



OLD NORTH STATE TRUST

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THE ECONOMY AT A GLANCE

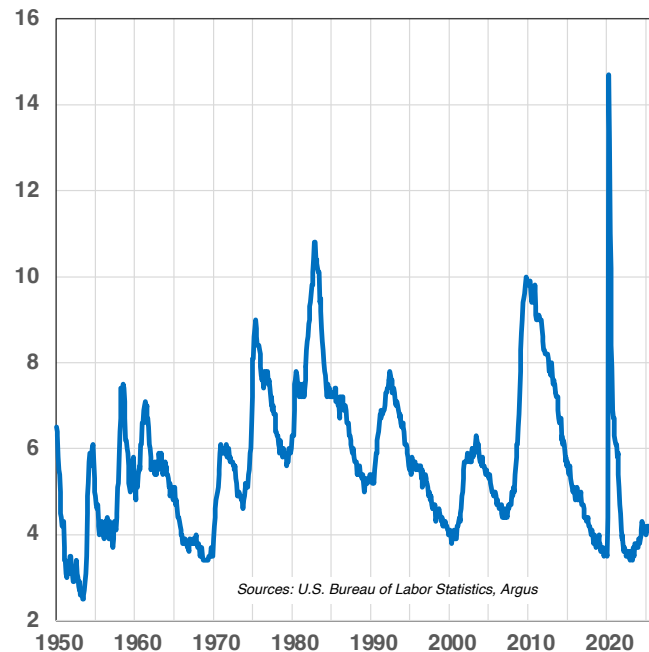
ECONOMIC HIGHLIGHTS

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UNEMPLOYMENT FALLS TO 4.1%

The job market remained strong in June, defying concerns it is poised to slow from tariffs, job cuts at government agencies, soft business and consumer confidence, and signs of aggressive enforcement of immigration. The Bureau of Labor Statistics (BLS) reported that the U.S. economy generated 147,000 nonfarm jobs in June. May's payrolls were revised higher by 5,000 and April by 11,000. The June result and the revisions raised the three-month average to 150,000 from 135,000. The BLS diffusion index indicated 49.6% of 250 private industries are hiring, down from 51.8% in May. Manufacturing jumped to 52.1% from 40.3%. The June unemployment rate declined to 4.1%. Average hourly earnings increased eight cents month to month and are 3.7% higher year over year. The average workweek dropped by a tenth to 34.2 hours. Employment increased in state government and healthcare. Federal government employment fell by 7,000, and the decline of 69,000 since January is far below 288,000 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. The manufacturing sector lost 7,000 jobs. Healthcare added 59,000, and state and local government added 47,000.

U.S. UNEMPLOYMENT RATE (%)

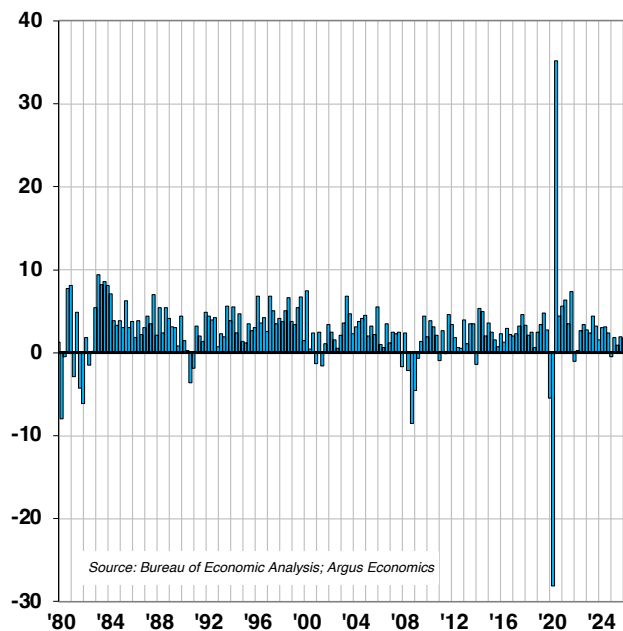


ECONOMIC HIGHLIGHTS (CONTINUED)

RAISING 2Q GDP FORECAST

We are raising our 2Q 2025 estimate for GDP growth to 1.8% from 1.1%. We still expect 1.0% growth for the year. U.S. consumers have been an engine of growth and that should continue with unemployment low, at 4.1%, and real disposable personal income up a healthy 2.5% in the first quarter. We expect Personal Consumption Expenditures (PCE), which represent about 69% of GDP, to grow by about 1.5% for the year, with spending on services up 1.6%. After a 0.5% revised decline in 1Q, we expect GDP to grow 1.8% in 2Q, 0.9% in 3Q, and 1.9% in 4Q. Our 2026 growth estimate is now 1.7%, up from 1.5%. Based on the most-recent Summary of Economic Projections, the Federal Reserve governors and regional bank presidents expect GDP to grow 1.4% in 2025 and 1.6% in 2026. Indicators driven by a broad array of data suggest 2Q growth. On July 3, the Federal Reserve Bank of Atlanta's GDP Nowcast was estimating a 2Q GDP increase of 2.6, with PCE projected to grow 1.6%. The trade balance and inventories, which are notoriously difficult to forecast, are likely to be key factors in the near term. In the medium-term, we expect tax cuts in the \$3.4 trillion "big beautiful bill" to support discretionary spending, while federal government investment and expenditures boost national defense by \$150 billion. Imports of foreign-made goods, which are subtracted from domestic production, reduced 1Q GDP by nearly five points as consumers and businesses made purchases to front-run expected tariffs. Net exports are projected to decline in 2Q, adding about 3.5 points to GDP -- a swing of eight 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 decline in 2Q, reducing GDP by 2.1 points. On July 3, the Federal Reserve Bank of New York's Staff Nowcast for 2Q called for 1.56% growth, with a 60% probability range of 0.23%-2.89%. The NY Fed's Nowcast for 3Q was projecting growth of 1.78%.

GDP TRENDS & OUTLOOK (% CHANGE)

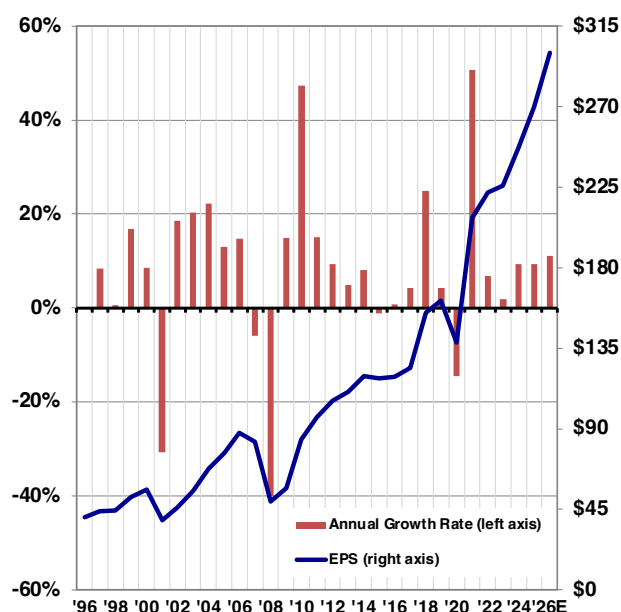


FINANCIAL MARKET HIGHLIGHTS

AN IMPORTANT EARNINGS SEASON

Consensus EPS estimates for 2Q25 growth range from low-single-digits to high-single-digits. This follows 14% growth in 1Q EPS, according to LSEG I/B/E/S. Leading sectors for 2Q25 are expected to be Communication Services and Information Technology. Growth from the semiconductors industry is expected to outpace overall growth. On the downside, earnings from the Energy sector are expected to decline by 25% and Consumer Discretionary by 4%. Revenue is expected to increase 4%, led by IT. The balance of earnings growth will come from margin improvement and share buybacks. For 2025, our S&P 500 earnings estimate is \$270, implying high-single-digit growth from the 2Q24 level. Last quarter, 75% of companies exceeded consensus expectations, compared to the historical average of 67%. Some complain that the U.S. SEC places too much emphasis on reporting short-term results. But you can't argue that the system generates the most-transparent market in the world, as companies not only report results, but discuss those results and the outlook. That's important today, when there is so much uncertainty over the direction of the global economy.

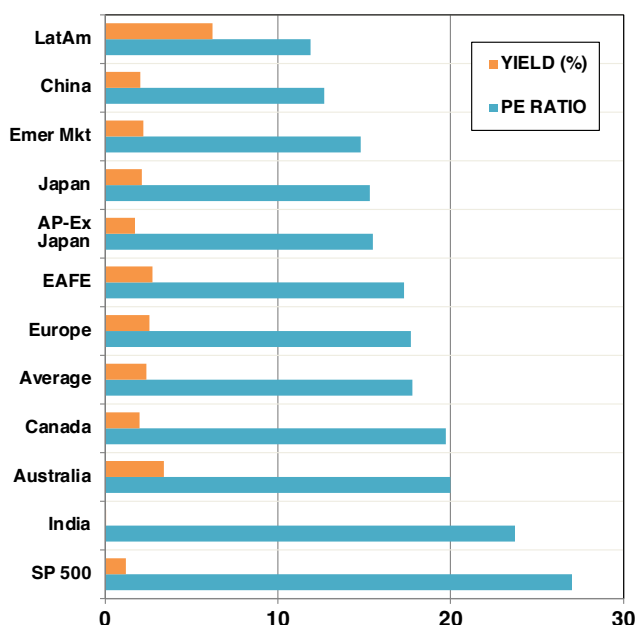
S&P 500 EPS TRENDS & ESTIMATES



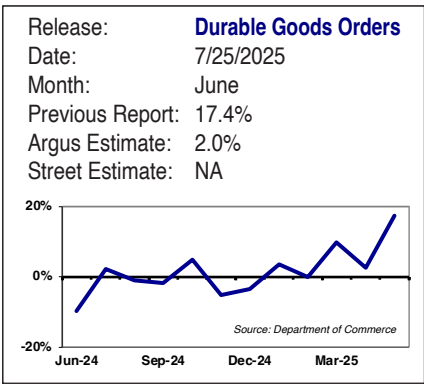
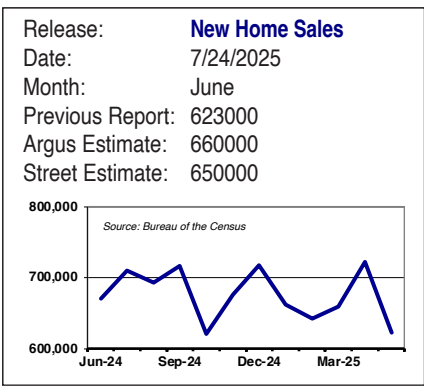
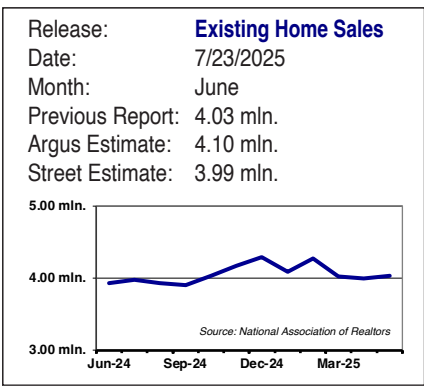
GLOBAL STOCKS OFFER VALUE

As worldwide markets are challenged by trade wars, higher interest rates, conflict in the Middle East, and the lingering battle between Russia and Ukraine, one thing has not changed: U.S. stocks are more expensive than global stocks. The trailing P/E ratio on the S&P 500 is 27, above the global average of 18 and well above the 12-15 average P/Es for emerging-market stocks in China and Latin America. The current dividend yield for the S&P 500 is 1.2%, versus the global average of 2.4% and Australian and Latin American yields of 3%-6%. Taking a step back, investors generally are willing to pay a higher price for North American securities because of the transparency of the U.S. financial system and the liquidity of U.S. markets. What's more, global returns can be volatile across individual countries, given currency, security, political, and geopolitical risks. Indeed, U.S. stocks (ETF SPY) have outperformed EAFE (ETF EFA) over the past five years. The tide is turning a bit in 2025, as global investors respond to uncertainty over U.S. trade policy and as global central banks lower rates. Year to date, global stocks are up 18%, while U.S. stocks are up 7%. Given expectations for more trade-related volatility in the months ahead, we think diversified investors should have 20%-25% of their equity allocations in international stocks in order to take advantage of the value.

GLOBAL EQUITY VALUATION METRICS



ECONOMIC TRADING CHARTS & CALENDAR



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
15-Jul	Consumer Price Index	June	2.4%	2.6%	2.7%	2.7%
	CPI ex-Food & Energy	June	2.8%	3.0%	3.0%	2.9%
16-Jul	PPI Final Demand	June	2.6%	2.4%	NA	NA
	PPI ex-Food & Energy	June	3.0%	3.3%	NA	NA
	Industrial Production	June	0.6%	0.3%	NA	NA
	Capacity Utilization	June	77.4%	77.4%	77.3%	NA
17-Jul	Retail Sales	June	3.3%	3.5%	NA	NA
	Retail Sales ex-autos	June	3.5%	3.2%	NA	NA
	Import Price Index	June	0.2%	0.4%	NA	NA
	Business Inventories	May	2.2%	1.2%	NA	NA
18-Jul	Housing Starts	June	1,256K	1,350K	1,300K	NA
	U. Michigan Sentiment	July	60.7	60.0	61.3	NA

Next Week's Releases

Date	Release	Month	Previous Report	Argus Estimate	Street Estimate	Actual
29-Jul	Consumer Confidence	July	93.0	NA	NA	NA
30-Jul	GDP Annualized QoQ	2Q "1st est."	-0.5%	NA	NA	NA
	GDP Price Index	2Q "1st est."	3.8%	NA	NA	NA
31-Jul	PCE Deflator	June	2.3%	NA	NA	NA
	PCE Core Deflator	June	2.7%	NA	NA	NA
	Personal Income	June	4.5%	NA	NA	NA
	Personal Spending	June	4.5%	NA	NA	NA
1-Aug	Nonfarm Payrolls	July	147K	NA	NA	NA
	Unemployment Rate	July	4.1%	NA	NA	NA
	Average Weekly Hours	July	34.2	NA	NA	NA
	Average Hourly Earnings	July	3.7%	NA	NA	NA
	ISM Manufacturing	July	49.0	NA	NA	NA
	ISM New Orders	July	46.4	NA	NA	NA
	Construction Spending	June	-3.5%	NA	NA	NA

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