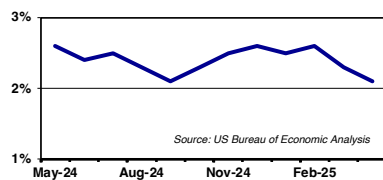
Release: Durable Goods Orders

Date: 6/26/2025
Month: May
Previous Report: 2.6%
Argus Estimate: 7.0%
Street Estimate: NA



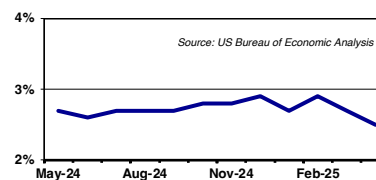
Release: PCE Deflator

Date: 6/27/2025
Month: May
Previous Report: 2.1%
Argus Estimate: 2.3%
Street Estimate: 2.3%



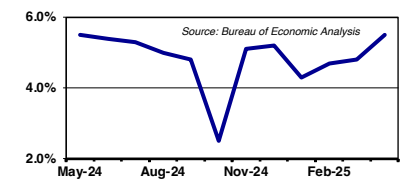
Release: PCE Core Deflator

Date: 6/27/2025
Month: May
Previous Report: 2.5%
Argus Estimate: 2.6%
Street Estimate: 2.6%



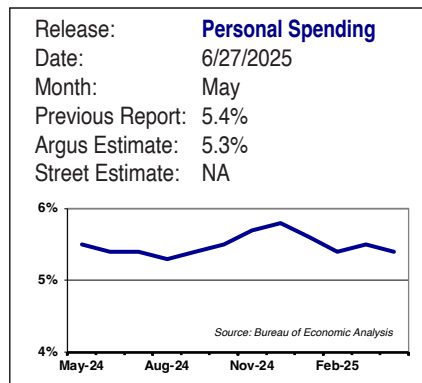
Release: Personal Income

Date: 6/27/2025
Month: May
Previous Report: 5.5%
Argus Estimate: 5.4%
Street Estimate: NA



Previous Week's Releases and Next Week's Releases on next page.

ECONOMIC TRADING CHARTS & CALENDAR (CONTINUED)



Previous Week's Releases

Date	Release	Month	Previous Report	Argus Estimate	Street Estimate	Actual
17-Jun	Retail Sales	May	5.0%	4.4%	NA	3.3%
	Retail Sales ex-autos	May	4.1%	3.9%	NA	3.5%
	Industrial Production	May	1.4%	0.5%	NA	0.6%
	Capacity Utilization	May	77.7%	77.7%	77.7%	77.4%
	Import Price Index	May	0.1%	0.5%	NA	0.2%
	Business Inventories	April	2.5%	2.2%	NA	2.2%
18-Jun	Housing Starts	May	1,361K	1,300K	1,355K	NA
20-Jun	Leading Index	May	-1.0%	0.5%	-0.1%	NA

Next Week's Releases

Date	Release	Month	Previous Report	Argus Estimate	Street Estimate	Actual
1-Jul	ISM Manufacturing	June	48.5	NA	NA	NA
	ISM New Orders	June	47.6	NA	NA	NA
	Construction Spending	May	-0.5%	NA	NA	NA
3-Jul	Nonfarm Payrolls	June	139K	NA	NA	NA
	Unemployment Rate	June	4.2%	NA	NA	NA
	Average Weekly Hours	June	34.3	NA	NA	NA
	Average Hourly Earnings	June	3.9%	NA	NA	NA
	ISM Services Index	June	49.9	NA	NA	NA
	Trade Balance	May	-\$61.6 Bln.	NA	NA	NA
	Factory Orders	May	0.9%	NA	NA	NA

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