

Well, That Didn't Go as Expected. What's Next?

Keith Prather, Managing Director

Theme for Today and My Favorite Larson Far Side Cartoon



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Far Side Comics
Gary Larson
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Words of Insight from a trucking CEO...



Dirty Little Economic Secrets...



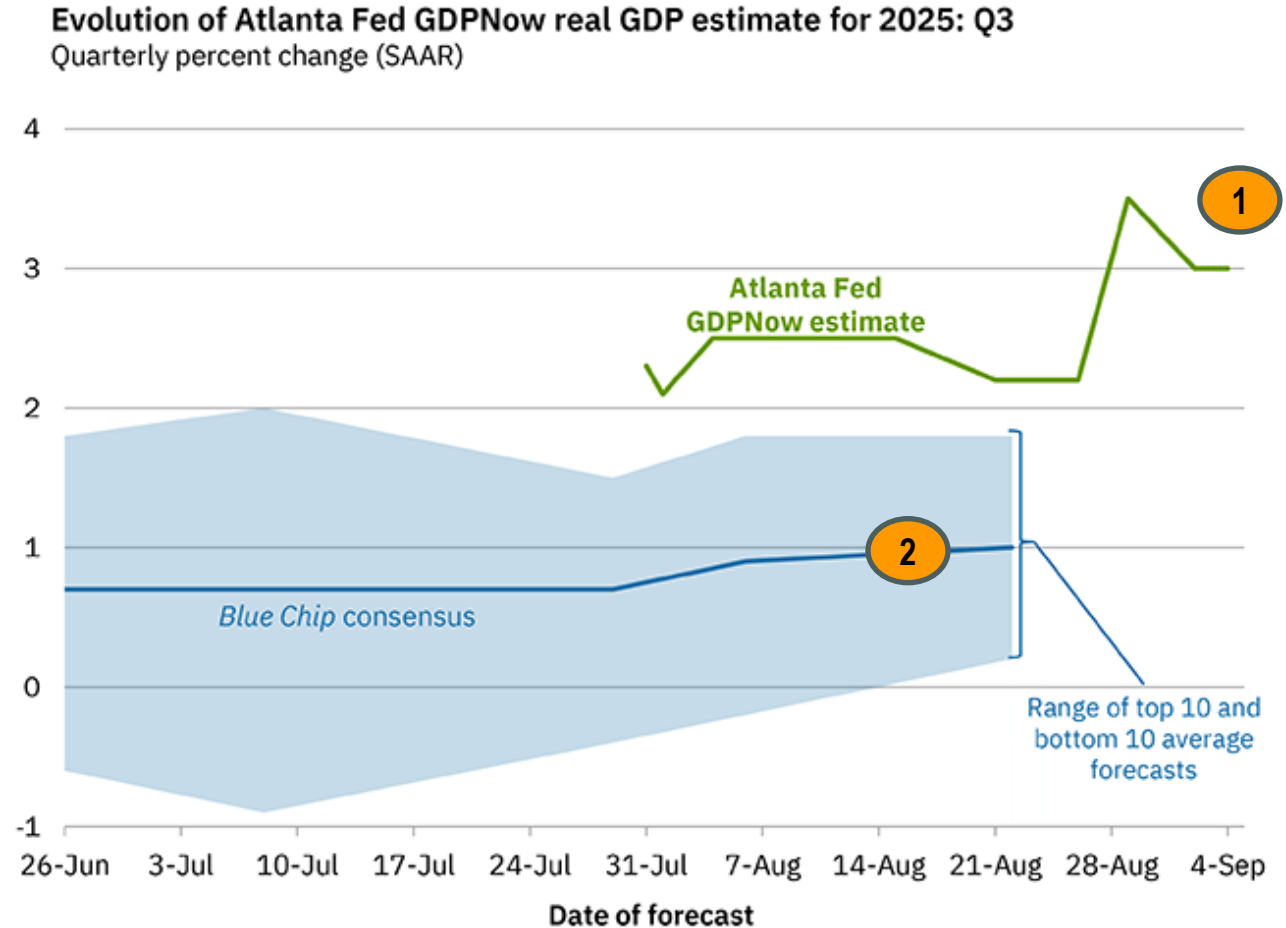
Current: Q3 GDP Well Ahead of Expectations



- It's still early, but Q3 data is currently showing GDP trending at 3.0%, well ahead of Blue-Chip expectations of just 1.0%.
- Primary drivers early in Q3 (as a percent of GDP growth):

1. Consumer spending	54%
2. Nonresidential fixed investment	29%
3. Inventory building activity	0%
4. Residential	-3%
5. Government	3%
6. Net exports	17%

 - (Boeing, and LNG to Europe)
- Fed expectations for the third quarter are still pretty low.



Sources: Blue Chip Economic Indicators and Blue Chip Financial Forecasts

Note: The top (bottom) 10 average forecast is an average of the highest (lowest) 10 forecasts in the Blue Chip survey.

Fed Looking at 2-3 Cuts in 2H '25

- Fed's outlook signals stagflation (rising inflation and cooling growth). **Current GDP would hit 2.2% with an average Q4 rate.**
- First time since 1997 that the Fed was divided on rate policy (2 dissenters)

Variable	Median ¹			
	2025	2026	2027	Longer run
Change in real GDP	1 1.4	1.6	1.8	2 1.8
March projection	1.7	1.8	1.8	1.8
Unemployment rate	4.5	4.5	4.4	4.2
March projection	4.4	4.3	4.3	4.2
PCE inflation	3 3.0	2.4	4 2.1	2.0
March projection	2.7	2.2	2.0	2.0
Core PCE inflation ⁴	3.1	2.4	2.1	
March projection	2.8	2.2	2.0	
Memo: Projected appropriate policy path				
Federal funds rate	5 3.9	3.6	6 3.4	7 3.0
March projection	3.9	3.4	3.1	3.0

The Long-Term Labor Market Problem

- AI is starting to have an impact on employment, but here is a new bottom line looking forward between 2025 and 2030:
 - Baby Boomer Retirements -21.7M
 - Net New Entrants 2 2.3M
 - Net Labor Force Change by 2030 ~ -18.0M
 - AI job losses -4.0M
 - AI job creation 3 1.0M
 - Net Short Term Loss (18-24 months) -3.0M
 - Net (Short) 4 -15.0M
- We have to go through a transition period where AI outpaces retirements and job creation, but long term, the US still has a labor shortage.

Category	Jobs Added or Subtracted in June
Total	147,000
Mining and Logging	(2,000)
Construction	15,000
Nonresidential	(400)
Manufacturing	(7,000)
Trade, Transportation, Utilities	3,000
Retail	2,400
Information	3,000
Financial Activities	3,000
Real Estate	2,100
Professional and Business	(7,000)
Computer system design	(2,500)
Private Education	(7,500)
Health Care	58,600
Leisure and Hospitality	20,000
Government	73,000
Federal	(7,000)
State	47,000
Local	33,000

Inflation – Based on the Top-Secret Source the Fed Watches...



One-month PCE inflation, annual rate

	25-Feb	25-Mar	25-Apr	25-May	25-Jun	25-Jul	
PCE	5.2	0.2	1.8	1.9	3.5	2.4	
PCE ex F&E	5.9	1.1	2.0	2.4	3.2	3.3	
Trimmed mean	3.0	2.7	2.8	1.9	3.4	1.9	1

Six-month PCE inflation, annual rate

	25-Feb	25-Mar	25-Apr	25-May	25-Jun	25-Jul	
PCE	3.3	3.0	2.8	2.9	2.8	2.5	
PCE ex F&E	3.4	3.1	2.8	3.0	3.1	3.0	
Trimmed mean	2.8	2.9	2.8	2.7	2.8	2.6	2

12-month PCE inflation

	25-Feb	25-Mar	25-Apr	25-May	25-Jun	25-Jul	
PCE	2.7	2.3	2.2	2.4	2.6	2.6	
PCE ex F&E	2.9	2.7	2.6	2.7	2.8	2.9	
Trimmed mean	2.6	2.6	2.6	2.6	2.7	2.7	3

On Tariffs...

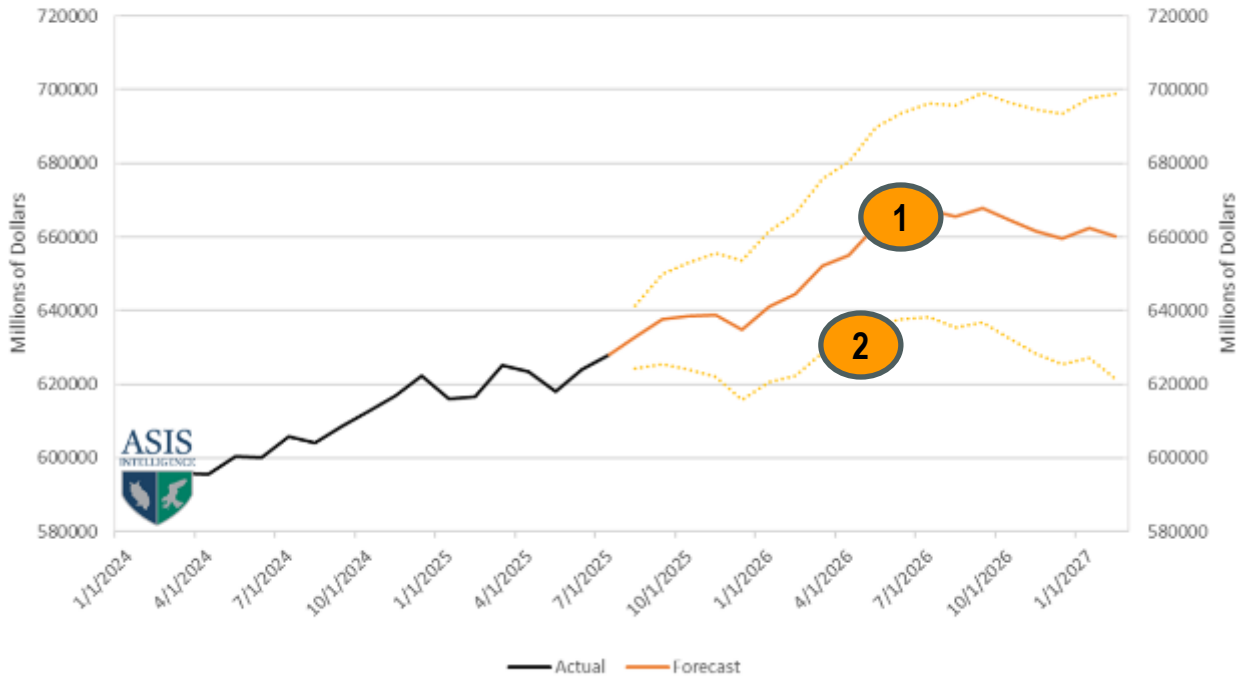
1. **US Court of Appeals upheld the lower court ruling, reciprocal tariffs are illegal.**
 - Appeal to US Supreme Court has been filed – and reciprocal tariffs remain in place for now.
2. **Section 301 and 232 tariffs remain in place (which means de minimus tariffs on items under \$800 also remain in place).**
 - Significant bankruptcy risks emanating out of this in foreign markets
 - **Even if you do not deal with de minimus shipments, be wary of clients with de minimus exposure...**
3. **The Supreme Court will rule on whether they will take the case by October 14th.**
 - If they take the case, this drags out till Q2 of 2026
 - If they do not, a rash of refund issues will emerge
4. **New trade deal tariffs run outside of the court ruling, they remain in effect.**
 - China, India and non-USMCA products with Canada and Mexico still hanging.

Retail Spending Forecast

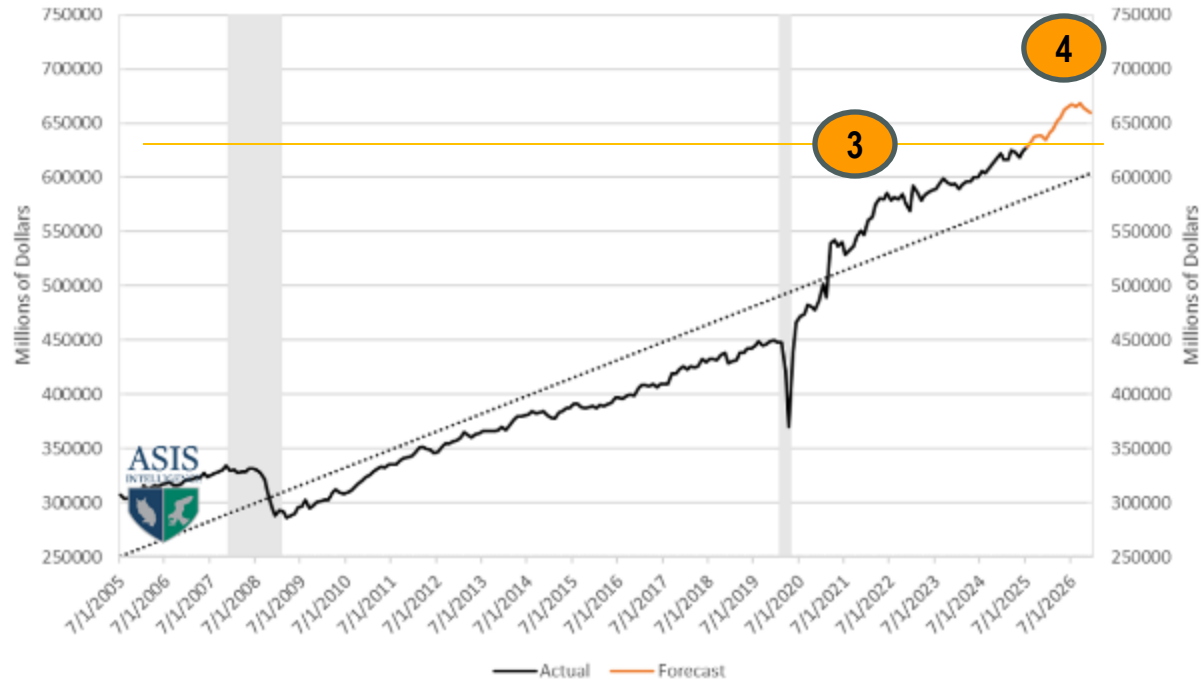
Bain: Seasonal spending +4% vs.
5.2% long-term average.
\$975B – Tax bill adds \$275B in '26



Advance Retail Sales: Retail Trade (RSXFS)
Forecast as of 08/19/2025



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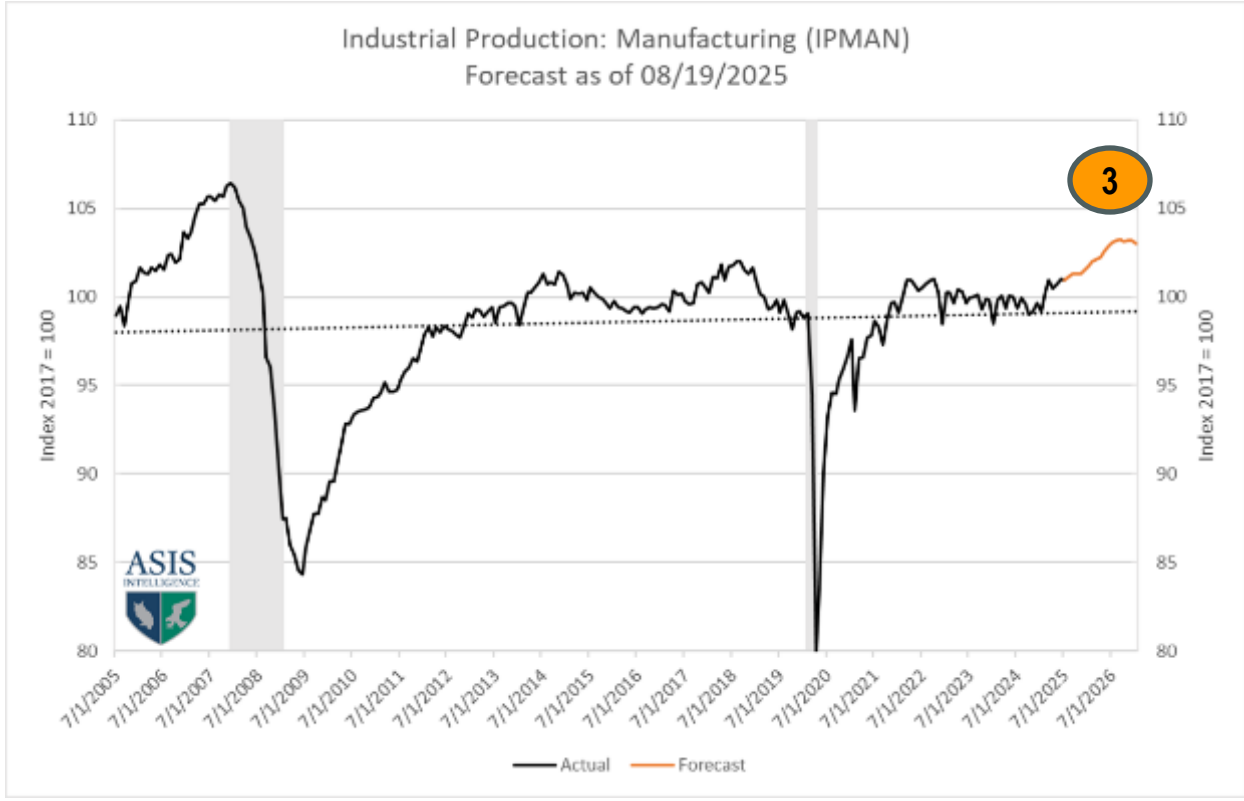
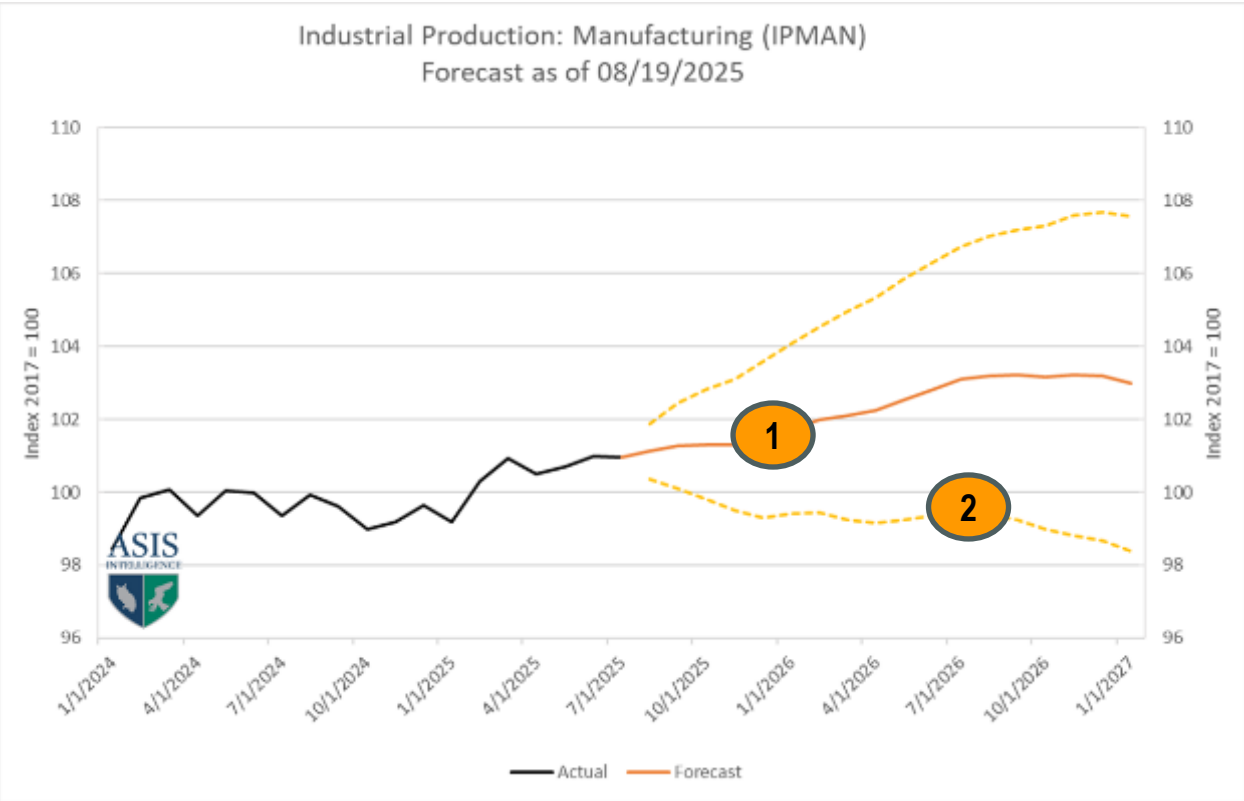
	2023				2024				2025				2023	2024	2025*
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3*	Q4*			
Advanced Retail Sales RSXFS	1.70%	1.70%	1.75%	-0.78%	0.29%	0.67%	1.45%	2.25%	0.44%	-0.20%	2.19%	-0.45%	4.42%	4.74%	1.98%

Source: Armada Forecasts

	3-month	6-month
Advanced Retail Sales RSXFS	96.4%	94.4%

Manufacturing Production Forecast

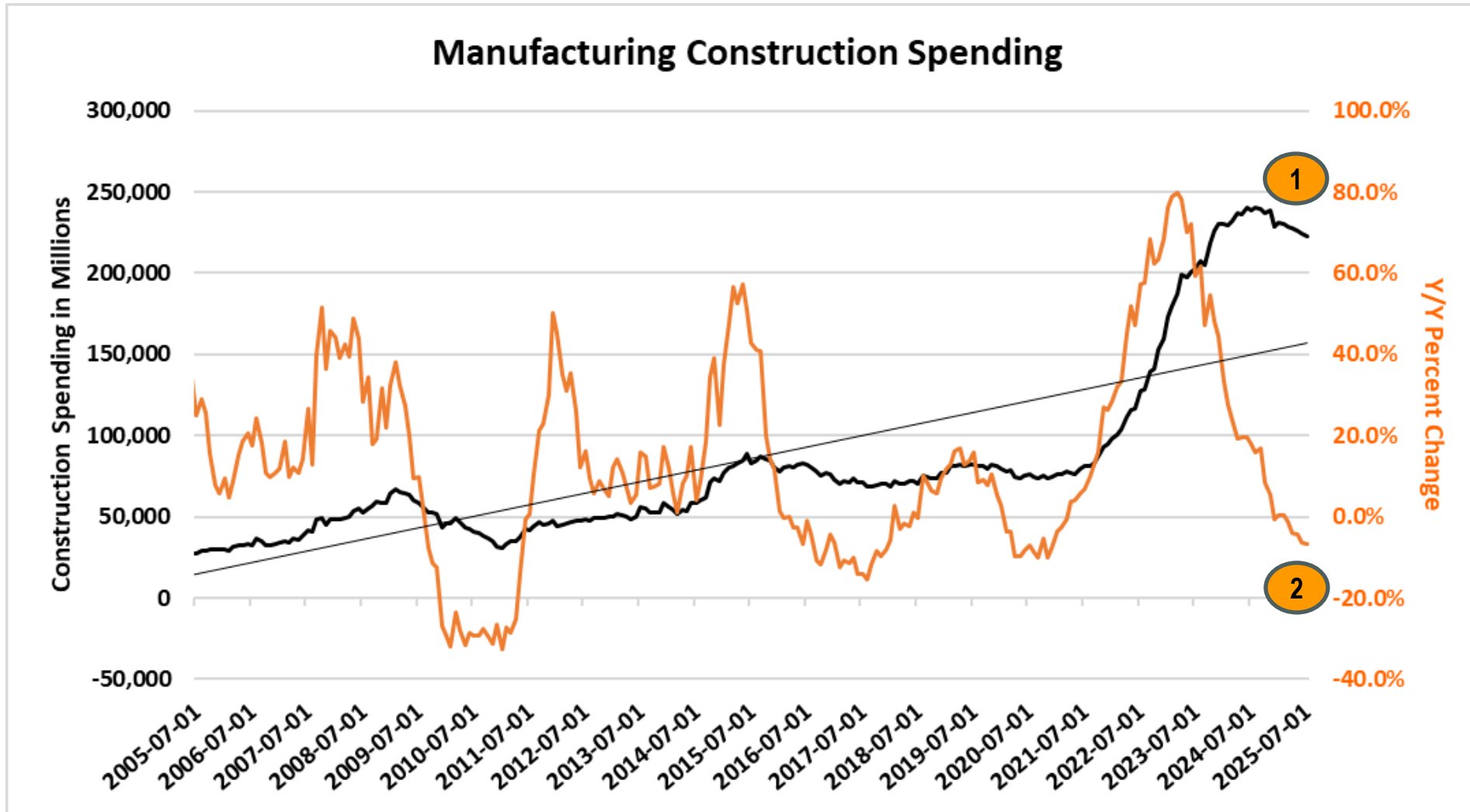
Includes new facilities coming online (those started in '22/'23).



	2023				2024				2025				2023	2024	2025*
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3*	Q4*			
Industrial Production: Manufacturing	1.22%	0.01%	0.45%	-0.27%	0.24%	-0.07%	-0.38%	0.03%	1.29%	0.07%	0.27%	0.17%	1.41%	-0.18%	1.81%

Source: Armada Forecasts

Keep in Mind the Historical Spending Comparison



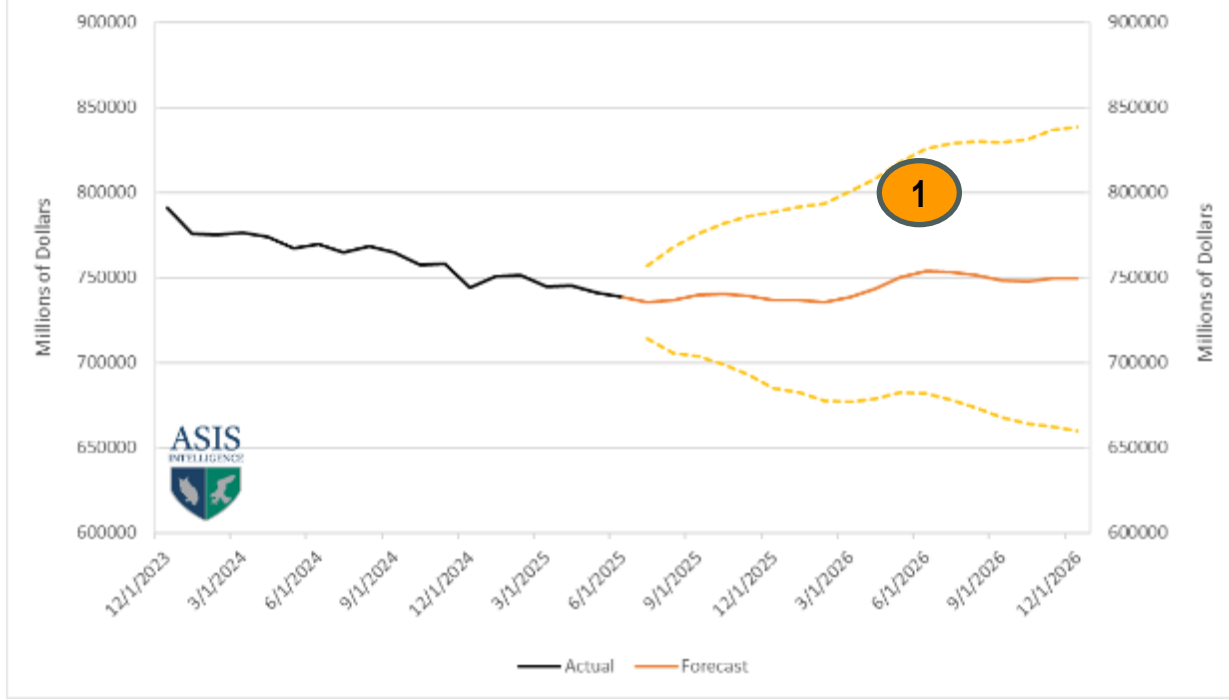
- \$60B average annually prior to pandemic.
- Was \$223B in the latest reading and was at a \$225B average over past two years
- Reportedly \$5T in commitments (Trump Administration touting \$8T)
 - After the Saudi Arabia and Qatar meetings: \$7T

Nonresidential Construction

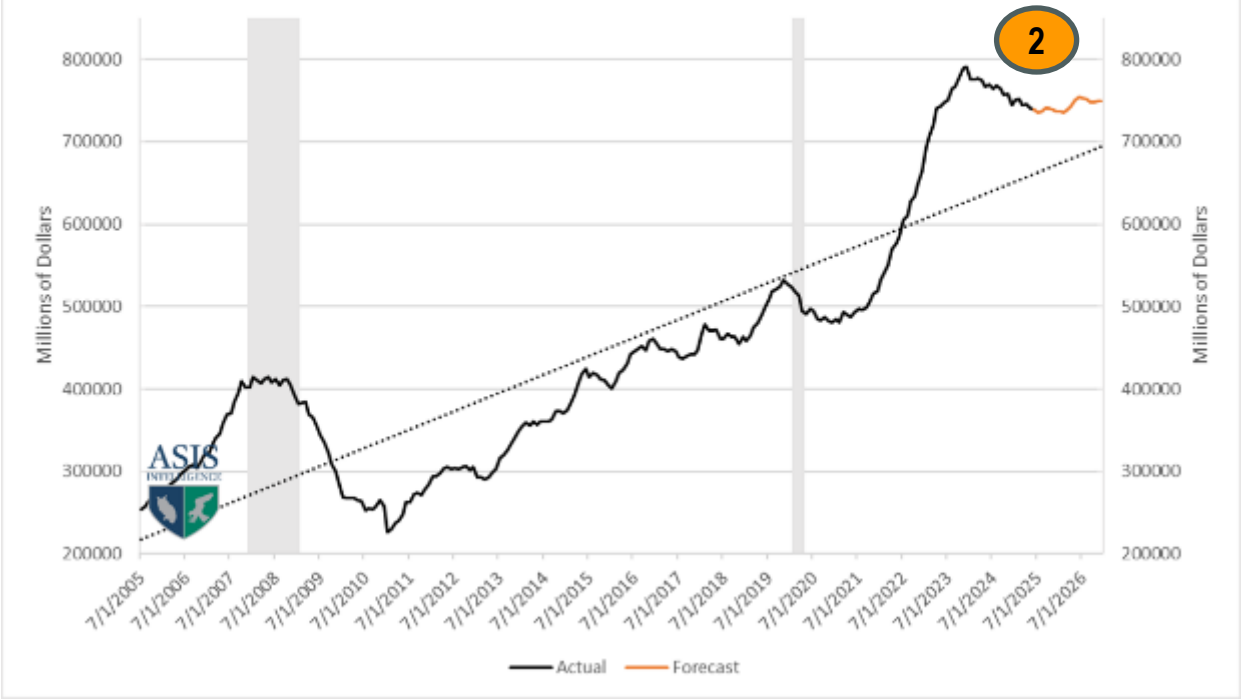
Not seeing it yet. The model shows it flat through the end of the year, picking up slightly in '26.



Private Nonresidential Construction Spending (PNRESCONS)
Forecast as of 08/19/2025



Private Nonresidential Construction Spending (PNRESCONS)
Forecast as of 08/19/2025



	2023				2024				2025				2023	2024	2025*
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3*	Q4*			
Private Nonresidential Construction PNRESCONS	8.56%	3.76%	2.57%	3.19%	-1.87%	-0.89%	-0.63%	-2.69%	0.12%	-0.81%	0.16%	-0.43%	19.22%	-5.97%	-0.97%

Source: Armada Forecasts

Private Nonresidential Construction PNRESCONS	3-month	6-month
	99.088%	97.1%

Global Manufacturing Slight Seasonal Turn?

- **Only 10 countries** had manufacturing sectors in contraction in August (20 in July out of 30 were in contraction)
- Only 5 fell M/M (12 in July).
- Most countries still seeing higher input and output prices, but new orders are still sluggish across most markets.
- Canada at risk with both manufacturing and services sectors in contraction.
- Mexico was starting to report stockouts that held back production. New order volumes were slightly subdued.
- Still many questions about how much inventory was pulled forward over the past several months and what the 90-day softening of tariffs will do to intermediate inbound volumes.

Manufacturing						Services			
Country PMI	Trade with US (in billions)	Current Month	Latest Month PMI	Prior Month PMI	M/M Change	Current Month	Latest Month PMI	Prior Month PMI	M/M Change
US		Aug	53.0	49.8	3.2	Aug	54.5	55.7	-1.2
Global PMI	\$ 4,700	Aug	50.9	49.7	1.2	Aug	53.4	53.5	-0.1
Canada	\$ 665	Aug	48.3	46.1	2.2	Aug	48.6	49.3	-0.7
Mexico	\$ 661	Aug	50.2	49.1	1.1				
China	\$ 655	Aug	50.5	49.5	1.0	Aug	53.0	52.6	0.4
Eurozone PMI	\$ 632	Aug	50.7	49.8	0.9	Aug	50.5	51.0	-0.5
ASEAN	\$ 369	Aug	51.0	50.1	0.9				
Japan	\$ 210	Aug	49.7	48.9	0.8	Aug	53.1	53.6	-0.5
Germany	\$ 201	Aug	49.8	49.1	0.7	Aug	49.3	50.6	-1.3
South Korea	\$ 161	Aug	48.3	48.0	0.3				
UK	\$ 118	Aug	47.0	48.0	-1.0	Aug	54.2	51.8	2.4
Taiwan	\$ 114	Aug	47.4	46.2	1.2				
India	\$ 113	Aug	59.3	59.1	0.2	Aug	62.9	60.5	2.4
Vietnam	\$ 113	Aug	50.4	52.4	-2.0				
Netherlands	\$ 88	Aug	51.9	51.9	0.0				
Ireland	\$ 88	Aug	51.6	53.2	-1.6	Aug	50.6	50.9	-0.3
Switzerland	\$ 87	Aug	49.0	48.8	0.2				
Italy	\$ 83	Aug	50.4	49.8	0.6	Aug	51.5	52.3	-0.8
France	\$ 80	Aug	50.4	48.2	2.2	Aug	49.8	48.5	1.3
Brazil	\$ 78	Aug	47.7	48.2	-0.5	Aug	49.3	46.3	3.0
Singapore	\$ 65	Aug	50.0	49.9	0.1				
Thailand	\$ 60	Aug	52.7	51.9	0.8				
Australia	\$ 39	Aug	53.0	51.3	1.7	Aug	55.8	54.1	1.7
Indonesia	\$ 37	Aug	51.5	49.2	2.3				
Russia	\$ 36	Aug	48.7	47.0	1.7	Aug	50.0	48.6	1.4
Spain	\$ 35	Aug	54.3	51.9	2.4	Aug	53.2	55.1	-1.9
Hong Kong	\$ 34	Aug	50.7	49.2	1.5				
Philippines	\$ 23	Aug	50.8	50.9	-0.1				
Poland	\$ 11	Aug	46.6	45.9	0.7				
Greece	\$ 3	Aug	54.5	51.7	2.8				

Sources: S&P Global, Caixin, JP Morgan, Jibun Bank, Nevi, BME, CIPS

Lastly, I Run the Risk of Being the Evening News



“The Stress Bucket” and the Economy

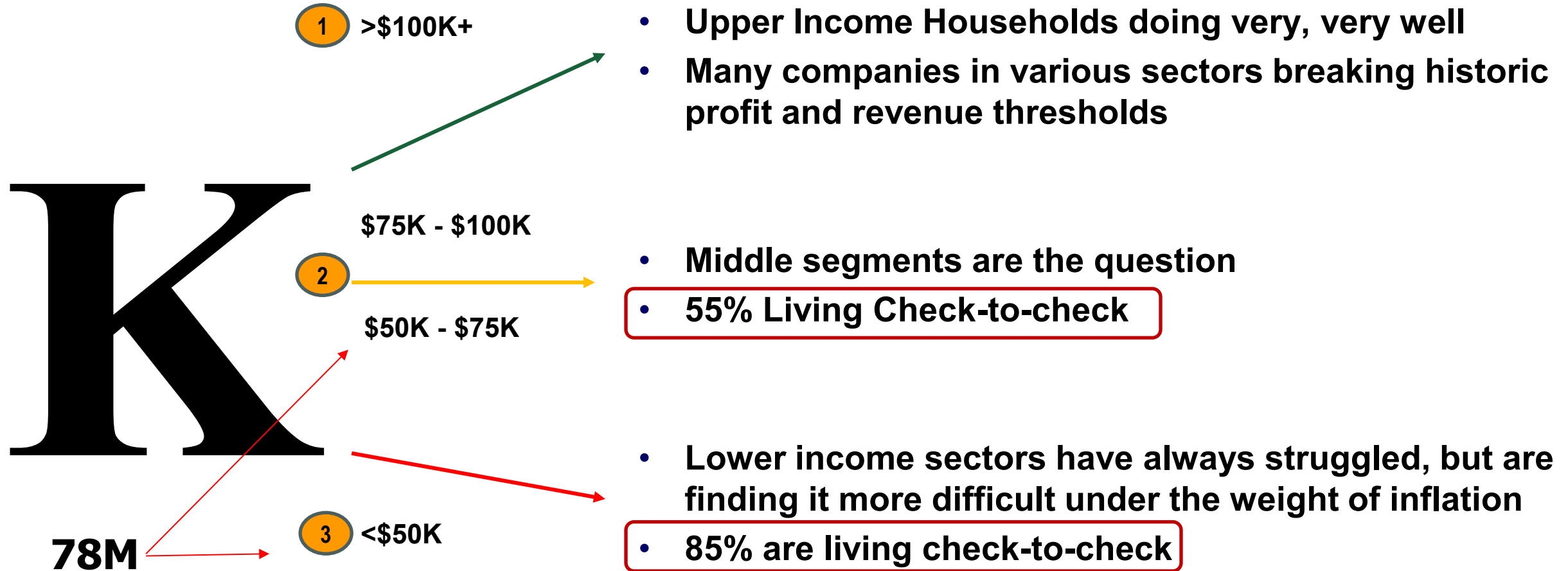


- Front Range Fire Chief Michael West
- Retired (49-year firefighting career)



A Fundamental Principle, and How It Affects Everything

The Rare, K Shaped Recovery



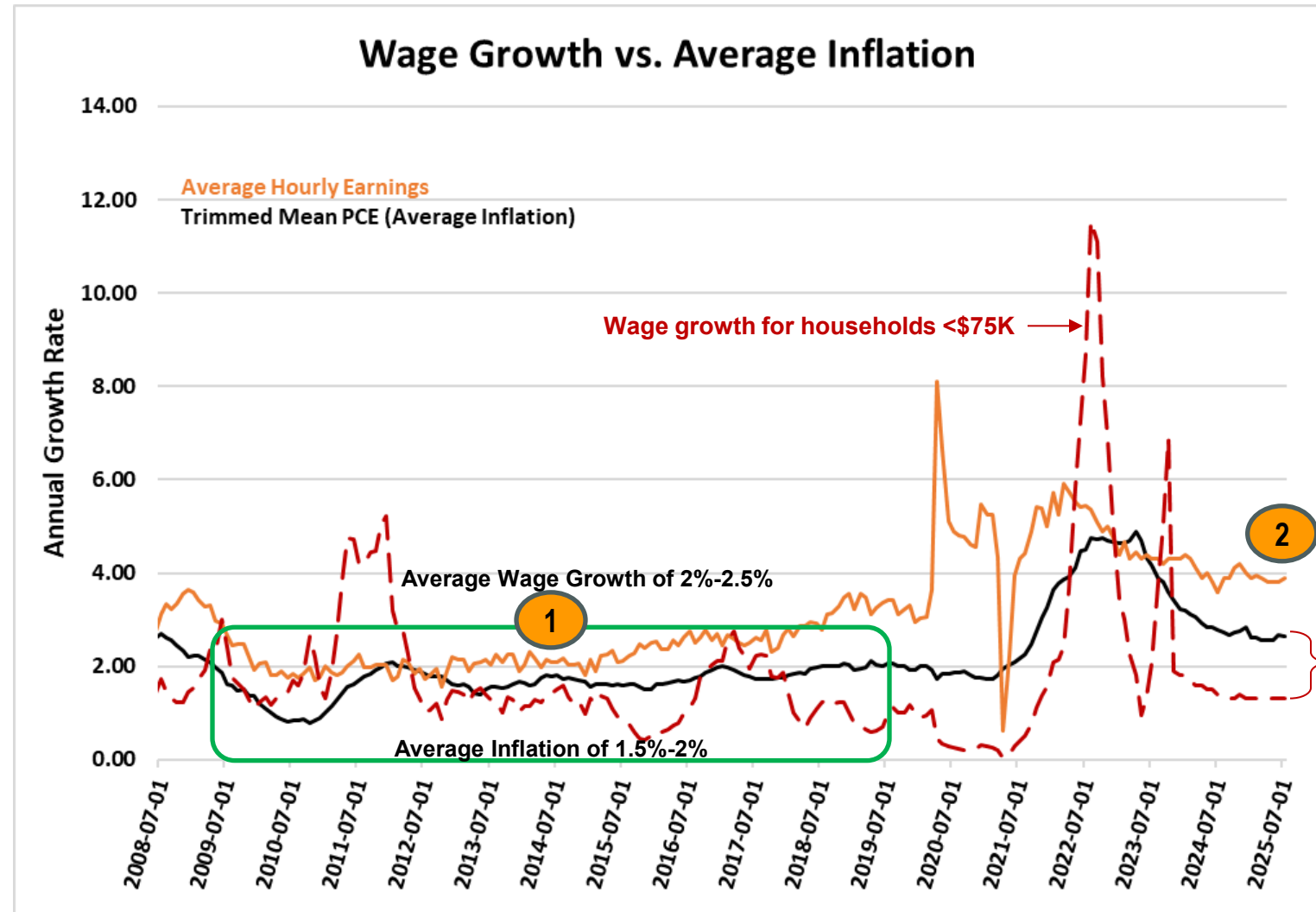
Wages vs. Inflation?



1. Historical wage growth of 2.5%-3.0%
2. Average inflation needs to be 2% in order to allow households to build some “headroom” between income and costs
3. 62% of US households still living check-to-check (28% in higher earning households):
78 million households

K

Lower inflation helps quickly activate the lower half of the K.



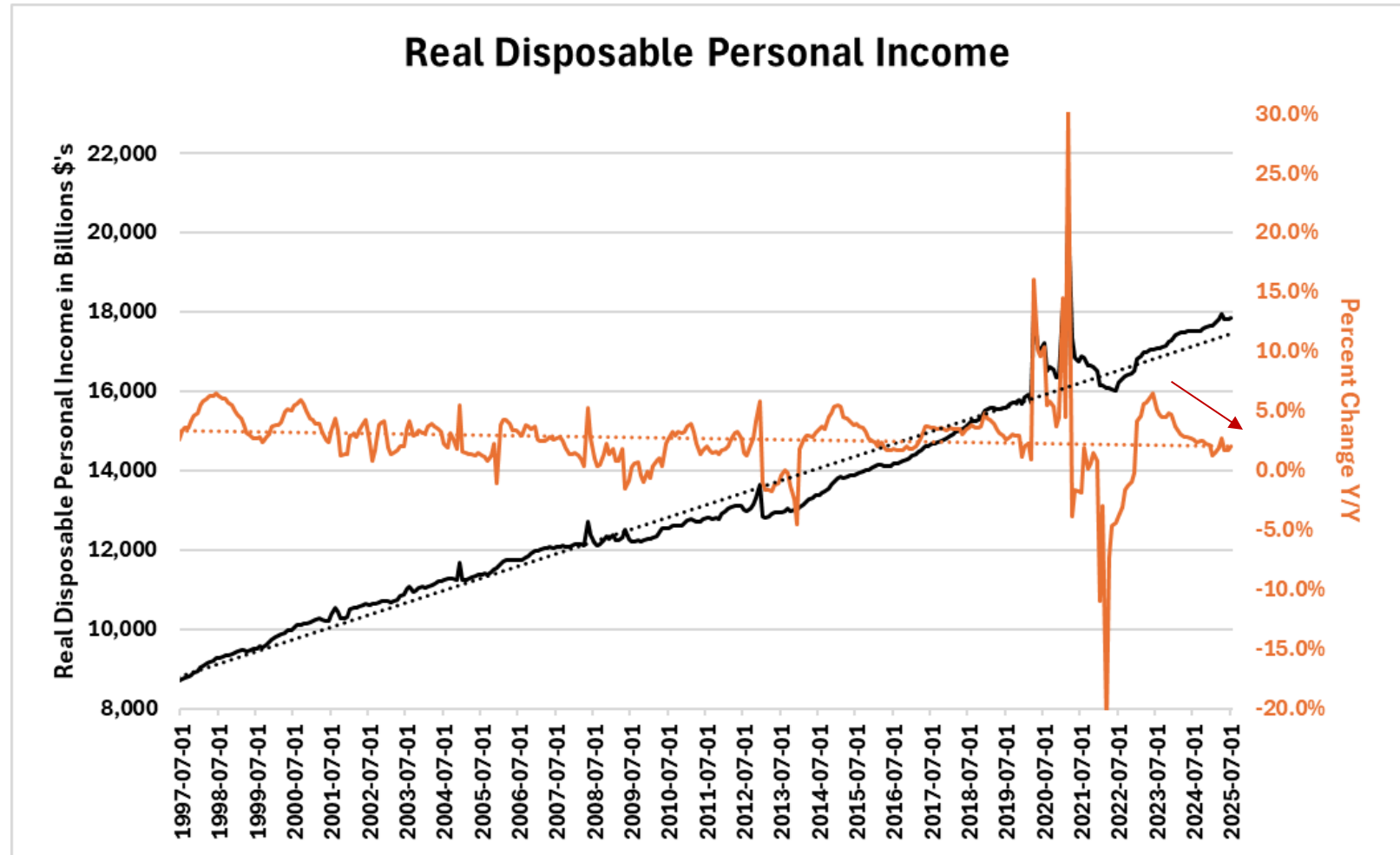
For Now: Real Disposable Personal Income “Just OK”



- Inflation-adjusted disposable personal income is now trending at 1.7%.
- This has a direct impact on discretionary spending.

2021:	3.7%
2022:	-5.2%
2023:	5.1%
2024:	2.7%
2025 (June):	2.0%
2026:	2.9% (?)

2019: 3.1%

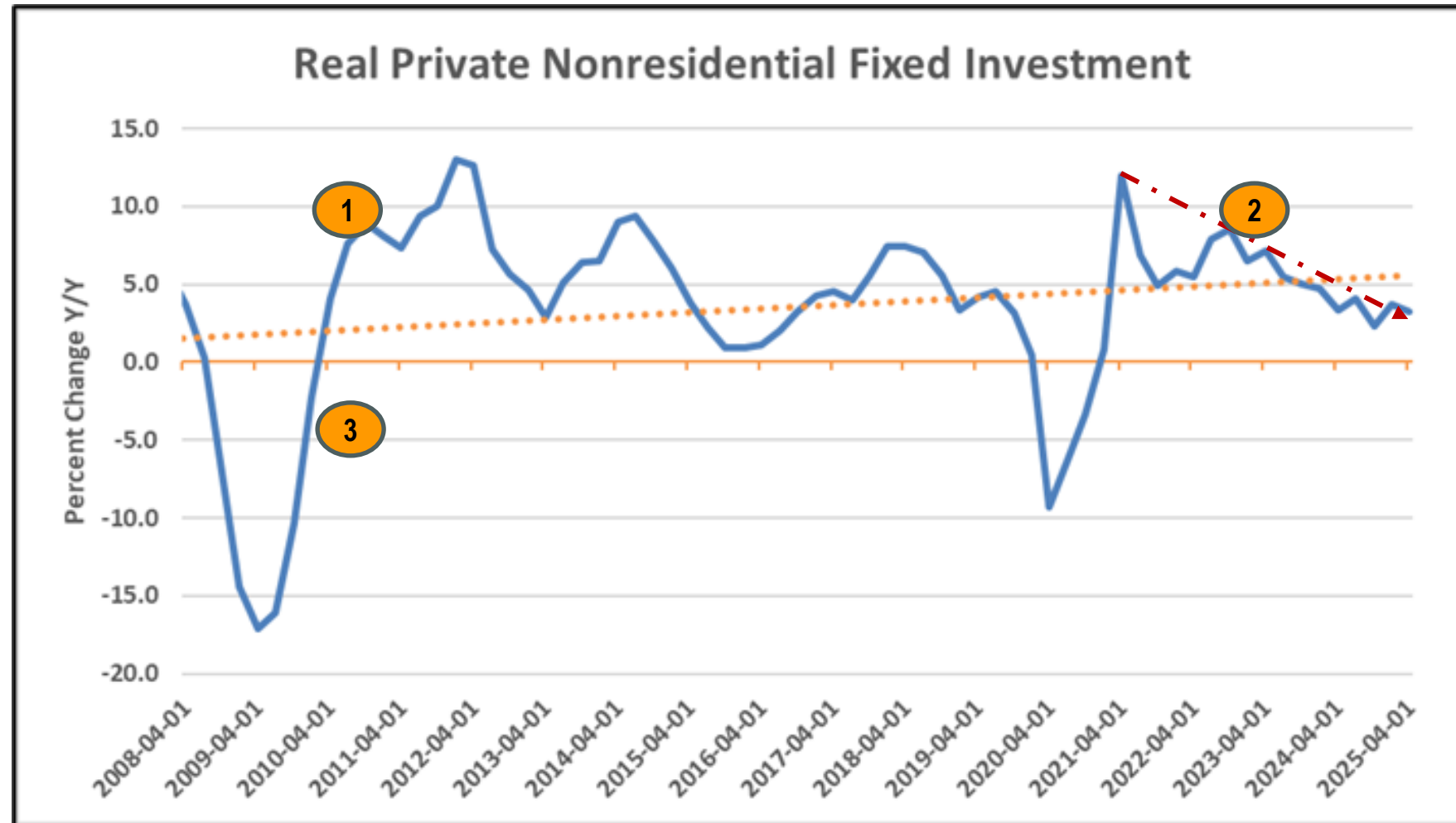


Decade Averages: 1960s: 4.6% 1970s: 3.5% 1980s: 3.2% 1990s: 3.0% 2000s: 2.6% 2010s: 2.4% 2020s: 2.0%

Some Concerns About Corporate Investment and Spending

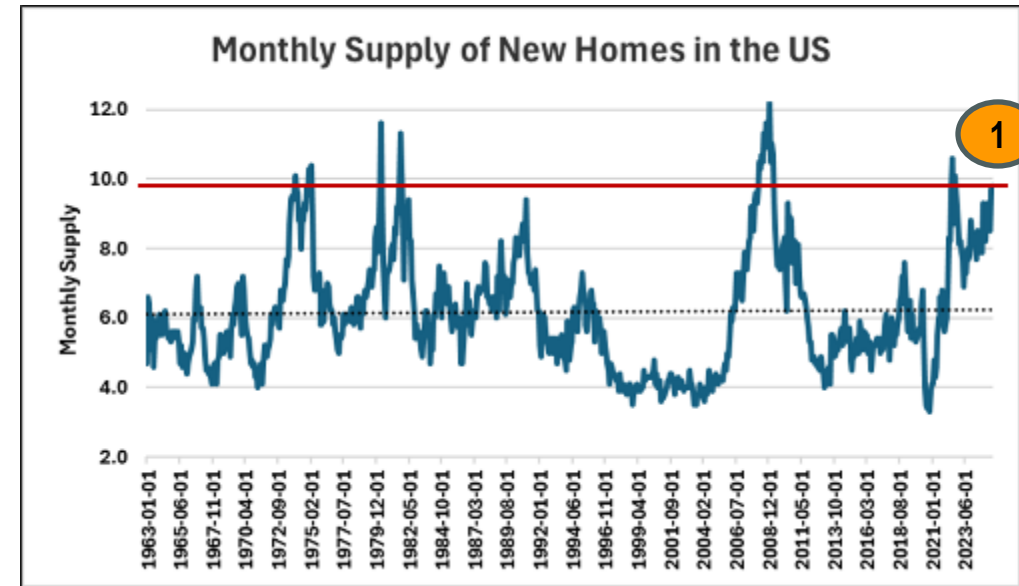


- Growing at 3.2% Y/Y through Q2, but the trend has been sliding since the peak hit in 2021.
- Was only moderately higher by 0.5% Q/Q
- Will be interesting to watch based on Fed movement, the 10Y Treasury yield rates, and OBBBA incentives.



The Big Risk: US Housing (16% of GDP)

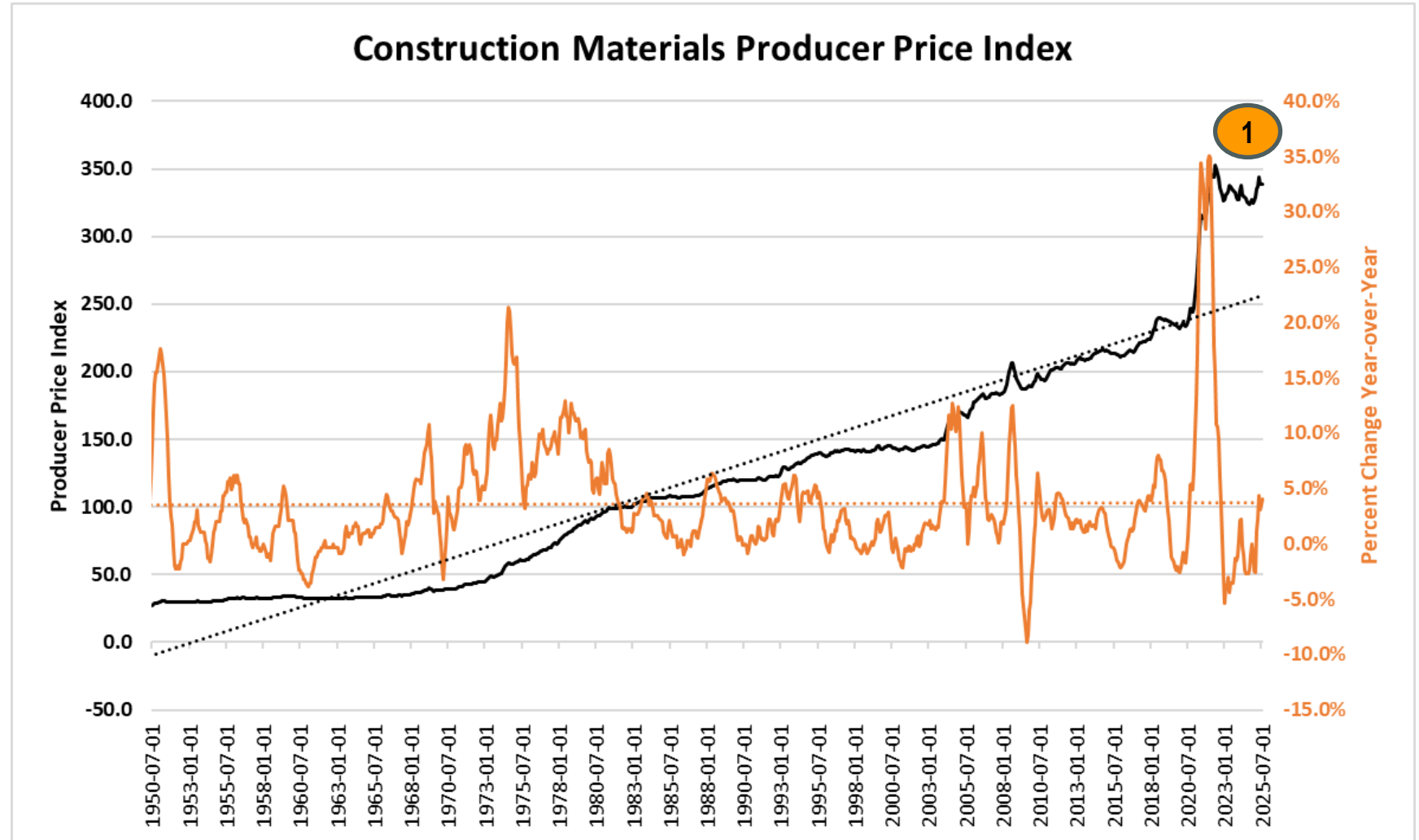
- US Residential Housing sector accounts for **16% of GDP** – and as goes the US housing market so goes the economy.
- The **Monthly Supply of Homes is currently trending at 9.8 months of inventory on hand.**
 - Other than a dramatic crisis period (the pandemic lockdown or the Great Recession), this is the highest level since 1981.
- Impact beyond the obvious: Estimates show **one new single-family home creates 7 full truckloads of equivalent volume** for the inside of the home alone, does not include the exterior or foundation materials.
- Builder sentiment inched up by one point this month to **33**, up from 32 last month but still **19% lower than this time last year.**
 - Input costs are still a concern for many builders – and mortgage rates are still not dropping at sufficient rates
 - For context:
 - Historic average is 51.6**
 - All time high was 90 in November 2020
 - All time low was 8.0 in January of 2009 during the Great Recession



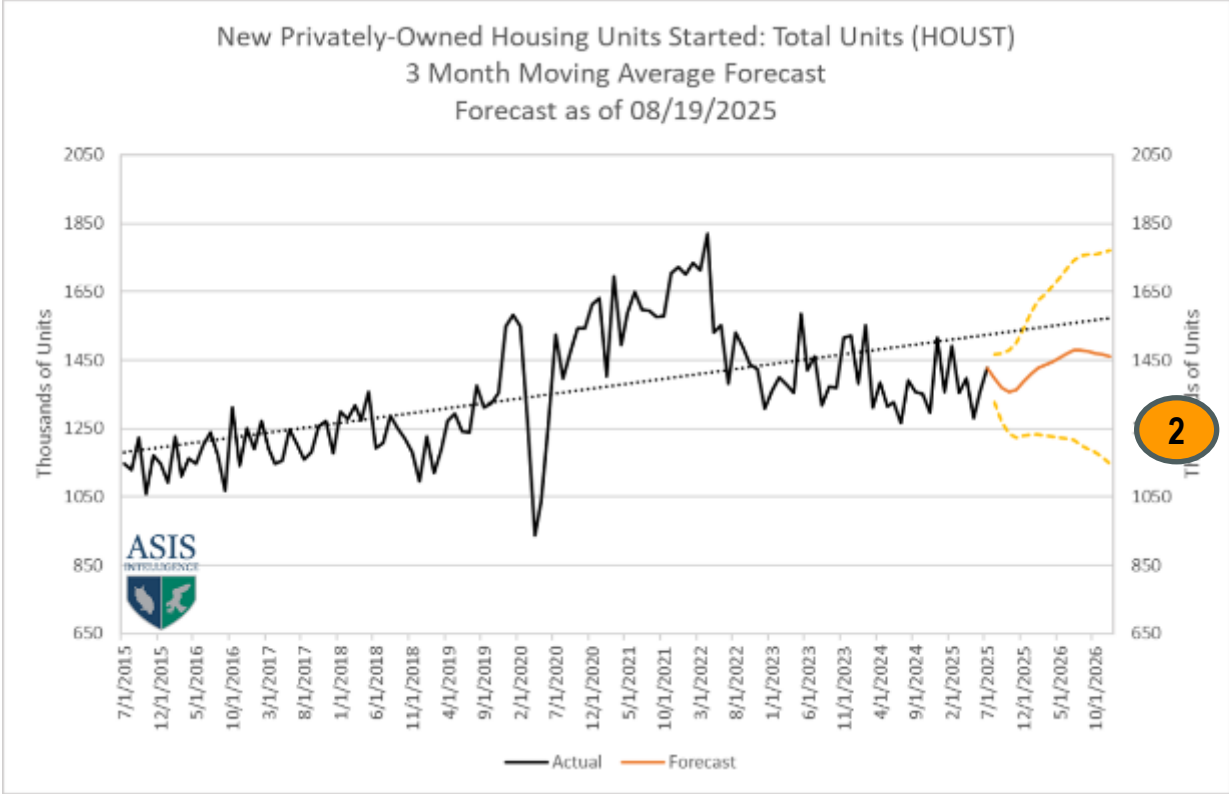
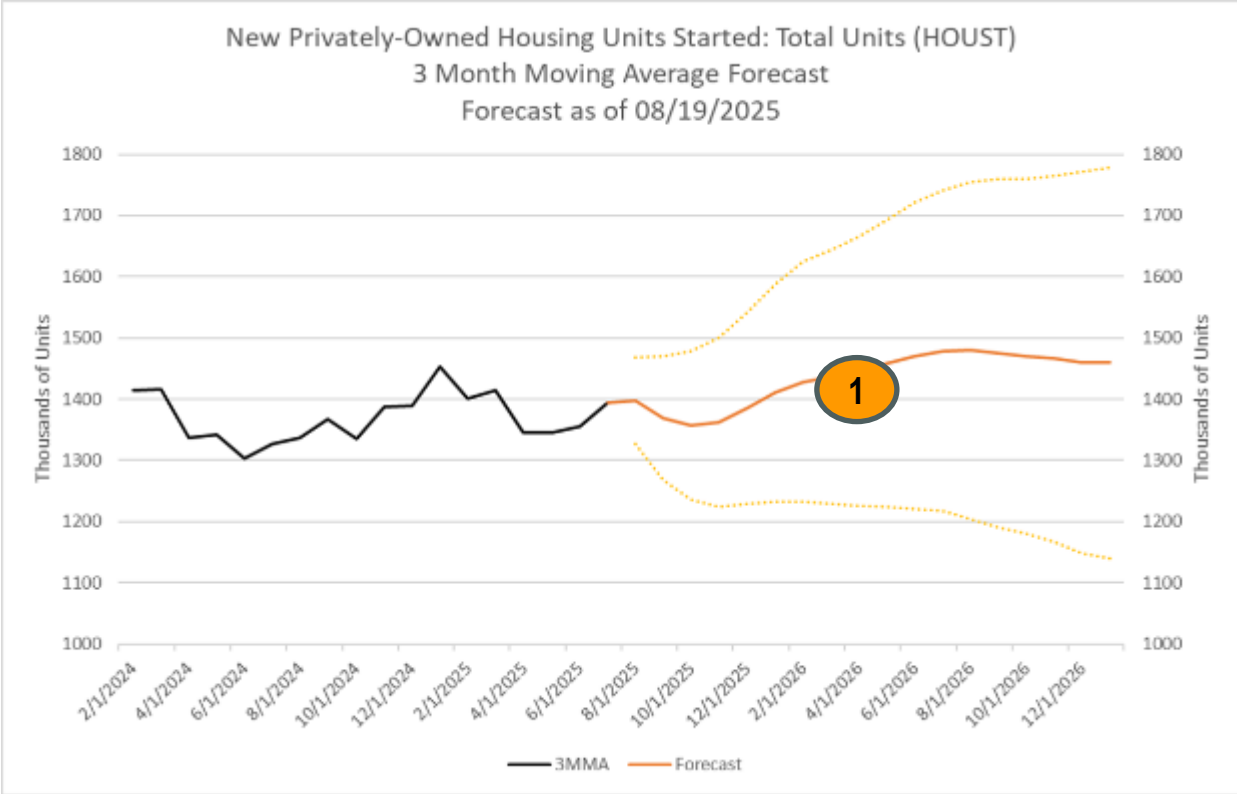
NAHB/Wells Fargo National and Regional Housing Market Index (HMI)										
NATIONAL										
(Seasonally Adjusted)	2024		2025							
	Jul	Aug	Jan	Feb	Mar	Apr	May	Jun	Jul	
								Revised	Prelim.	M/M Y/Y
Housing Market Index	41	39	47	42	39	40	34	32	33	3.1% -19.5%
Housing Market Index Components										
Single Family Sales: Present	46	44	50	46	43	45	37	35	36	2.9% -21.7%
Single Family Sales: Next 6 Months	48	49	59	47	47	43	42	40	43	7.5% -10.4%
Traffic of Prospective Buyers	27	25	32	29	24	25	23	21	20	-4.8% -25.9%
REGIONAL HMI										
(Seasonally Adjusted)	2024		2025							
	Jul	Aug	Jan	Feb	Mar	Apr	May	Jun	Jul	
								Revised	Prelim.	M/M Y/Y
Northeast	47	46	65	50	48	43	42	44	48	9.1% 2.1%
Midwest	39	38	44	43	38	43	40	39	44	12.8% 12.8%
South	43	39	47	41	39	38	32	30	29	-3.3% -32.6%
West	37	37	42	35	34	36	27	22	25	13.6% -32.4%

Construction Materials Producer Price Index – No Relief Showing Through July

- **Housing affordability is the problem** – for the average household. Interest rates and material costs...
- Up 4.1% Y/Y, slightly below May annualized rate.
- **2** Most PMI reports also suggest that input prices were higher in August
- **3** Section 232 tariffs will add more pressure to anything with steel and aluminum components



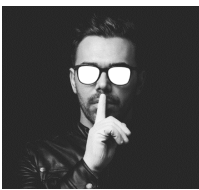
Residential Construction Forecast



	2023				2024				2025				2023	2024	2025*
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3*	Q4*			
New Privately-Owned Housing Units Started: Total Units HOUST	5.28%	3.20%	-3.52%	10.94%	-13.74%	1.14%	2.26%	11.57%	-10.50%	0.22%	0.85%	1.22%	16.28%	-0.46%	-8.44%

Source: Armada Forecasts

	3-month	6-month
New Privately-Owned Housing Units Started: Total Units HOUST	95.5%	97.5%

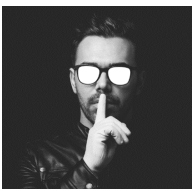


Drewry WCI Container Prices Showing the Stall

Route	Route code	21-Aug-25	28-Aug-25	04-Sep-25	Weekly change (%)	Annual change (%)	
Composite Index	WCI-COMPOSITE	\$2,250	\$2,119	\$2,104	-1% ▼	-56% ▼	1
Shanghai - Rotterdam	WCI-SHA-RTM	\$2,973	\$2,661	\$2,385	-10% ▼	-62% ▼	
Rotterdam - Shanghai	WCI-RTM-SHA	\$477	\$467	\$461	-1% ▼	-25% ▼	
Shanghai - Genoa	WCI-SHA-GOA	\$2,978	\$2,842	\$2,653	-7% ▼	-55% ▼	
Shanghai - Los Angeles	WCI-SHA-LAX	\$2,412	\$2,332	\$2,522	8% ▲	-58% ▼	2
Los Angeles - Shanghai	WCI-LAX-SHA	\$713	\$714	\$720	1% ▲	1% ▲	
Shanghai - New York	WCI-SHA-NYC	\$3,463	\$3,291	\$3,677	12% ▲	-56% ▼	3
New York - Rotterdam	WCI-NYC-RTM	\$839	\$845	\$839	-1% ▼	15% ▲	
Rotterdam - New York	WCI-RTM-NYC	\$1,951	\$1,956	\$1,950	0%	-12% ▼	

Source: Drewry World Container Index: <https://www.drewry.co.uk/supply-chain-advisors/supply-chain-expertise/world-container-index-assessed-by-drewry>

Will This Lead to Q4 Stockouts?



1. 39.5% of the market remains understocked (40.2% last month)
2. 59.8% overstocked (also 59.8% last month)
3. Stripping out the volatile durable goods category, about 28.2% were overstocked (28.3% last month).
4. Compared to 2019, less than 7% are overstocked.
5. Latest PMIs show low inventory levels at the customer level.
6. Some stockouts are possible late in the 2025 cycle.

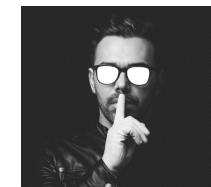
Inventory to Sales Ratio (ISR) Analysis							
	Sector	June Sales (Millions)	9/12/09 - 09/12/19 10-YR Average	Jun-25	ISR Percent Above/Below Pre-pandemic	Jun-19	Percent Change
	Total Business		1.34	1.38	3.0%	1.42	-3%
1	Automotive		2.49	1.54	-38.2%	2.36	-35%
2	Retail		1.43	1.30	-9.1%	1.46	-11%
3	Merchant Wholesalers		1.29	1.30	0.8%	1.35	-4%
4	Manufacturing		1.35	1.57	16.3%	1.44	9%
1	Drugs Wholesalers	101,886	1.09	0.96	-11.9%	1.09	-12%
2	Household Appliances/Electronics Wholesalers	83,548	1.10	0.98	-10.9%	1.18	-17%
3	General Merchandise (ie. Walmart)	77,085	1.43	1.28	-10.5%	1.36	-6%
4	Apparel Stores	26,433	2.39	2.21	-7.5%	2.41	-8%
5	Hardware, Plumbing, Heating Wholesalers	21,591	2.32	2.17	-6.5%	2.04	6%
6	Food and Beverage Stores	84,554	0.78	0.74	-5.1%	0.79	-6%
7	Furniture, Appliance Stores (i.e NFM)	19,079	1.63	1.56	-4.3%	1.57	-1%
8	Chemical Wholesalers	13,074	1.17	1.12	-4.3%	1.23	-9%
9	Paper Wholesalers (ie. National Paper)	7,769	1.09	1.06	-2.8%	1.11	-5%
10	Durable Goods Wholesalers	341,970	1.59	1.66	4.4%	1.72	-3%
11	Commerical Equipment Wholesalers	55,336	1.09	1.15	5.5%	1.15	0%
12	Grocery Wholesalers	78,362	0.68	0.72	5.9%	0.70	3%
13	Computer Wholesale Distributors	28,507	0.79	0.85	7.6%	0.82	4%
14	Department Stores (ie. Nordstrom's)	10,697	1.90	2.05	7.9%	2.08	-1%
15	Machinery Wholesalers (ie. John Deere, Vermeer)	54,387	2.60	2.84	9.2%	2.78	2%
16	Building Material Stores (ie. Home Depot)	34,806	1.85	2.08	12.4%	1.83	14%
17	Lumber and Construction Material Wholesalers	17,513	1.49	1.77	18.8%	1.56	13%
18	Furniture Wholesalers	8,533	1.71	2.05	19.9%	1.71	20%
19	Alcohol Wholesale Distributors	16,851	1.31	1.68	28.2%	1.35	24%

1

3

2

Lastly, Look How They Snuck This In...That's a Problem.



	2024				2025				2026				Year		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2024	2025	2026
Retail Diesel	\$ 3.97	\$ 3.85	\$ 3.69	\$ 3.54	\$ 3.63	\$ 3.55	\$ 3.78	\$ 3.66	\$ 3.49	\$ 3.36	\$ 3.47	\$ 3.57	\$ 3.76	\$ 3.66	\$ 3.47
(Q/Q % Change)	-6.6%	-3.0%	-4.2%	-4.1%	2.5%	-2.2%	6.5%	-3.2%	-4.6%	-3.7%	3.3%	2.9%	NA	NA	NA
Retail Gasoline	\$ 3.24	\$ 3.56	\$ 3.37	\$ 3.07	\$ 3.10	\$ 3.16	\$ 3.12	\$ 2.91	\$ 2.72	\$ 2.91	\$ 3.02	\$ 2.87	\$ 3.31	\$ 3.07	\$ 2.88
(Q/Q % Change)	-10.6%	9.9%	-5.3%	-8.9%	1.0%	1.9%	-1.3%	-6.7%	-6.5%	7.0%	3.8%	-5.0%	NA	NA	NA
Wholesale Jet Fuel	\$ 2.68	\$ 2.52	\$ 2.27	\$ 2.15	\$ 2.29	\$ 2.07	\$ 2.15	\$ 2.02	\$ 1.96	\$ 1.90	\$ 2.06	\$ 2.14	\$ 2.40	\$ 2.13	\$ 2.02
(Q/Q % Change)	-1.8%	-6.0%	-9.9%	-5.3%	6.5%	-9.6%	3.9%	-6.0%	-3.0%	-3.1%	8.4%	3.9%	NA	NA	NA
WTI Price Per Barrel	\$ 77.50	\$ 81.77	\$ 76.43	\$ 70.74	\$ 71.85	\$ 64.63	\$ 64.20	\$ 54.05	\$ 45.97	\$ 46.33	\$ 48.68	\$ 50.00	\$ 76.60	\$ 63.58	\$ 47.77
(Q/Q % Change)	98.2%	5.5%	-6.5%	-7.4%	1.6%	-10.0%	-0.7%	-15.8%	-14.9%	0.8%	5.1%	2.7%	NA	NA	NA
*US Petroleum Production	12.94	13.23	13.25	13.41	13.28	13.46	13.39	13.5	13.42	13.39	13.19	13.12	13.21	13.41	13.28
(Q/Q % Change)	98.2%	2.2%	0.2%	1.2%	-1.0%	1.4%	-0.5%	0.8%	-0.6%	-0.2%	-1.5%	-0.5%	NA	NA	NA
*US Petroleum / Other Fuels	21.91	22.77	22.88	23.3	22.75	23.35	23.29	23.39	23.13	23.38	23.28	23.24	22.71	23.2	23.26
(Q/Q % Change)	98.2%	3.9%	0.5%	1.8%	-2.4%	2.6%	-0.3%	0.4%	-1.1%	1.1%	-0.4%	-0.2%	NA	NA	NA
*Canada Petroleum / Other Fuels	5.95	5.82	5.92	6.29	6.28	6.06	6.24	6.41	6.40	6.09	6.30	6.51	6.00	6.25	6.33
(Q/Q % Change)	98.2%	-2.2%	1.7%	6.3%	-0.2%	-3.5%	3.0%	2.7%	-0.2%	-4.8%	3.4%	3.3%	NA	NA	NA
*Mexico Petroleum / Other Fuels	2.05	2.00	2.04	1.95	1.87	1.85	1.83	1.80	1.80	1.78	1.76	1.74	2.01	1.83	1.77
(Q/Q % Change)	98.2%	-2.4%	2.0%	-4.4%	-4.1%	-1.1%	-1.1%	-1.6%	0.0%	-1.1%	-1.1%	-1.1%	NA	NA	NA
<i>*Millions of barrels per day</i>															

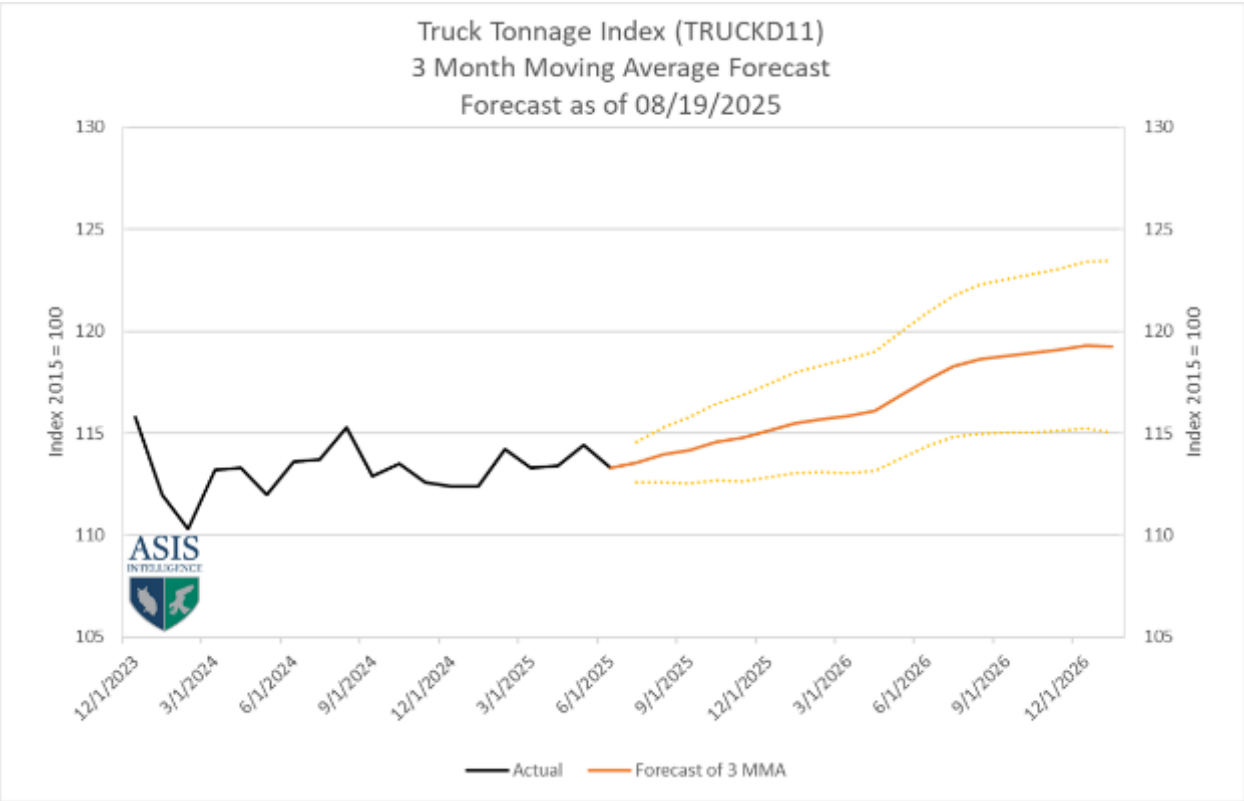
1. Watch Exposure to Petroleum Firms – both direct and indirect
2. Supply chain disruptions (polypropylene, polyethylene, etc. are possible)

Source: EIA, Short-Term Energy Forecast

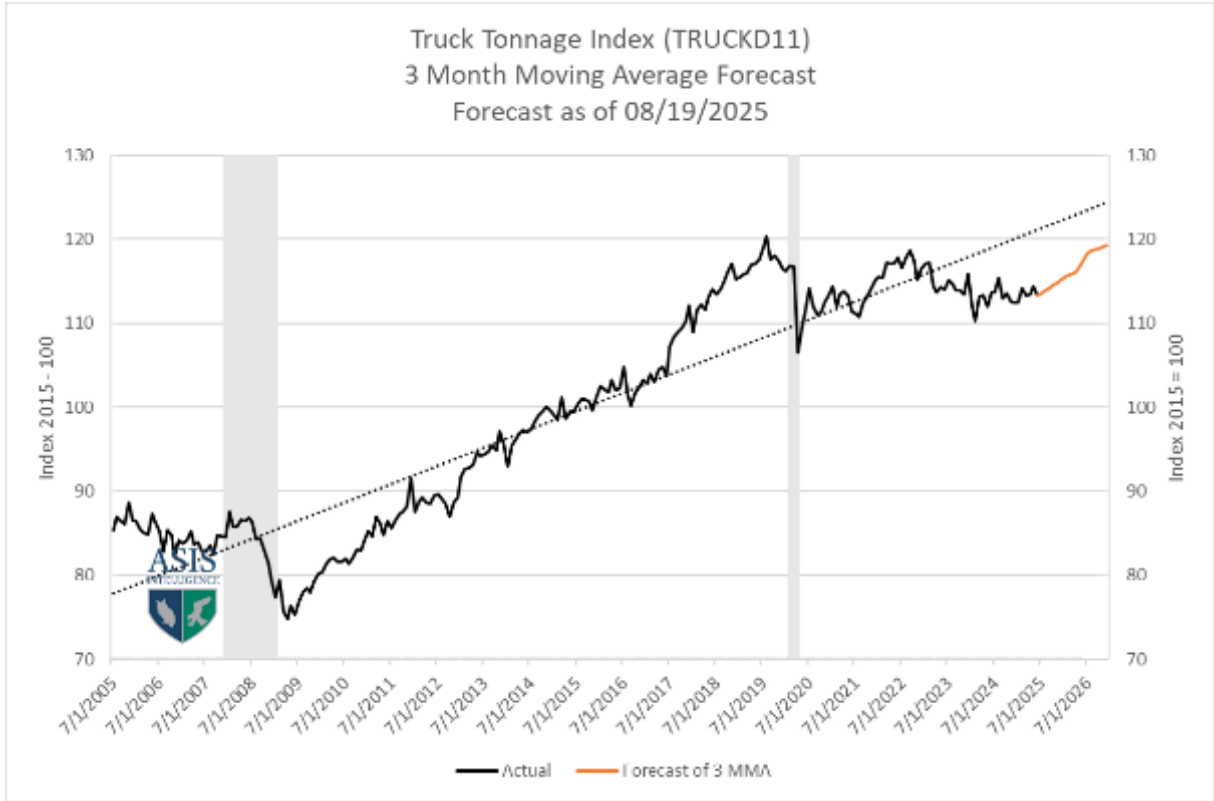
Trucking Sector Forecast



Truck Tonnage Index (TRUCKD11)
3 Month Moving Average Forecast
Forecast as of 08/19/2025



Truck Tonnage Index (TRUCKD11)
3 Month Moving Average Forecast
Forecast as of 08/19/2025

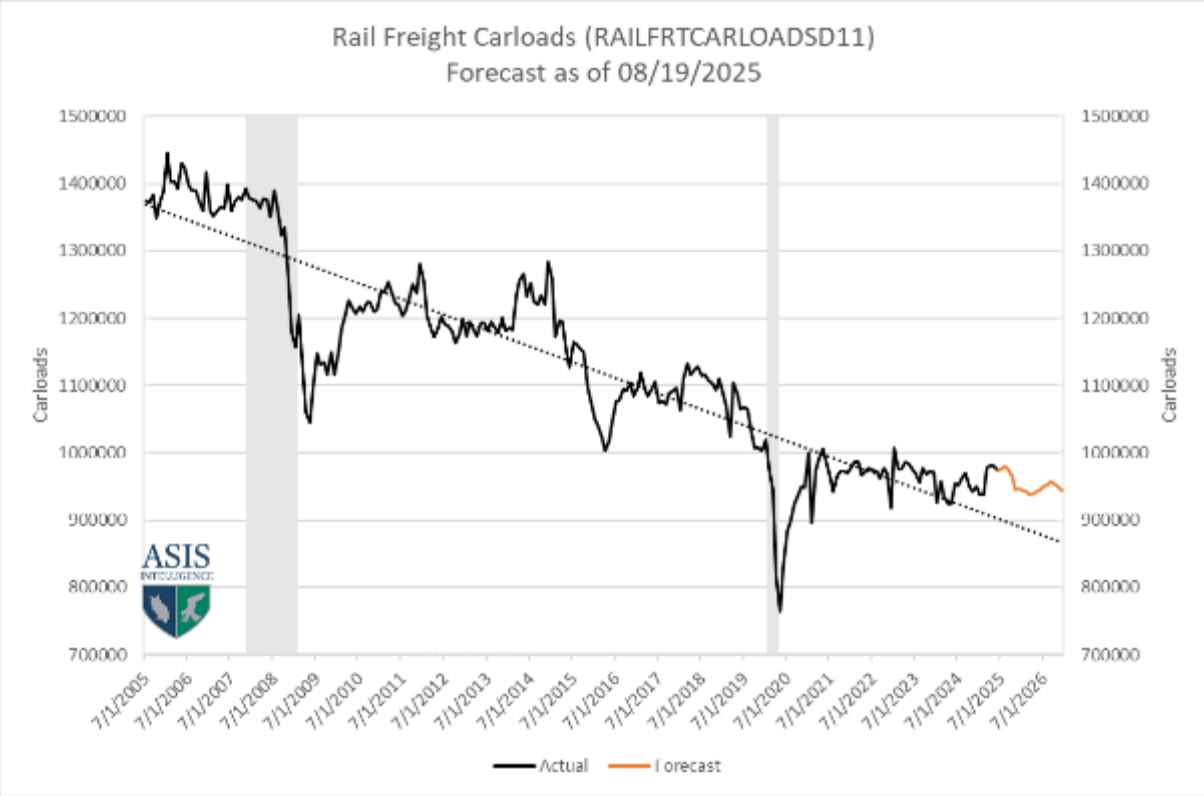
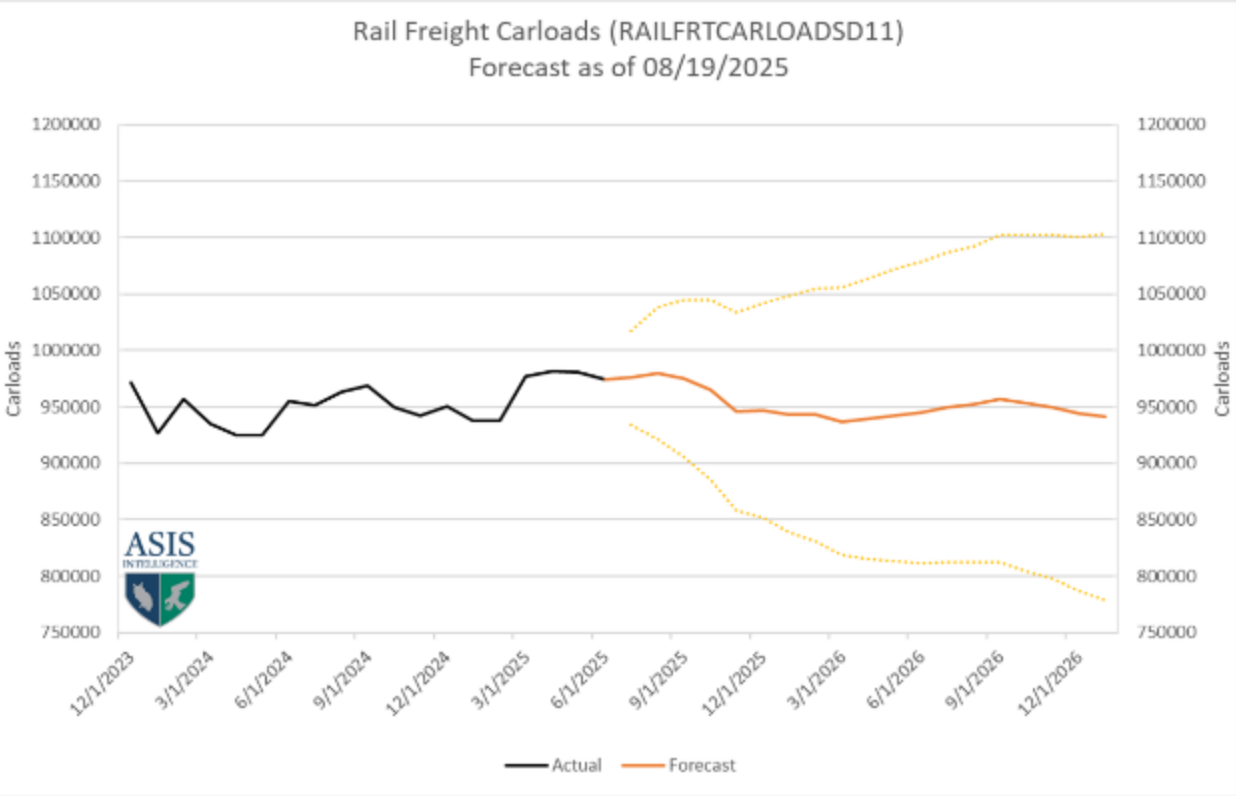


	2023				2024				2025				2023	2024	2025*
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3*	Q4*			
Truck Tonnage TRUCKD11	-1.72%	-0.35%	-0.09%	1.67%	-2.25%	0.35%	-0.62%	-0.44%	0.80%	0.00%	0.78%	0.85%	-0.52%	-2.94%	2.44%

Source: Armada Forecasts

	3-month	6-month
Truck Tonnage TRUCKD11	99.1%	99.1%

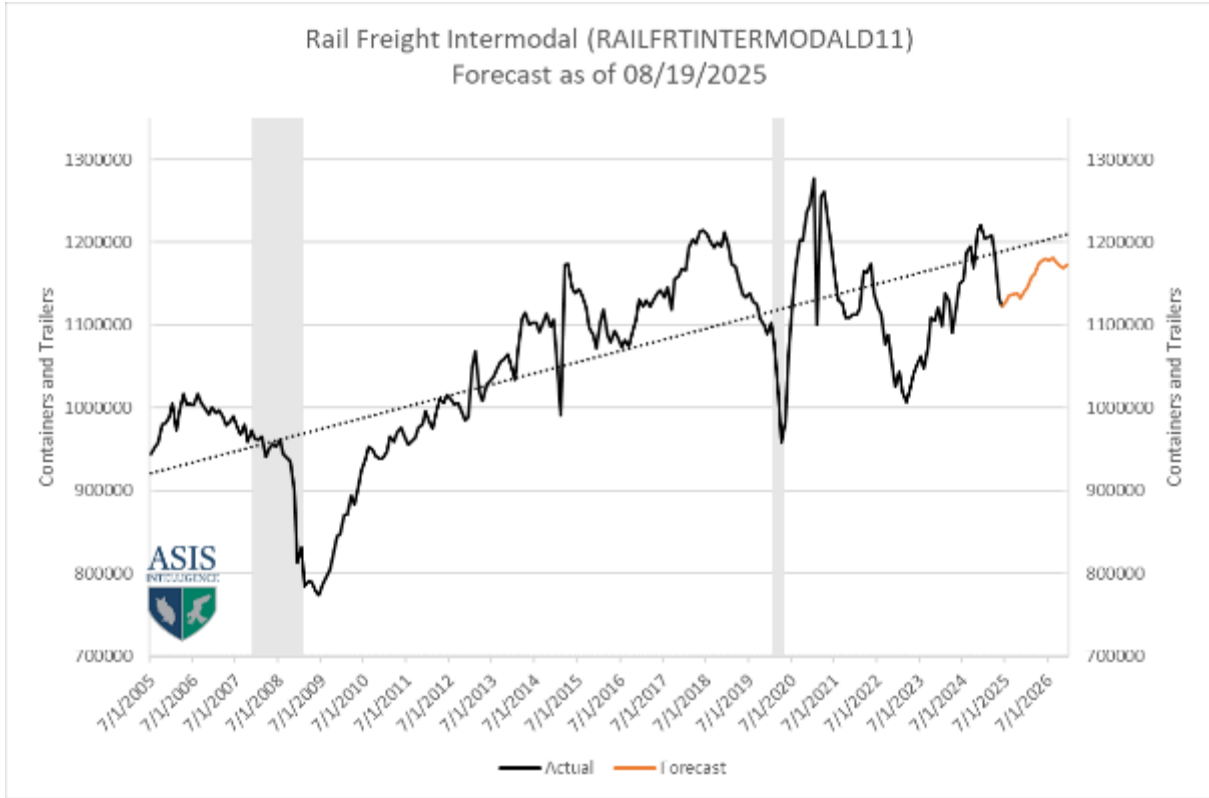
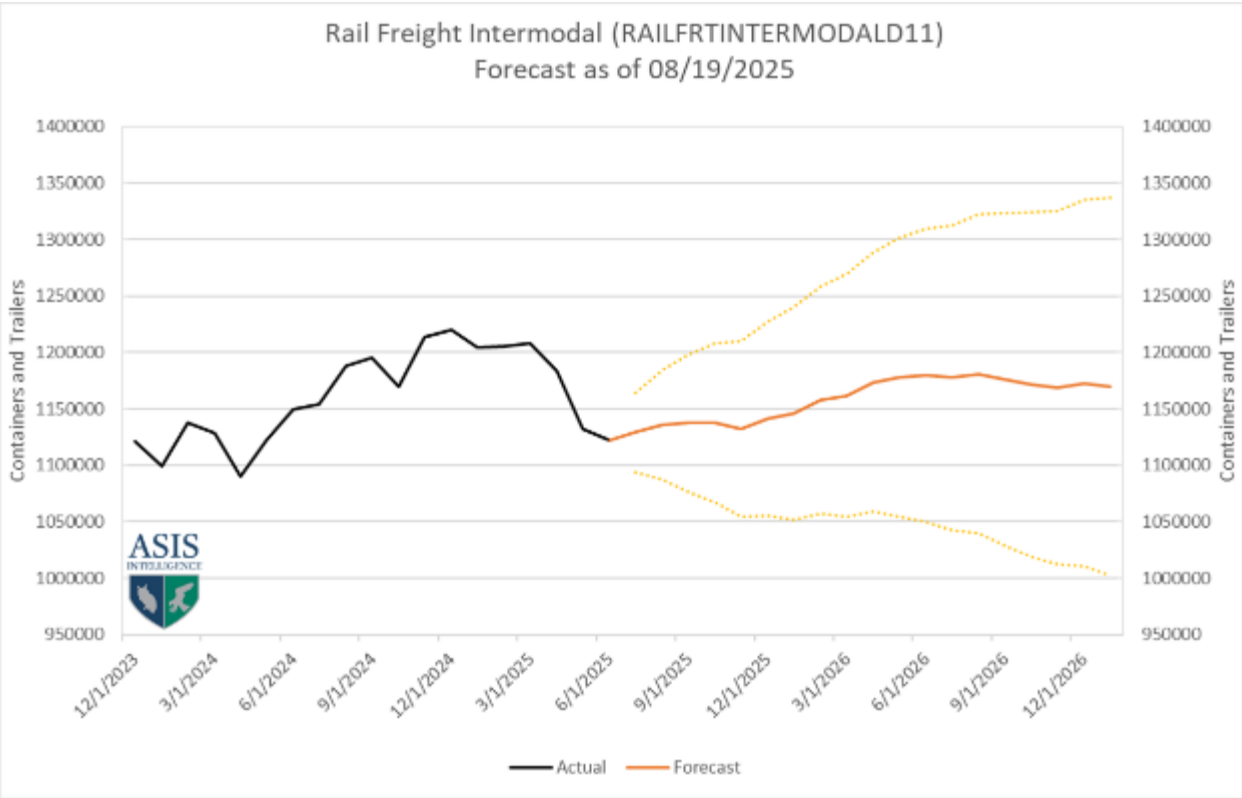
Rail Carload Sector Forecast



	2023				2024				2025				2023	2024	2025*
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3*	Q4*			
Rail Freight Carloads RAILFRTCARLOADSD11	6.33%	-0.04%	0.15%	-0.53%	-3.78%	2.12%	1.48%	-1.92%	2.85%	-0.27%	0.05%	-2.90%	5.89%	-2.20%	-0.36%

Source: Armada Forecasts

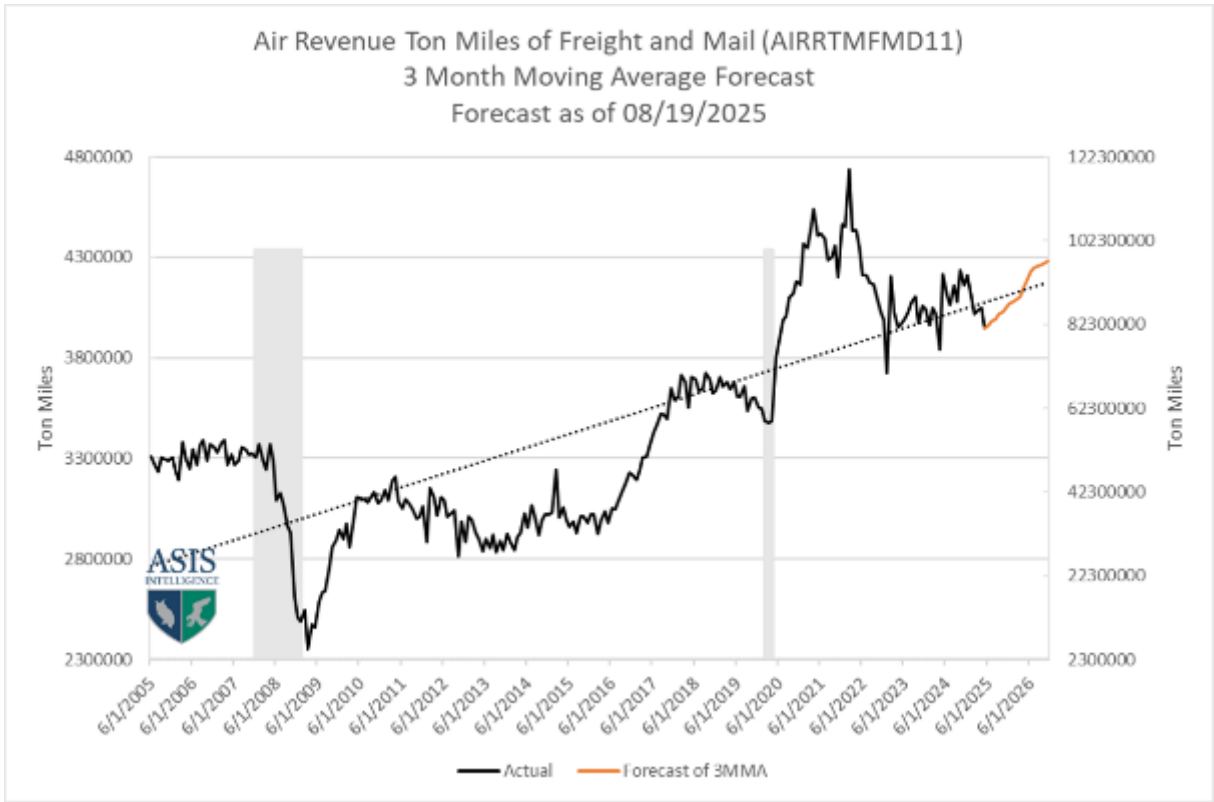
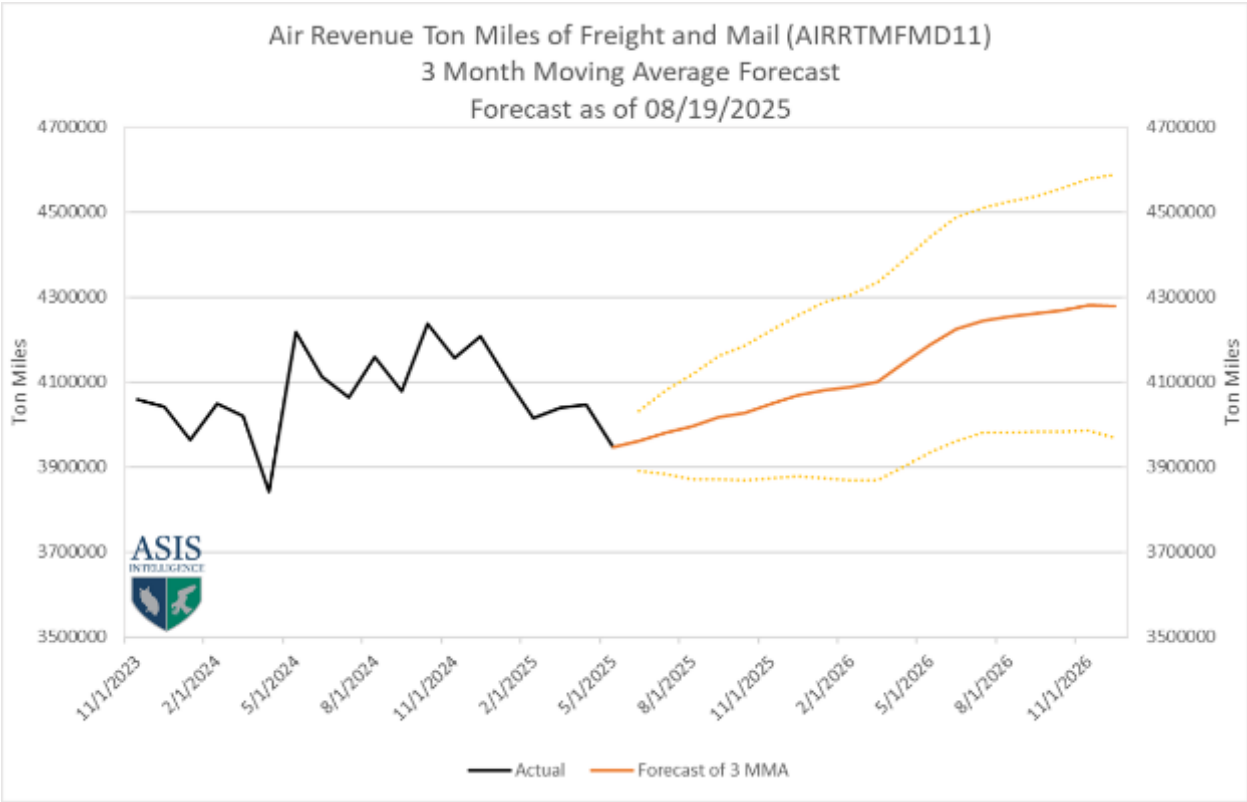
Rail Intermodal Sector Forecast



	2023				2024				2025				2023	2024	2025*
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3*	Q4*			
Rail Freight Intermodal RAILFRTINTERMODALD11	-1.75%	4.40%	1.97%	4.50%	0.65%	1.93%	3.93%	2.09%	-0.99%	-7.13%	1.40%	0.32%	9.30%	8.86%	-6.46%

Source: Armada Forecasts

Air Cargo Sector Forecast



	2023				2024				2025				2023	2024	2025*
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3*	Q4*			
Air Revenue Ton Miles of Freight and Mail AIRRTMFMD11	0.93%	-0.69%	2.69%	-1.51%	-0.59%	2.35%	-0.85%	3.19%	-4.02%	-1.95%	1.42%	1.28%	1.38%	4.09%	-3.34%

Source: Armada Forecasts

How to Summarize This Mess?

- **Hopium is not a strategy. But...**
- **The perfect soft landing would be:**
 - If tariff **inflation quickly passes through as the Fed believes** (tariff shock comes and goes by Q2 next year), the **Fed cuts rates**, and the **10Y follows**
 - Frees up short-term borrowing (credit cards, autos, big-ticket items) and eases pressure on lower income households
 - Helps pull mortgage rates down, activates refinancing, increases consumption modestly over time
- Those **keeping some powder dry** are probably wise – but **be ready to ease early in 2026** when benefits from the OBBBA and rate cuts kick in. Don't miss the party if it happens.
- Maybe an **inventory scramble** late this year? Play through the implications if this happens to you or a supplier.
- Barring a geopolitical disaster, **oil prices hitting \$47 a barrel is a problem for many sectors**, will keep inflation tame for others. Understand your exposure.

Trigger Points and Upcoming Dates to Watch

- September **Fed Decision** 15th/16th
- October 14th **Supreme Court Decision** to hear the Trump Administration Appeal
- **French Government** collapse (will it spread through Europe like 2011/2012?)
- **October inventory-to-sales-ratio data** (which will be released in early December). That will set the stage for 1H 2026 growth prospects
- JOLTS Report has some bearing, but the **U-6 is more important**. Keep an eye on the U-6.
- Long-term labor issues over the next several years will follow a **volatile next 12 months** (AI job loss hitting many high-paying sectors in the upper end of the K), but long-term labor shortages are the problem.

Questions?

- Check out the ASIS: all of it for about the price of a cup of coffee.



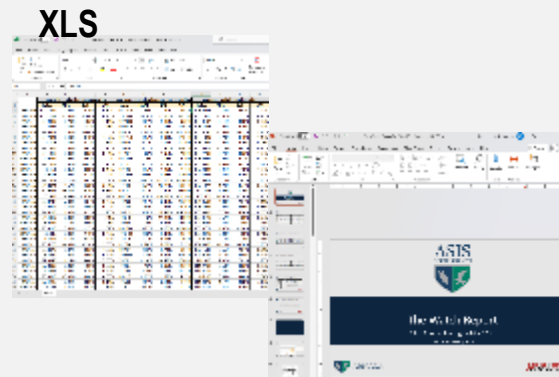
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