

VSCPA

BUSINESS & INDUSTRY CONFERENCE

Emerging Developments & Issues for the Economy & Business

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- WELCOME!
- It feels as if no country, economy or industry around the globe has seemingly been spared in some way from the impacts stemming from: price inflation fluctuations; energy or environmental shocks; a rising and uncertain interest rate environment; pre-and-post-pandemic-era labor market changes; the perils and prospects for AI and the advancements in other technologies; or record levels of human migration.
- While at the same time, these impacts have impelled governmental, business, financial and personal innovation and resilience ... and fostered opportunities. Let's explore these developments and discover what may lie ahead!

Please note that any companies mentioned within this presentation are not being presented or offered as investment recommendations. The content in this presentation is for general information and education purposes only and should not be construed as legal or tax or other advice. There are no warranties or guarantees as to accurateness, completeness, adequacy, or currency of the information. Seek advice from professionals relevant to your particular situation.

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- WELCOME!
- Recently, there have been a wide range of actions, reactions, decisions, developments and even surprises – which have had varying and notable impacts and effects on the global economy, as well as on the U.S. national economic and business landscape.
- Thank you for joining this session, as we delve into a range of factors and considerations and explore what may lie ahead.

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Where Are We?

World Stage

Fundamentals

GLOBAL FINANCE & ECONOMICS

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Where Are We?

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World Economic Outlook & Conditions – Themes & Considerations

The global economy is facing a period
of stable but underwhelming growth
with downside risks looming!

Where Are We?

World Stage

World Economic Outlook & Conditions – Themes & Considerations

What in the World is happening?

Tariffs, and Trade, and Markets ... Oh My!!!

Recent global growth (GDP) forecasts
have been reduced to under 3% (y/o/y)
(IMF World Outlook)

Yikes!

Note: And this is pre-India/Pakistan conflict!

Where Are We?

World Stage

World Economic Outlook & Conditions – IMF World Outlook

- The *World Economic Outlook (WEO)* is a survey of prospects and policies by the International Monetary Fund (IMF) staff, usually published twice a year, with updates in between.
- It presents analyses and projections of the world economy in the near and medium term, which are integral elements of the IMF's surveillance of economic developments and policies in its member countries and of the global economic system.
- They consider critical factors and issues affecting advanced, emerging and developing economies, and address topics of pressing and current interest.

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Where Are We?

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JANUARY GLOBAL ECONOMIC FORECASTS

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Where Are We?

World Stage

*World Economic Outlook & Conditions
(Pre-Formal Tariff Announcements) (Jan Report)*

Gross Domestic Product (GDP)

- GDP is a measure of the (economic activity) value of goods and services produced within a country's border during a set period of time. (Companies, governments, and people).
- A key indicator of a country's economic health.
- Is calculated by subtracting the value of goods and services used in production from the total value of goods and services produced.

Includes:

- Goods and services produced for sale, as well as some non-market production like defense services.
- Can be calculated using the income method, which adds together the gross profit of companies and self-employed people, employee wages, and taxes on products.

Use:

- GDP growth rate is a key way to gauge how a country's economy is doing and is often expressed as a percentage change from the previous year.

It's all about growth, global trade and tariffs, taxation, inflation, climate, sustainability, human migration, energy, supply chain and conflict.

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World Economic Outlook Growth Projections

(Real GDP, annual percent change)	ESTIMATE		PROJECTIONS	
	2024	2025	2026	
World Output	3.2	3.3	3.3	
Advanced Economies	1.7	1.9	1.8	
United States	2.8	2.7	2.1	
Euro Area	0.8	1.0	1.4	
Germany	-0.2	0.3	1.1	
France	1.1	0.8	1.1	
Italy	0.6	0.7	0.9	
Spain	3.1	2.3	1.8	
Japan	-0.2	1.1	0.8	
United Kingdom	0.9	1.6	1.5	
Canada	1.3	2.0	2.0	
Other Advanced Economies	2.0	2.1	2.3	
Emerging Market and Developing Economies	4.2	4.2	4.3	
Emerging and Developing Asia	5.2	5.1	5.1	
China	4.8	4.6	4.5	
India	6.5	6.5	6.5	
Emerging and Developing Europe	3.2	2.2	2.4	
Russia	3.8	1.4	1.2	
Latin America and the Caribbean	2.4	2.5	2.7	
Brazil	3.7	2.2	2.2	
Mexico	1.8	1.4	2.0	
Middle East and Central Asia	2.4	3.6	3.9	
Saudi Arabia	1.4	3.3	4.1	
Sub-Saharan Africa	3.8	4.2	4.2	
Nigeria	3.1	3.2	3.0	
South Africa	0.8	1.5	1.6	
Memorandum				
Emerging Market and Middle-Income Economies	4.2	4.2	4.2	
Low-Income Developing Countries	4.1	4.6	5.4	

Where Are We?

World Stage

*World Economic Outlook & Conditions
(Pre-Formal Tariff Announcements) (Jan Report)*

- Global growth is projected at 3.3 percent both in 2025 and 2026.
- Below the historical (2000–19) average of 3.7 percent.
- Even though, the landscape is still uncertain.
- Broadly unchanged from the October 2024 World Economic Outlook (WEO) forecast with an upward revision in the United States offsetting downward revisions elsewhere.
- The near-term outlook is characterized by divergent paths, while medium-term risks to growth are tilted to the downside.
- Tariffs and Trade Nationalism.** Could spark renewed inflationary pressures could interrupt the monetary policy pivot, with implications for fiscal sustainability and financial stability.

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Source: IMF July 2024

World Economic Outlook Growth Projections

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Where Are We?

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World Economic Outlook & Conditions – A Brief Retrospective

Retrospectively to 2023:

A series of compounding issues created a new global recession Such as ...

- Rising energy and food prices.
- Fiscal instability in the wake of the pandemic.
- Consumer Insecurity.

Led to global inflation in 2023 reached 6.9 percent.

- This was the highest annual increase in inflation since 1996.

In 2024:

- Global growth is projected to be in line with the April 2024 World Economic Outlook (WEO) forecast, at 3.2 percent in 2024 and 3.3 percent in 2025.
- **Critical Issue:** Growth is flat in the major groupings!
- **Still the case in new forecast period!**

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World Economic Outlook & Conditions – GLOBAL Real GDP Growth (y/o/y % change)

- For 2025, world trade growth is expected to recover to about 3¼ percent annually in 2024–25.

- Basically, in line with global economic growth

- The global economy is holding steady, although the degree of grip will vary widely across countries.

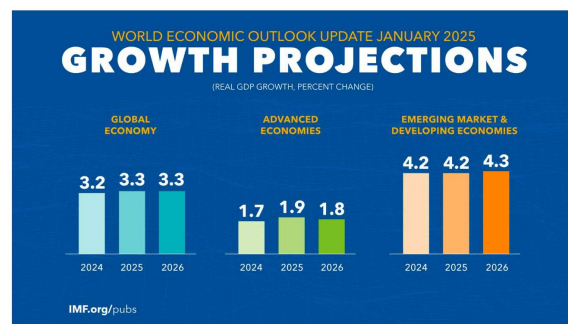
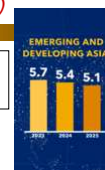
However since ...

- Some disappointing soft performance in Asian and European countries, and Japan.

- And the onset of any tariff actions will likely affect global and specific trading blocs and country performance in the near-term.

- **Major policy uncertainty.**

Previous forecast



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JANUARY vs. APRIL GLOBAL ECONOMIC FORECASTS

(After March Announcements and April Tariff Launch)

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It's all about tariffs, trade, policy uncertainty, and sentiment!

World Economic Outlook Growth Projections

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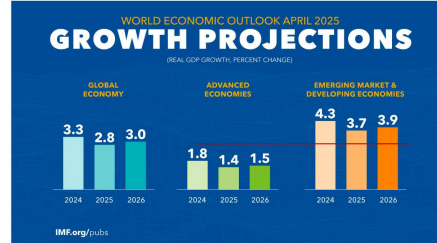
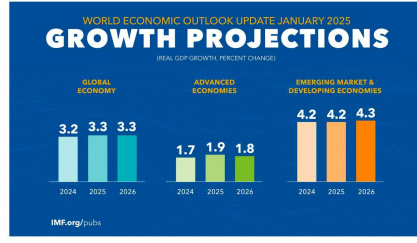
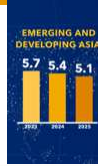
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Where Are We?

World Stage

World Economic Outlook & Conditions – GDP Growth Y/O/Y (January vs. April Report)

Previous
forecast



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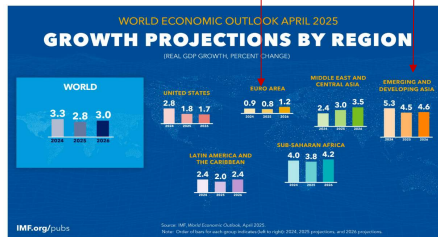
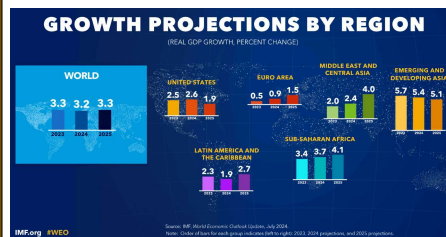
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Where Are We?

World Stage

Regional Economic Outlook & Conditions – GDP Growth Y/O/Y (January vs. April Report)



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Where Are We?

World Stage

World Economic Outlook & Conditions – GLOBAL Real GDP Growth (y/o/y % change) 2025 F



Advanced Economies projected to lag behind World and Emerging Markets!

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World Stage

Fundamentals – Inflation

Inflation

- Is the rate at which prices increase over a given period of time.
- It can be measured as a broad indicator, such as the overall increase in prices or the increase in the cost of living.

Core vs. Non-Core Inflation

- Core inflation is a measure of inflation that excludes volatile price components, such as food and energy, to provide a more stable, long-term view of inflation.
- Non-core inflation includes these volatile components.

Core inflation is often used to guide monetary policy decisions.

Monetary policy and fiscal policy are both tools used to regulate the economy.

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World Stage

Fundamentals – Monetary vs. Fiscal Policy Tools

Monetary Policy

- Central banks, like the **Federal Reserve**, use monetary policy to influence the money supply and credit in an economy.
- The main tools of monetary policy include:
 - Changing interest rates (to aid in price stability .. inflation!)
 - Changing reserve requirements
 - Open market operations, such as buying and selling securities

Fiscal Policy

- Governments use fiscal policy to influence the economy through taxation and spending.
- The main tools of fiscal policy include:
 - Taxation
 - Spending
 - Borrowing

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Where Are We?

World Stage

World Economic Outlook & Conditions – Themes & Considerations (IMF / World Bank)

The global economy is facing a period of stable but underwhelming growth, with downside risks looming.

Recent global growth forecasts have been reduced on under 3% (Y/O/Y) ... Yikes!

Downside Risks:

- The balance of risks is tilted to the downside, with factors like **escalating tariff and trade tensions** and **policy uncertainty**, and **downward/negative sentiment** potentially hindering growth.

Monetary Policy Shift:

- Monetary policy could ease, if disinflation is underway.

Critical Advantage: Low Oil prices are very helpful!

Fiscal Policy:

- While monetary policy could ease, shifts or adjustments may be needed in fiscal policy to maintain sustainability, and build buffers.

Critical Issues: U.S. Tax Cuts & Jobs Act & Spending Bill!

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Where Are We?

World Stage

World Economic Outlook & Conditions – Themes & Considerations (IMF / World Bank)

The global economy is facing a period of stable but underwhelming growth, with downside risks looming.

US Economic Growth:

- The IMF has revised down its expectations for US economic growth.
- Various views that falling into a recession is indeed a possibility.

Global Trade:

- Global trade is projected to contract, and decline more sharply than output.
- Global growth (for the moment) remains above recession levels.
- Warren Buffet recently issued a warning on trade!

Emerging and Developing Economies:

- Are facing a challenging environment with potential for slower growth and widening income disparities.
- India is a bright star!

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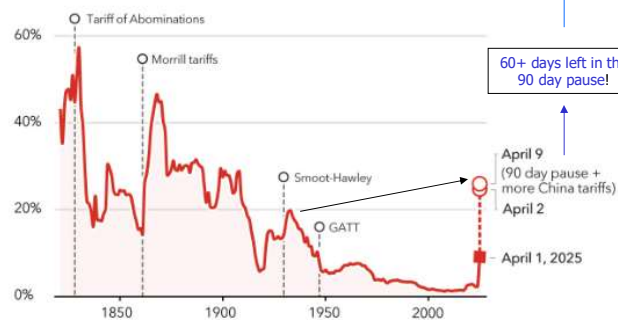
World Stage

World Economic Outlook & Conditions – U.S. Tariff Rates Rise Sharply

- On April 2 the US effective tariff rate surged past levels reached during the Great Depression.
- Further imposed 145% rate on China.
- On April 9 a 90-day pause.
- On May 5, the Trump Admin announced plans for 100% tariffs on all foreign movies.
- Investment firms work overnight to provide guidance!
- **Opens up the Tariff on service concept!! (T-A-A-S)**
- On May 14, the U.S. cut the 145% Trump tariff on most Chinese imports to 30%
- Including a 20% tariff tied to fentanyl
- China will cut its 125% tariff on U.S. goods to 10%.
- The U.S. tariff cuts don't apply to 25% sector duties on steel, aluminum and more.

US tariffs are highest in a century, global tariffs are also rising sharply

Effective average tariff rate, United States



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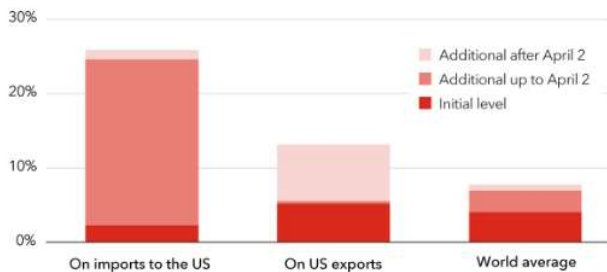
Where Are We?

World Stage

World Economic Outlook & Conditions – Global Tariff Rates Rise As Well

- ... while counter-responses from major trading partners significantly pushed up the global rate
- Includes announced tariffs by the rest of the world on US exports up to April 12.

US tariffs are highest in a century, global tariffs are also rising sharply



Sources: Haver Analytics; PIIE; Refinitiv Eikon; World Bank and IMF staff calculations. Note: Weighted average tariffs on US exports and world average use WITS data for 2022. Includes announced tariffs by the rest of the world on US exports up to April 12.

IMF

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World Stage

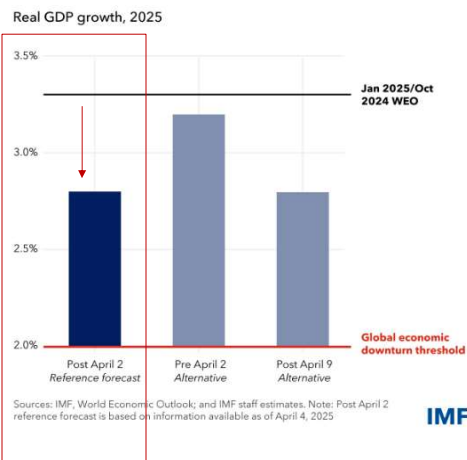
World Economic Outlook & Conditions – Growth Scenarios: Tariffs From Feb 1 to April 4

Reflecting the complexity and fluidity of the moment, the IMF report presents a range of forecasts for the global economy.

LEFT

- Reference forecast includes tariff announcements between February 1 and April 4 by the US and countermeasures by other countries.
- This reduces the global growth forecast to 2.8 percent and 3 percent this year and next.
- A cumulative downgrade of about 0.8 percentage point relative to our January 2025 WEO update.

Global growth forecasts vary by scenario



Sources: IMF, World Economic Outlook; and IMF staff estimates. Note: Post April 2 reference forecast is based on information available as of April 4, 2025.

IMF

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World Stage

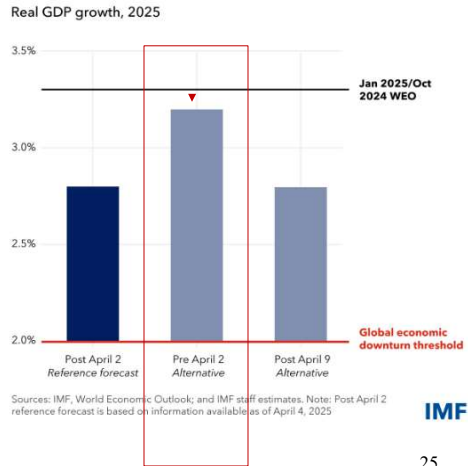
World Economic Outlook & Conditions – Growth Scenarios: Excluding Pre-April 2 Tariffs

Reflecting the complexity and fluidity of the moment, the IMF report presents a range of forecasts for the global economy.

CENTER

- Also presented is a global forecast excluding the April tariffs (pre-April 2 forecast).
- Under this “alternative” path, global growth would have seen only a modest cumulative downgrade of 0.2 percentage point, to 3.2 percent for 2025 and 2026.

Global growth forecasts vary by scenario



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World Stage

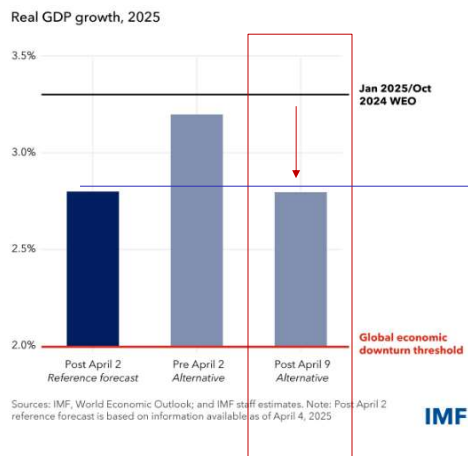
World Economic Outlook & Conditions – Growth Scenarios – Tariff Announcements After April 4

Reflecting the complexity and fluidity of the moment, the IMF report presents a range of forecasts for the global economy.

RIGHT

- A forecast incorporating announcements made after April 4.
- Over that period, the United States temporarily halted most tariffs while raising those on China to prohibitive levels.

Global growth forecasts vary by scenario



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World Stage

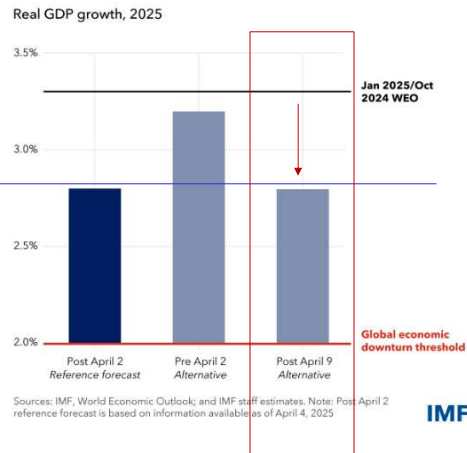
World Economic Outlook & Conditions – Growth Scenarios – Tariff Announcements After April 4

Reflecting the complexity and fluidity of the moment, the IMF report presents a range of forecasts for the global economy.

RIGHT

- This pause, even if extended indefinitely, does not materially change the global outlook compared to the reference forecast.
- This is because the overall effective tariff rate of the United States and China remains elevated even if some initially highly tariffed countries will now benefit, while policy-induced uncertainty has not declined.

Global growth forecasts vary by scenario



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Where Are We?

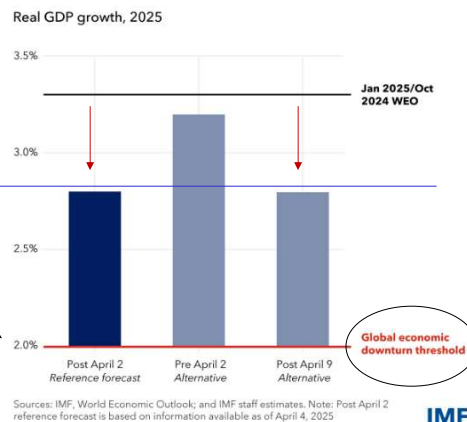
World Stage

World Economic Outlook & Conditions – Some Positive News!!!

Reflecting the complexity and fluidity of the moment, the IMF report presents a range of forecasts for the global economy.

- Despite the slowdown, global growth remains well above the global economic downturn threshold.

Global growth forecasts vary by scenario



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Where Are We?

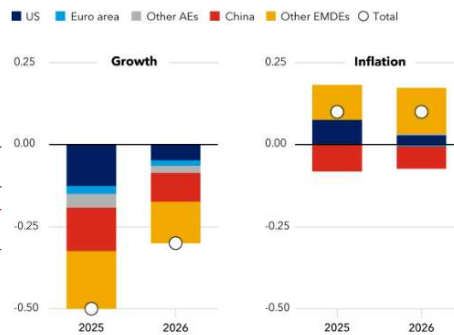
World Stage

World Economic Outlook & Conditions – Global Growth and Inflation / Country & Region Mix

- Global estimates slightly mask variations across countries.
- Despite the slowdown, where the US and China are largely impacted ...
- ... global growth remains above downturn levels, for the moment.
- Global inflation is revised up by about 0.1 percentage point for each year .. and yet the disinflation momentum continues.

Global growth revised down significantly, inflation slightly revised up

Forecast change from January 2025, percentage points



Sources: IMF, World Economic Outlook; and IMF staff estimates.

IMF

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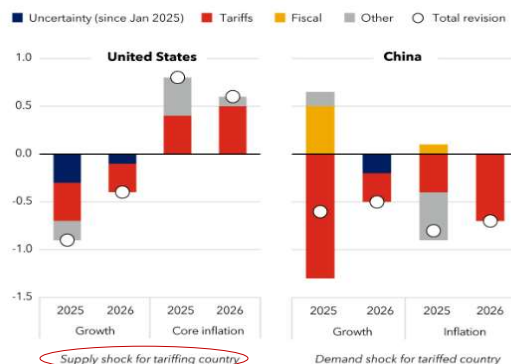
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World Economic Outlook & Conditions – Supply Shocks

- Tariffs constitute a "negative supply shock" for the "tariffing" (implementing) jurisdiction ...
- ... as resources are reallocated towards the production of less-competitive items with a resulting loss of aggregate productivity and higher production prices.
- In the medium term, we can expect tariffs to decrease competition and innovation and increase "rent-seeking", further weighing on the outlook.
- In the United States, demand was already softening before the recent policy announcements, reflecting greater policy uncertainty.

Tariffs effects vary across countries

Forecast change from January 2025, percentage points



Sources: IMF, World Economic Outlook; and IMF staff estimates.

IMF

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Rent-seeking, the act of increasing wealth by manipulating the political or social environment without creating new wealth, negatively impacts the economy by hindering innovation, reducing efficiency, and potentially increasing inequality and corruption. It shifts resources away from productive activities and towards rent-seeking efforts, ultimately reducing overall economic growth and well-being.

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Where Are We?

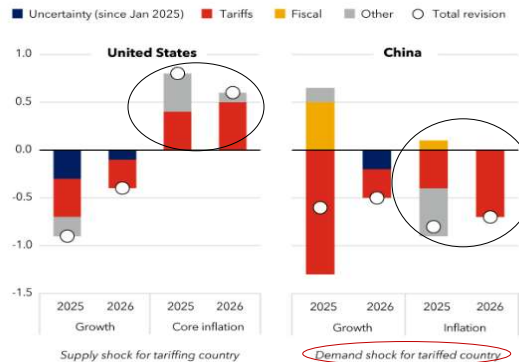
World Stage

World Economic Outlook & Conditions – Demand Shocks

- Tariffs constitute a “negative demand shock” for the “Tariffed” jurisdiction ...
- This drives foreign customers away from their products ...
- ... even if some countries can benefit from the trade diversion, and possibly lower (deflationary) prices.
- Consistent with this deflationary factor, is a lowered China growth forecast for this year to 4 percent, a 0.6 percentage point reduction, and inflation is revised down by about 0.8 percentage point.

Tariffs effects vary across countries

Forecast change from January 2025, percentage points



Sources: IMF, World Economic Outlook; and IMF staff estimates.

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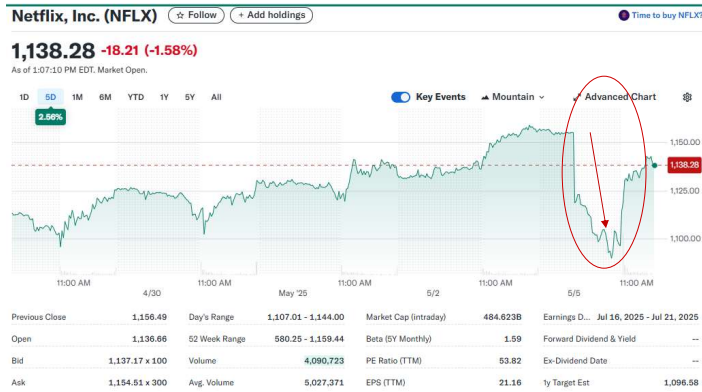
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Where Are We?

World Stage

World Economic Outlook & Conditions – Netflix 5/5 @ 1pm (Intraday)

- On May 5 the Trump Admin announced plans for 100% tariffs on all foreign movies.
- Investment firms work overnight to provide guidance!
- Opens up the Tariff on a service concept! (T-A-A-S)
- Market Cap Impact.



A proposed tariff on foreign-made films could pose a risk to US-based movie companies and related industries, even if the US movie industry currently has a positive balance of trade. This is because tariffs could increase production costs, disrupt global distribution, and potentially lead to retaliatory measures from other countries, impacting the profitability and competitiveness of US-based studios and streaming services.

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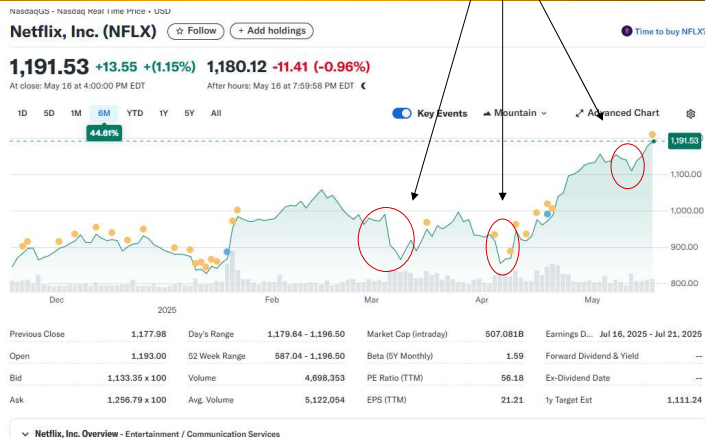
Where Are We?

World Stage

World Economic Outlook & Conditions – Netflix 5/16 @ Close

Major equity markets exhibited a similar pattern!

- On May 5 the Trump Admin announced plans for 100% tariffs on all foreign movies
- Investment firms work overnight to provide guidance!
- Opens up the Tariff on a service concept! (T-A-A-S)



A proposed tariff on foreign-made films could pose a risk to US-based movie companies and related industries, even if the US movie industry currently has a positive balance of trade. This is because tariffs could increase production costs, disrupt global distribution, and potentially lead to retaliatory measures from other countries, impacting the profitability and competitiveness of US-based studios and streaming services.

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Where Are We?

World Stage

Considerations – India ... Looking Promising!



India ... a bright star and “go-to player”

With 1.4 billion people and myriad unmet needs
India's growth is driven mainly by
domestic consumption and investments.

Real wages are expected to grow at 4.6%, whereas
disposable income will continue to grow in excess of 15%!

With a recent caveat ... the India-Pakistan conflict!

Other regional beneficiaries/economies could include:

- Cambodia
- Indonesia
- Malaysia
- Singapore
- Vietnam
- Pakistan (tentative with current conflict)

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Where Are We?

World Stage

Considerations – India ... Looking Promising!

- India's FDI inflows have increased ~20 times from FY01 to FY24.

(Source: Department for Promotion of Industry and Internal Trade - DPIIT.)

- Mainly due to the government's efforts to improve the ease of doing business and easing of FDI norms.

From April 2000-December 2024, the following sectors attracted the primary FDI inflows:

- Service sector** attracted the highest FDI equity inflow of 16.2 % amounting to Rs. 998,890 crore (US\$ 116.72 billion).
- Computer software and hardware industry** at 15.0%, amounting to Rs. 927,687 crore (US\$ 108.40 billion), trading at 6.4% amounting to Rs. 3,99,659 crore (US\$ 46.7 billion).
- Telecommunications** at 5.5% amounting to Rs. 3,42,320 crore (US\$ 40 billion).
- Automobile industry** at 5.2% amounting to Rs. 3,20,925 crore (US\$ 37.5 billion).

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Where Are We?

World Stage

Considerations – India ... Looking Promising – FDI Flows

Value of foreign direct investment inflows into India from financial year 2014 with estimate for 2025. (in billion U.S. dollars)

- FDIs are an important driver of a country's economy.
- They boost the job market, technical knowledge base and provide non-debt financial resources.
- In the case of a developing country like India, foreign investors find the lower job wages and government tax exemptions in FDI a lucrative offer for investments in the country.
- Has transformed from to a consumer and producer economy!



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Where Are We?

World Stage

Considerations – India ... Looking Promising – FDI Flows Abound!



India

- India has already made considerable progress in [developing its domestic electronics manufacturing industry](#) over the past decade, with total electronics manufacturing estimated to have risen from USD 30 billion in 2014-15 to USD 75 billion in 2019-20.
- Many major international electronics firms have commenced initial discussions about establishing production facilities in India. Micron has announced that it will build a [semiconductors assembly](#) and test facility in Gujarat, with construction planned for 2023-24.
- India already has strong capabilities in semiconductor design, with an estimated 24,000 design engineers working in India.
- US technology firms have been a key source of recent FDI inflows into India.
- In 2020, Google established the "Google for India Digitization Fund", through which it announced plans to invest USD 10 billion into India over seven years through a mix of equity investments, partnerships, and operational, infrastructure and ecosystem investments.
- Also in 2020, Facebook announced an investment of USD 5.7 billion in Jio Platforms, owned by Reliance Industries Limited.
- The Federal and State governments will set-up "high-tech clusters" around the country.

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Where Are We?

World Stage

Considerations – India ... Looking Promising – FDI Flows Abound!



Taiwan Supply Chain Realignments / Insurance

- The Reserve Bank of India (RBI) in its April 2025 bulletin said India is poised to benefit from supply chain realignments, diversified FDI sources, and engagement with [global investors seeking resilience and scale](#), given its already established [trade linkages](#).
- Taiwanese companies are progressively shifting their supply chains from China to India amidst rising global trade tensions, strengthening economic connections between Taipei and New Delhi.
- Indian space startups expanded avenues to global capital.
- Over the past 9 years, the Indian insurance sector has attracted approximately Rs. 54,000 crore (US\$ 6.48 billion) in Foreign Direct Investment (FDI), with significant increases in FDI limits and a rise in the number of insurance players, contributing to [enhanced insurance penetration and density in the country](#).

HYUNDAI

- Hyundai Motors has successfully acquired General Motors India's Talegaon plant in Maharashtra and announced a substantial investment of US\$ 721.94 million (Rs. 6000 crore) in the state.
- Signifies Hyundai Motors' commitment to expanding its manufacturing capacity in India. The Talegaon plant, with an annual capacity of 130,000 units, is set to resume operations in 2025.
- Hyundai Motors plans phased investments to upgrade infrastructure and equipment, aligning with global standards, aiming to achieve a one-million-unit annual production capacity, and further solidifying its position in the Indian market.

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Where Are We?

World Stage

Considerations – India ... Looking Promising – FDI Flows Abound!



MERCEDES-BENZ

- In 2024, Mercedes-Benz plans a US\$ 24.03 million (Rs. 200 crore) investment in India, unveiling over 12 vehicles, including **three electric models**.
- **Nearly half will be in the top-end luxury and EV vehicle segment.** The move reflects the luxury carmaker's commitment to expanding its presence and embracing the growing electric vehicle market in India.

EV INVESTMENT (Singapore)

- In August 2023, the global investment firm Temasek invested Rs. 1,200 crore (US\$ 144,15 million) in its **electric vehicle subsidiary** Mahindra Electric Automobile Ltd (MAEL).

ALUMINUM EXTRUSION

- In September 2023, Hindalco signed a technology partnership with Italy-based, Metra SpA, to bring the **latest aluminum extrusion technology to India for building rail coaches**.

CHIPS

- In September 2023, US chipmaker, Nvidia Corporation announced separate partnerships with Reliance and Tata group companies to help them develop AI-powered supercomputers, AI clouds and generative AI applications.

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World Stage

Considerations – India ... Looking Promising – FDI Flows Abound!



ELECTRICAL (Singapore)

- In September 2023, Singapore's investment firm, Temasek led US\$ 140 million Ola Electric funding at a US\$ 5.4 billion valuation.

ASSET/INVESTMENT MANAGEMENT / HOUSING / RENEWABLE ENERGY

- In July 2023, **Jio Financial partnered with BlackRock** to launch an asset management firm with a combined investment of US\$ 300 million.
- In July 2023, U.S.-based investment firm, Bain Capital announced that it has entered into an agreement to acquire 90% of Adani Capital and Adani Housing.
- In August 2023, Brookfield Asset Management entered into an agreement with Reliance Industries (RIL) to invest US\$ 20-30 billion over the next decade in Australia's renewable energy sector.

WALMART buys FLIPKART

- In August 2023, Walmart paid US\$ 1.4 billion to buy out hedge fund Tiger Global's stake in Flipkart.

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Where Are We?

World Stage

Considerations – India ... Looking Promising – UNICORNS!



India

“Unicorns” ... start-ups that have achieved a valuation of over USD 1 billion, without being listed on the stock market.



- The rapid growth in numbers of Indian “unicorns” over the past five years has become a major focus for foreign direct investment inflows into India.
- By 2022, there were an estimated 107 Indian unicorns, with 44 of those having reached unicorn status within the 2021 year and 21 in the 2022 year.
- Large-scale foreign direct investment from global venture capital and private equity firms:
 - Blackstone
 - Sequoia Capital
 - Japan's SoftBank
- Source: Invest India National Investment Promotion & Facilitation Agency.

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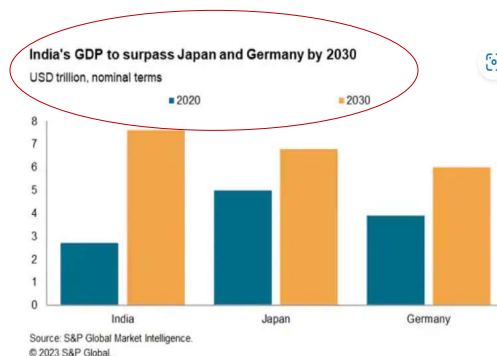
World Stage

Considerations – India ... Looking Promising – FDI Flows ... Did You Know?



India

- The acceleration of foreign direct investment inflows into India over the past decade reflects the favourable long-term growth outlook for the Indian economy.
- Aided by a youthful demographic profile and rapidly rising urban household incomes.
- India's nominal GDP measured in USD terms is forecast to rise from USD 3.5 trillion in 2022 to USD 7.3 trillion by 2030.
- By 2022, the size of Indian GDP had already become larger than the GDP of the UK and also France.
- This rapid pace of economic expansion would result in the size of the Indian GDP exceeding Japanese GDP by 2030, making India the second largest economy in the Asia-Pacific region.



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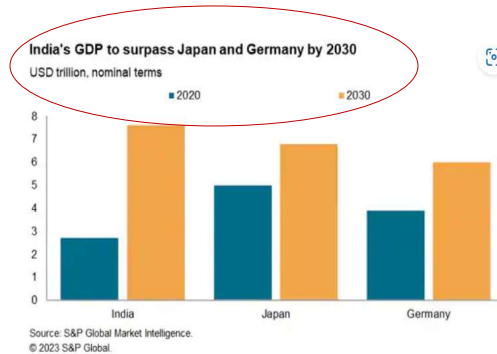
Where Are We?

World Stage

Considerations – India ... Looking Promising – FDI Flows ... Did You Know?

India

- By 2030, India's GDP is also forecast to surpass Germany.
- With 1.4 billion people and myriad unmet needs, India's growth is driven mainly by domestic consumption and investments.
- Real wages are expected to grow at 4.6%, whereas disposable income will continue to grow in excess of 15%.



Where Are We?

World Stage

World Economic Outlook & Conditions – Themes & Considerations

The global economy is entering a new era!

Trade and geo-political tensions.

High degrees of policy uncertainty.

Seeming increasing sense of unilateralism.

Defined: Unilateralism is a foreign policy approach that prioritizes a nation's independent actions without seeking cooperation or agreement with other countries.

Managing risks and searching for opportunities.
(... and trade partners?)

Where Are We?

World Stage

World Economic Outlook & Conditions – A Reset and New Era!

The Global Economic System Undergoing A Reset!

- Our current global economic system is about 80 years old.
- Under which most countries have been operating.
- Now seems to be undergoing a reset.
- Entering a new era.
- Existing rules are challenged while new ones are yet to emerge.
- Since late January, a flurry of tariff announcements by the United States.
- Started with Canada, China, Mexico and critical sectors, culminated with near universal levies on April 2.
- The US effective tariff rate surged past levels reached during the Great Depression ...
- ... while counter-responses from major trading partners significantly pushed up the global rate.

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Where Are We?

World Stage

World Economic Outlook & Conditions – Themes & Considerations

Systemic uncertainty and policy unpredictability, along with negative or pessimistic sentiment are the major drivers of the future global economic outlook.

If an abrupt increase in tariffs is sustained along with attendant uncertainty, this will significantly slow global growth and trade.

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Where Are We?

World Stage

World Economic Outlook & Conditions – Themes & Considerations / Trade!

Closely compacted global supply chains
can magnify the effects of tariffs and uncertainty.

Most traded goods are “intermediate” inputs that cross
borders multiple times before being turned into final products.

(e.g. US/Canada/Mexico auto assembly)

Disruptions can propagate up and down the
global input-output network (chain) with potentially large
multiplier effects, as we saw during the pandemic.

Companies facing uncertain market access will likely pause
in the near term, reduce investment and cut spending.

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World Stage

World Economic Outlook & Conditions – Themes & Considerations: Global Trade

Global trade was quite resilient until now, partly because
businesses were able to re-route trade flows when needed.

This may become more difficult this time around.

(Decoupling / Supply Chain / De-dollarization)

Projection is that global trade growth will dip
More than output, to 1.7 percent in 2025.

(Implications: Made more stuff, than was sold!)

This represents a significant downward revision
since the earlier January IMF projections.

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Where Are We?

Global Trade

World Economic Outlook & Conditions – Decoupling

- **Decoupling** in global trade refers to the complete separation of economic ties between two or more economies.
- This can involve:
 - Dismantling trade and investment relationships
 - Establishing new economic partnerships
 - Severing of supply chains
- Thought is that decoupling could have significant ramifications, including:
 - Reduced trade volumes
 - Increased tariffs and restrictions on investment
 - Global business impacts
 - Market crisis
 - **Serious impacts on supply chains and related implications**
- Tariffs lead importers to look for new sources of supply.

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Source: IMF July 2024

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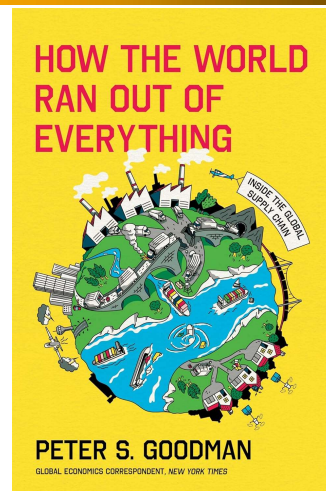
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Where Are We?

Global Trade

An Interesting Resource – Global Supply Chain (Read or Kindle)

- [How the World Ran Out of Everything: Inside the Global Supply Chain.](#)
- By [Peter S. Goodman](#), award-winning journalist.
- Reveals the fascinating innerworkings of our supply chain and the factors that have led to its constant, dangerous vulnerability.
- Reporting takes readers deep into the elaborate system, showcasing the triumphs and struggles of the human players who operate it—from factories in Asia and an almond grower in Northern California, to a group of striking railroad workers in Texas, to a truck driver who Goodman accompanies across hundreds of miles of the Great Plains.
- Weaves a powerful argument for reforming a supply chain to become truly reliable and resilient, demanding a radical redrawing of the bargain between labor and shareholders, and deeper attention paid to how we get the things we need.



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POLLING QUESTION 1:

POLLING QUESTION:

WHAT IN YOUR VIEW IS THE LIKELIHOOD THAT OTHER COUNTRIES AROUND THE WORLD WILL BEGIN USING AN ALTERNATE GLOBAL ANCHOR CURRENCY OR REDUCE THEIR USE OF THE U.S. DOLLAR FOR GLOBAL FINANCIAL AND TRADE TRANSACTIONS IN THE FUTURE?

- A. DEFINITELY
- B. VERY LIKELY
- C. SOMEWHAT LIKELY
- D. NOT AT ALL LIKELY

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Where Are We?

World Stage

Resiliency, Supply Chain, Etc.

RESILIENCY
SUPPLY CHAIN
PROJECT ANNOUNCEMENTS

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Where Are We?

USA

Companies Announcing Expanded Production/Capability in the U.S. (Examples: February - Date)



Abbott Laboratories

- Illinois-based medical device company. Manufactures worldwide.
- Hence, such products are subject to country-specific levies that Mr. Trump has paused for 90 days.
- \$500M investment in manufacturing, research and development capabilities at plants in Illinois and Texas will "go live" by the end of the year.
- Plans to hire up to 300 workers across both states, to support expansion.

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Where Are We?

USA

Companies Announcing Expanded Production Capability in the U.S. (February – To Date)



Apple (February)

- February. Is committed to spending more than \$500B on expanding its U.S. manufacturing capabilities over four years.
- Will expand its current facilities, increasing the number of workers.
- At plants in Arizona, California, Iowa, Michigan, Nevada, North Carolina, Oregon, Texas and Washington.
- Also has plans to build a 250,000-square-foot factory in Houston. Scheduled to open in 2026.
- Plant will build servers that power Apple Intelligence, the company's AI — another area the tech giant is pouring money into.
- The sum marks Apple's largest-ever financial commitment, the company said.
- Doubling the Advanced Manufacturing Fund.

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Where Are We?

USA

Companies Announcing Expanded Production Capability in the U.S. (February – To Date)



Chobani

- Known for its Greek-style yogurt.
- Expanding manufacturing in New York State.
- Announced plans to [spend at least \\$1.2 billion opening a million-square-foot factory in Rome, New York.](#)
- Company executives believe the plant will be the largest dairy factory in the U.S.
- Capacity to produce up to one billion pounds of dairy products annually.
- This domestic expansion, which will create 1,000 new jobs, and is necessary to meet demand.
- Investment comes after Chobani announced a \$500 million expansion in Twin Falls, Idaho in March.

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Where Are We?

USA

Companies Announcing Expanded Production Capability in the U.S. (February – To Date)



Cra-Z-Art

- Randolph, New Jersey-based toy company.
- Is [growing its U.S. production capacity by 50%](#), "to combat the cost of tariffs for imported goods from China and other countries."
- Based on current economic environment and climate, are taking decisive action to expand and invest in American manufacturing.
- Already have the infrastructure and capabilities in place to rapidly increase toy and school supply production as well as manufacturing space here in the USA.
- Will greatly benefit their retail partners by getting products to market quicker and more cost effectively ...
- ... ultimately passing along the savings to the consumer.
- Also benefits the local economy where our factories are located.

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Where Are We?

USA

Companies Announcing Expanded Production Capability in the U.S. (February – To Date)



Johnson & Johnson

- Johnson & Johnson – health care.
- Planning to invest more than \$55 billion in new U.S. manufacturing facilities over four years.
- The investment represents a 25% increase compared with the previous four years.
- Will accelerate their innovation initiatives.
- Will begin with the ground-breaking of a high-tech facility in North Carolina that will not only add U.S.-based jobs but manufacture next-gen, cutting-edge medicines for worldwide use.
- Cancer, and immune-mediated and neurological diseases.
- Will also expand capacity at existing domestic plants with expected higher pay.

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Where Are We?

USA

Companies Announcing Expanded Production Capability in the U.S. (February – To Date)



Honda Motor

- Moving production of its Civic Hybrid Hatchback from Japan to the U.S in the face of a barrage of tariffs by the Trump administration.
- Currently produces the Civic Hatchback Hybrid from two plants, one in Indiana and another in Japan.
- Starting in late-2025 will be produced only in Indiana.

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Where Are We?

USA

Companies Announcing Expanded Production Capability in the U.S. (February – To Date)



Hyundai Motor Company

- Hyundai in March announced a **\$21 billion commitment to investing in domestic manufacturing** from 2025 to 2028.
- As part of that commitment, the company has pledged to put \$9 billion toward **expanding domestic automobile production to 1.2 million vehicles a year**.
- Will deepen its partnership with the United States.
- Plan to further expand our operations and investment in talent in the U.S.

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Where Are We?

USA

Companies Announcing Expanded Production Capability in the U.S. (February – To Date)



Merck

- Drugmaker. **Investing \$1 billion to build a U.S. plant in Delaware.**
- Comes amid plans by Trump Admin to impose tariffs on pharmaceuticals, which would include taxes on imported ingredients used drug manufacturing.
- Plans to build a new 470,000-square-foot facility in Wilmington, Delaware.
- Will make Keytruda, the company's immunotherapy treatment for different cancers.
- Will be Merck's first U.S. facility dedicated to making Keytruda for U.S. patients.
- Significant investment to not only bring the world's best-selling medicine closer to the American patients who rely on it, but to also establish a home for our biologics portfolio of products serving U.S. patients."

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Where Are We?

USA

Companies Announcing Expanded Production Capability in the U.S. (February – To Date)



Nvidia (Late-April)

- American chip maker Nvidia announced that for this first time in the company's history, it will be manufacturing chips and AI supercomputers in the U.S.
- Nvidia has commissioned more than a million square feet of manufacturing space to build its Blackwell chips in Arizona and AI supercomputers in Texas.
- Expects to produce up to half a trillion dollars' worth of AI infrastructure in the U.S.
- "The engines of the world's AI infrastructure are being built in the United States for the first time and strengthens our supply chain and resiliency".
-- Nvidia founder and CEO Jensen Huang

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Where Are We?

USA

Companies Announcing Expanded Production Capability in the U.S. (February – To Date)



Roche (Late-April)

- Swiss pharmaceutical company. Presence in over 130 countries.
- Committing \$50 billion to growing its U.S. operations.
- Funds will go toward building new R&D, and expanding existing manufacturing facilities in Indiana, Pennsylvania, Massachusetts and California.
- Will also announce a new 900,000-square-foot manufacturing center dedicated to its weight loss medicine portfolio.
- "Roche is a Swiss company with a strong heritage in more than 130 countries globally. The announced investments underscore our long-standing commitment to research, development and manufacturing in the U.S."

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Where Are We?

USA



Companies Announcing Expanded Production Capability in the U.S. (February – To Date)

Taiwan Semiconductor Manufacturing Company (March)

- Taiwanese semiconductor maker.
- Founded in 1987 and is known as the world's first dedicated semiconductor foundry.
- Announced a \$165 billion total investment in U.S. manufacturing capabilities.
- The investment augments an existing \$65 billion investment in semiconductor manufacturing operations in Phoenix by \$100 billion.
- The expansion includes plans for three new plants, two advanced packaging facilities and a major research and development center.

It's more than physical plant ... it's also about customer engagement, perception, and marketing communications!

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Where Are We?

USA



Marketing, Perception Management, Consumer Engagement – Rooms To Go!

'BEAT THE TARIFF'

- Check out Rooms to Go's 30 second TV commercial, 'Beat the Tariff' from the Furniture Stores industry.
- Keep an eye on this page to learn about the songs, characters, and celebrities appearing in this TV commercial.

<https://www.ispot.tv/ad/TseV/rooms-to-go-beat-the-tariff>

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Where Are We?

USA

Marketing, Perception Management, Consumer Engagement



Volkswagen

The new all-electric 2025 ID.4 “Social Butterfly”

<https://www.youtube.com/watch?v=9fE3y5-XHkE>



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POLLING QUESTION 2:

POLLING QUESTION:

IN YOUR VIEW, WILL THE CURRENT GLOBAL TARIFF POLICIES AND CLIMATE LEAD TO AND RESULT IN THE U.S. BECOMING A LEADING GLOBAL MANUFACTURER, WITH LOWER COSTS TO THE U.S. CONSUMER, OVER THE LONG-TERM?

- A. DEFINITELY
- B. VERY LIKELY
- C. SOMEWHAT LIKELY
- D. NOT AT ALL LIKELY

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Where Are We?

Sentiment

Considerations

SENTIMENT INDICATORS

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Where Are We?

Sentiment

Key Factors & Forces: US Inflation Rate (5 year horizon)

US Inflation Rate (I:USIR)

2.31% for Apr 2025

Overview

Interactive Chart

Level Chart

VIEW FULL CHART



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Where Are We?

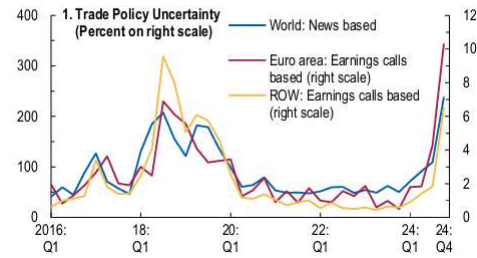
Sentiment

World Economic Outlook & Conditions: Key Factors & Forces - Trade Policy Uncertainty YE 2024

- By year-end 2024 policy uncertainty had increased sharply.
- The escalation of trade tensions (tariffs and unilateralism) could further raise near-term risks to inflation by increasing the cost of imported and value-added domestically produced goods along the supply chain.
 - China / Southeast Asia tensions
 - Russia-Ukraine conflict
 - Middle East conflicts
 - Pressure and increased reliance on "other substitute" or "contingency" countries to support global supply chain
- i.e. India, Pakistan, Bangladesh, Vietnam, Thailand, Taiwan.
- Tensions and cross-border trade restrictions have surged, harming trade between geo-politically distant blocs.... "Decoupling"?

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Figure 1. Policy Uncertainty
(Index, unless noted otherwise)



Note: The uncertainty measures are news-based indices that quantify media attention to news related to an issue, in which a value of 100 corresponds to 1 percent of news articles that reference the issue. In panel 1, the euro area and the rest of the world (ROW) are based on the earnings-calls-based indicators, representing the proportion of firms that mention trade policy uncertainty (TPU) in their earnings calls. This measure reflects companies' concerns regarding TPU. The Outlook IMF staff projections assume current based on the dictionary developed by Caldara and others (2020, <https://doi.org/10.1016/j.jmoneco.2019.11.002>). The ROW encompasses 22 countries, including the US. In panel 2, US fiscal policy uncertainty is a subcomponent of the Economic Policy Uncertainty Index developed by Baker, Bloom, and Davis (2016, <https://doi.org/10.1093/qje/qjw024>), whereas the indicator for the world is based on Hong, Ke, and Nguyen (2024, <https://doi.org/10.5089/9798400288128.001>).

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Source: IMF July 2024

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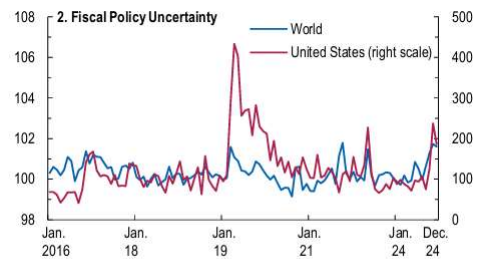
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Sentiment

World Economic Outlook & Conditions: Key Factors & Forces – Economic/Fiscal Policy Uncertainty YE 2024

- By year-end 2024 economic policy uncertainty had increased sharply.
- Especially on the trade and fiscal fronts.
- Some differentiation across countries.
- Expectations of policy shifts under newly elected governments in 2024 have shaped financial market pricing in recent month.
- Bouts of political instability in some Asian and European countries had rattled markets and injected additional uncertainty regarding stalled progress on fiscal and structural policies.
- Geopolitical tensions, including those in the Middle East and global trade frictions remain elevated.

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Sources: Baker, Bloom, and Davis 2016; Caldara and others 2020; Refinitiv Eikon; and IMF staff calculations.

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Source: IMF July 2024

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Sentiment

World Economic Outlook & Conditions: Trade Policy Uncertainty Index (April 2025)

- **Trade Policy Uncertainty Index (TPU)** is constructed by counting the frequency of joint occurrences of "trade policy" and "uncertainty" terms across major newspapers.

- The trend in the chart shows that the TPU Index spikes initially in the 1970s following the Nixon "shock" to U.S. trade policy in 1971.
- The imposition of oil import tariffs by President Ford in 1975.
- There are additional increases in TPU resulting from trade tensions with Japan in the 1980s and around the NAFTA negotiations in the mid-1990s.

World - Trade Policy Uncertainty Index (Monthly)



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Source: IMF July 2024

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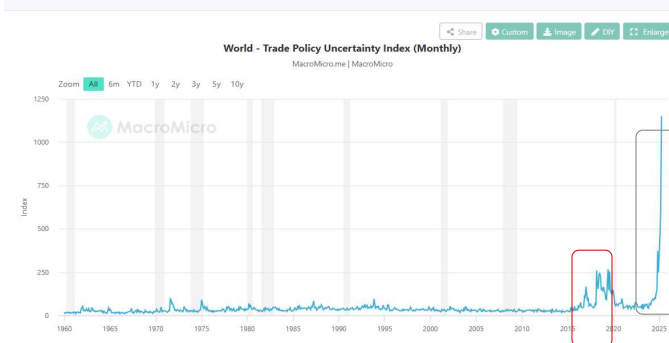
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Sentiment

World Economic Outlook & Conditions: Trade Policy Uncertainty Index (April 2025)

- TPU reaches unprecedented levels beginning after the 2016 and 2024 U.S. Presidential Elections
- Spikes several times in response to heightened tensions between the U.S. and its trading partners, notably China, Mexico, and Canada.

World - Trade Policy Uncertainty Index (Monthly)



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Source: IMF July 2024

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Where Are We?

Sentiment

World Economic Outlook & Conditions: Cutback Signals – Consumer Confidence Index Feb 2024

- Americans signal a cut back on spending amid financial struggles.
- Economic uncertainty continues to mount.
- Consumer confidence serves as a key indicator of future economic activity.
- Consumer spending drives roughly two-thirds of the U.S. economy.
- Consumer confidence in the U.S. fell sharply in February, marking the biggest monthly decline in more than four years.
- The **Conference Board Report**, reflects concerns over inflation, trade policies, and labor market conditions have led to a growing number of Americans expecting economic difficulties in the near future.
- The Conference Board's **Consumer Confidence Index** fell to 98.3 in February, down from 105.3 in January, marking a seven-point decline -- the largest since August 2021.
- The figure came in well below economists' expectations of 103, as surveyed by FactSet.

The monthly Consumer Confidence Survey®, based on an online sample, is conducted for The Conference Board by Toluna, a technology company that delivers real-time consumer insights and market research through its innovative technology, expertise, and panel of over 36 million consumers. The cutoff date for the preliminary results was February 19.

Source: IMF July 2024

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Where Are We?

Sentiment

World Economic Outlook & Conditions: Cutback Signals – Consumer Confidence Index Feb 2025

UPDATE: The Conference Board's Consumer Confidence Index for April 2025 is 86.0. This represents a significant drop from the previous month, marking the fifth consecutive monthly decline and the lowest reading since May 2020. The Expectations Index, which reflects consumers' short-term outlook, also reached a 13-year low.



- The Index fell to 98.3 in February, down from 105.3 in January, marking a seven-point decline—the largest since August 2021. The figure came in well below economists' expectations of 103, as surveyed by FactSet.
- The latest decline was driven by worsening expectations for income, business conditions, the labor market, trade and tariffs.

Source: IMF July 2024

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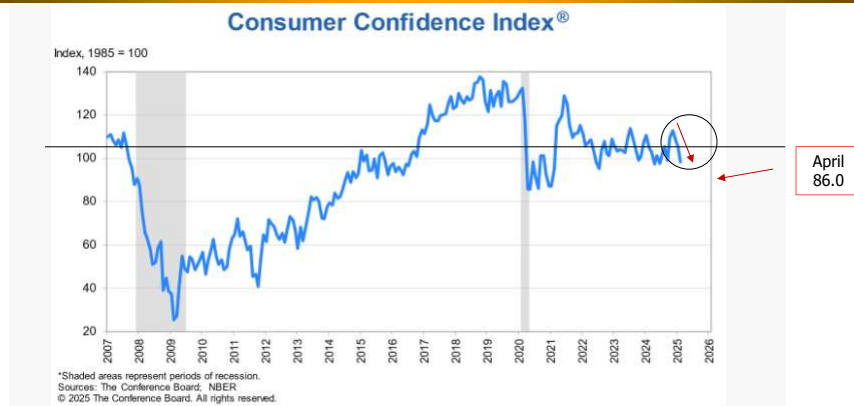
74

Where Are We?

Sentiment

World Economic Outlook & Conditions: Forecast for Recession – Cutback Signals

The index at 86.0 indicates that consumer sentiment is more pessimistic than in 1985, when the index was set at 100.



- The sharp drop in confidence comes amid persistent inflationary pressures and concerns about potential tariffs, which some fear could further strain household budgets.
- February's fall in confidence was shared across all age groups but was deepest for consumers between 35 and 55 years old. The decline was also broad-based among income groups, with the only exceptions among households earning less than \$15,000 a year and between \$100,000–125,000.

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Source: IMF July 2024

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Where Are We?

Sentiment

World Economic Outlook & Conditions: Cutback S & Recession Signals – Expectations & Present Situation Indices Feb 2025

The Expectations Index, which measures short-term sentiment, dropped 9.3 points to 72.9, falling below the threshold of 80, which historically signals a potential recession ahead.

The Present Situation Index, which gauges consumers' views of current economic conditions, also dropped by 3.4 points to 136.5.

Consumers' outlook for business conditions turned negative in February.

- 20.2% of consumers expected business conditions to improve, down from 20.8% in January.
- 26.7% expected business conditions to worsen, up from 19.6%.

Consumers' pessimism about the labor market outlook worsened.

- 18.4% of consumers expected more jobs to be available, down from 19.1% in January.
- 25.9% anticipated fewer jobs, up from 21.0% in January.

Consumers were less optimistic about their income prospects in February.

- 18.2% of consumers expected their incomes to increase, a slight uptick from 18.1% in January.
- But 13.7% expected their incomes to decrease, up from 12.3%.

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Source: IMF July 2024

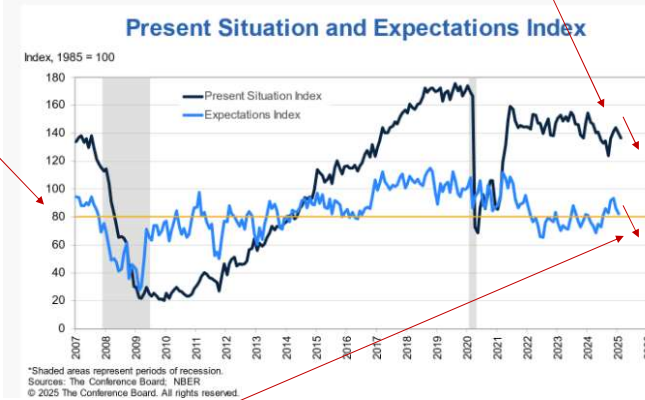
76

Where Are We? Sentiment

World Economic Outlook & Conditions: Cutback S & Recession Signals – Present Situation & Expectation Indices Feb 2025

April Present Situation Index, which gauges consumers' assessment of current business and labor market conditions, decreased to 133.5. This was a drop of 0.9 points from the previous month.

- The Expectations Index, measures short-term sentiment, dropped 9.3 points to 72.9
- Dropped below the threshold of 80, which historically signals a potential recession ahead.
- The Present Situation Index gauges consumers' views of current economic conditions.
- Also dropped by 3.4 points to 136.5.



April Expectations Index—based on consumers' short-term outlook for income, business, and labor market conditions—dropped 12.5 points to 54.4, the lowest level since October 2011 and well below the threshold of 80 that usually signals a recession ahead.

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Where Are We? Sentiment

World Economic Outlook & Conditions: Univ of Michigan Consumer Sentiment May 2025

- The University of Michigan consumer sentiment for the US dropped sharply to 50.8 in May 2025.
- Down from 52.2 in April and well below market expectations of 53.4, according to preliminary estimates.
- This marks the fifth consecutive monthly decline, the lowest reading since June 2022, and the second-lowest on record.
- As mounting inflation expectations and renewed concerns over tariffs continue to weigh on sentiment.
- Both the current conditions index (57.6 vs 59.8) and expectations gauge (46.5 vs 47.3) worsened.



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Source: IMF July 2024

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Where Are We?

Sentiment

Considerations

INVESTOR SENTIMENT INDICATORS & MARKETS

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Where Are We?

Sentiment – Investor

World Economic Outlook & Conditions: Investor Sentiment – AAI Survey @ 3/13

- American Association of Individual Investors (“AAII”)
- March 13, 2025 – AAI Survey.
 - The AAI Survey offers insight into the opinions of individual investors by asking them their thoughts on where the market is heading in the next six months.
 - Has been doing so since 1987.
- Investor sentiment is measured with a weekly survey conducted from Thursday at 12:01 a.m. until Wednesday at 11:59 p.m.
 - Tracking sentiment gives investors a forward-looking perspective of the market
- Outcome of Sentiment Survey: **Pessimism Climbs!**

80

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Source: IMF July 2024

80

Where Are We?

Sentiment - Investor

World Economic Outlook & Conditions: Investor Sentiment – AAII Suvery @ 3/13

(continued)

- Outcome of Sentiment Survey: **Pessimism Climbs!**
- Pessimism among individual investors about the short-term outlook for stocks increased.
- Meanwhile, optimism and neutral sentiment decreased.
- Bullish sentiment = expectations that stock prices will rise over the next six months:
 - Decreased 0.2 percentage points to 19.1%.
 - Bullish sentiment is unusually low and is below its historical average of 37.5% for the ninth time in 11 weeks.
 - Bullish sentiment was last lower on September 22, 2022 (17.7%).
 - This is the first time that bullish sentiment has been below 20% for three straight weeks.

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Source: IMF July 2024

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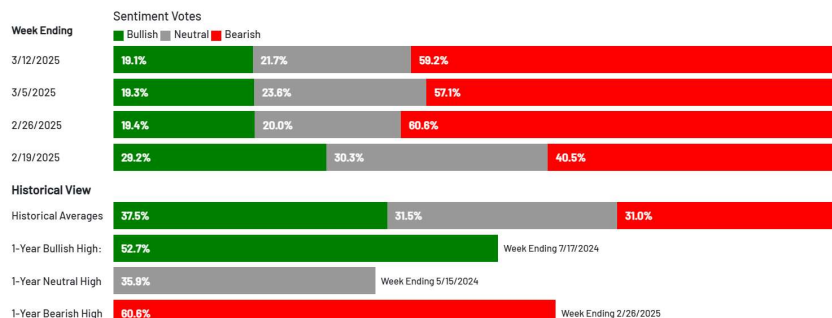
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Where Are We?

Sentiment - Investor

World Economic Outlook & Conditions: Investor Sentiment – AAII Suvery @ 3/13

What Direction Do AAII Members Feel The Stock Market Will Be In The Next 6 Months?



- March 13, 2025 – Survey.
- Outcome of Sentiment Survey: **Pessimism Climbs!**

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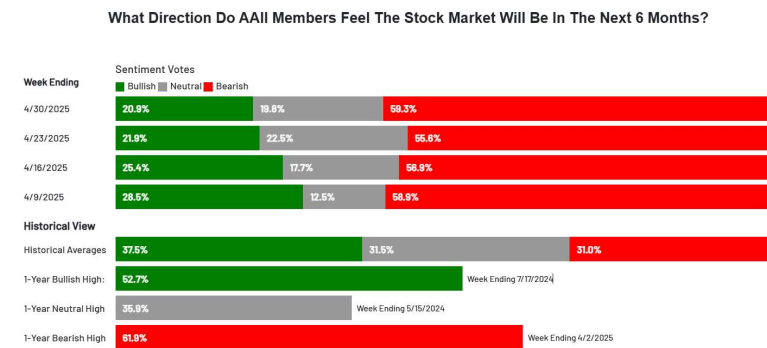
82

82

Where Are We?

Sentiment - Investor

World Economic Outlook & Conditions: Investor Sentiment – AAI Survey @ 4/30



- April 30, 2025 – Survey.
- Outcome of Sentiment Survey: **Pessimism Climbs!**

This indicates a higher level of pessimism among individual investors regarding the short-term outlook for stocks. These numbers suggest that investors are currently more pessimistic than they have been in recent months, with a significant majority anticipating a downturn in the stock market over the next six months.

83

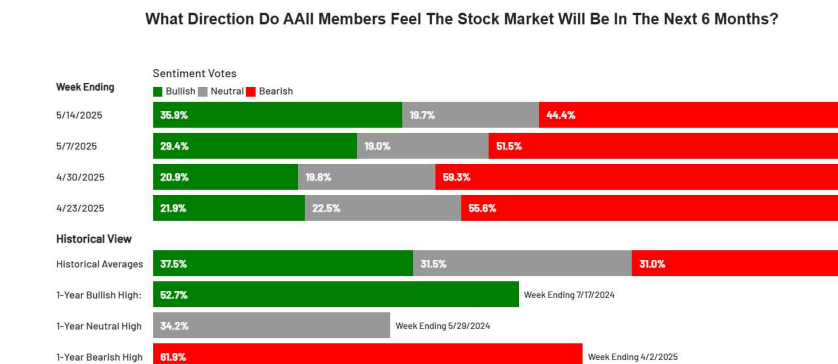
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Where Are We?

Sentiment - Investor

World Economic Outlook & Conditions: Investor Sentiment – AAI Survey @ 5/14



- May 14, 2025 – Survey.
- Outcome of Sentiment Survey: **Bullishness Tops Up!**

- Pessimism among individual investors about the short-term outlook for stocks decreased in the latest AAI Sentiment Survey.
- Meanwhile, optimism and neutral sentiment increased.
- Bullish sentiment, expectations that stock prices will rise over the next six months, increased 6.5 percentage points to 35.9%. Bullish sentiment is below its historical average of 37.5% for the 18th time in 20 weeks and is above 30% for only the sixth time this year

84

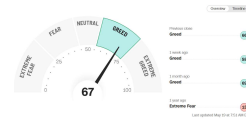
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Where Are We? Sentiment

Fear & Greed Index @ 9/27/24

Seven indicators are measured on a scale from 0 to 100. The index is computed by taking an equal-weighted average of each. A reading of 50 is deemed neutral, with higher numbers signaling "greed." The indicators include:



- The Fear and Greed Index was developed by CNN Business to **measure how emotions influence how much investors are willing to pay for stocks**.

- The index assumes that **fear drives stocks lower while greed boosts stock values**.

- CNN examines seven indicators that measure aspects of stock market behavior.

What Emotion is Driving the Market? @ 9/27

Fear & Greed Index

What emotion is driving the market now?
[Learn more about the Index](#)



- The Fear and Greed Index has been a reliable indicator of a turn in **equity markets**. The index sank to a low of 12 in Sept. 2008, when the S&P 500 fell to a three-year low in the aftermath of the **Lehman Brothers** bankruptcy and the near-demise of insurance giant AIG. By contrast, it traded over 90 in Sept. 2012 as global equities rallied following the **Federal Reserve's** third round of **quantitative easing**.
- On Mar. 12, 2020, during the rise of the COVID-19 pandemic, the index fell to an annual low of 2 when stocks plunged 10% and entered a bear market after President Trump announced a US travel ban due to the escalating coronavirus fears. By Nov. 2020, the index registered over 75 in "extreme greed" territory when optimism grew about a coronavirus vaccine.

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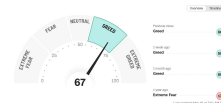
85

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Where Are We? Sentiment

Fear & Greed Index @ 9/27/24

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- Stock Price Momentum:** A measure of the Standard & Poor's 500 Index (S&P 500) versus its 125-day **moving average** (MA).

- Stock Price Strength:** The number of stocks hitting **52-week** highs versus those hitting 52-week lows on the New York Stock Exchange (NYSE).

- Stock Price Breadth:** Analyzing the **trading volumes** in rising stocks against declining stocks.

- Put and Call Options:** The extent to which put options lag behind call options, signifying greed, or surpassing them, indicating fear.

- Junk Bond Demand:** Measures the spread between **yields** on **investment-grade** bonds and junk bonds.

- Market Volatility:** CNN measures the **CBOE's Volatility Index** (VIX) based on a 50-day MA.

- Safe Haven Demand:** The difference in returns for stocks versus **treasuries**.

What Emotion is Driving the Market? @ 9/27

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VIX is the ticker symbol and the popular name for the Chicago Board Options Exchange's CBOE Volatility Index, a popular measure of the stock market's expectation of volatility based on S&P 500 index options for next 30 days.

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Where Are We?

Sentiment

US Economic Outlook & Conditions – Some Considerations: (VIX) @ 9/27/24

The Fear & Greed Index is a compilation of seven different indicators that measure some aspect of stock market behavior. They are:

1. Market momentum
2. Stock price strength
3. Stock price breadth
4. Put and call options
5. Junk bond demand
6. Market volatility
7. Safe haven demand

The index tracks how much these individual indicators deviate from their averages compared to how much they normally diverge (deviation)

The index gives each indicator equal weighting in calculating a score from 0 to 100, with 100 representing maximum greediness and 0 signaling maximum fear.

Fear & Greed Index

What emotion is driving the market now?
[Learn more about the index](#)



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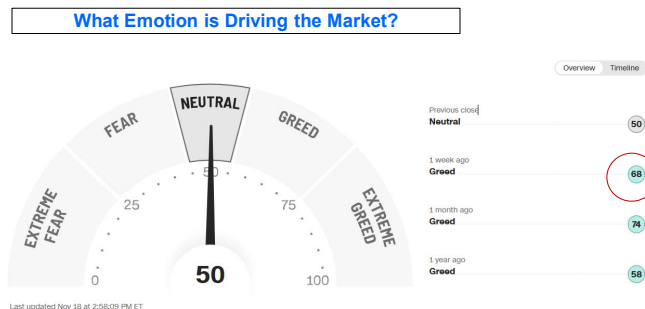
Where Are We?

Sentiment

Fear & Greed Index @ 11/18/24

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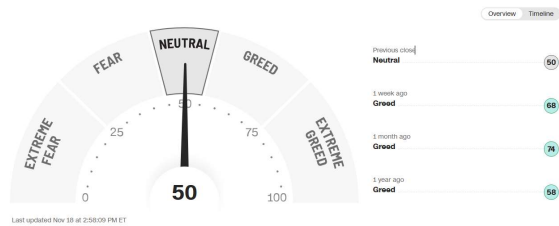
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What Emotion is Driving the Market?



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Where Are We? Sentiment

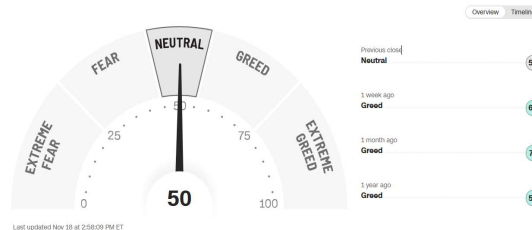
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Where Are We? Sentiment

Fear & Greed Index @ 3/17/25

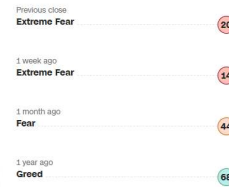
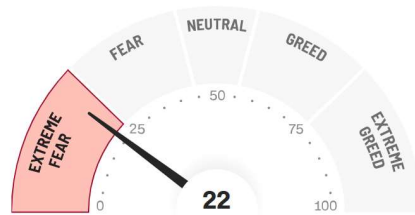
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Where Are We? Sentiment

Fear & Greed Index @ 5/5/2025

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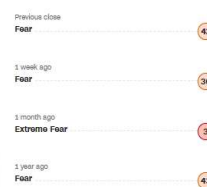
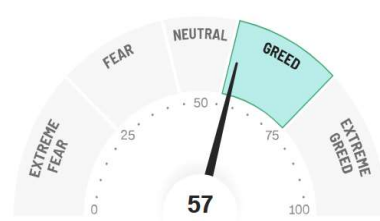
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Fear & Greed Index

What emotion is driving the market now?
[Learn more about the index](#)



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Where Are We?

Sentiment

Fear & Greed Index @ 5/19/2025

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Where Are We?

World Stage

World Economic Outlook & Conditions – Themes & Considerations / Exchange Rates

Risks to the global economy have increased, and worsening trade tensions could further depress growth.

Tariff's Effects On ...

Exchange Rates:

- Effect is complex.
- The US, as the tariffing country, may see its currency appreciate as in previous instances.
- However, as was seen in recent tariff announcements -- greater policy uncertainty, dimmer US growth prospects, and an adjustment in the global demand for dollar assets -- can have affect the dollar's value
- In the medium term, the dollar may depreciate in real terms if the tariffs translate into lower productivity in the US tradable goods sector, relative to its trading partners.

In March 1973, the Bretton Woods system, which had been established in 1944, officially collapsed as the dollar was allowed to float freely against other currencies. This followed earlier steps, such as the cancellation of the dollar's convertibility to gold in 1971, marking the end of the fixed exchange rate system that had been in place since 1944.

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Where Are We?

World Stage

World Economic Outlook & Conditions – US Dollar Index 1 Yr. @ 5/5 Intraday

- Basket of currencies are: Euro, Swiss franc, Japanese Yen, Canadian Dollar, British Pound, and Swedish Krona.
- The index was established shortly after the Bretton Woods Agreement was dissolved in 1973.

US Dollar Index (DX-Y.NYB) ☆ Follow

99.52 -0.51 (-0.51%)

As of 9:29:31 AM EDT, Market Open.



- The **U.S. Dollar Index** an index of the value of the US Dollar relative to a basket of six foreign currencies.
- Often referred to as a basket of U.S. trade partners' currencies.
- The Index goes up when the U.S. dollar gains "strength" when compared to other currencies.

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Where Are We?

World Stage

World Economic Outlook & Conditions – Themes & Considerations / Banking & Markets

Risks to the global economy have increased, and worsening trade tensions could further depress growth.

Tariff's Effects On ...

Banking & Capital Markets:

- Likewise, financial institutions are reassessing borrowers' credit exposure.
- And, credit quality and capacity.
- Although banks remain well capitalized overall, financial and capital markets may face more severe tests.
- Including **"stress testing"** on individuals, businesses, and financial institutions!

Stress testing in banking is a simulation that evaluates how banks would fare under adverse economic conditions like a financial crisis. It helps determine if banks have enough capital to withstand such shocks and continue operating effectively. The Federal Reserve conducts stress tests for large banks, and the results are used to assess the financial resilience of these institutions.

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Where Are We?

Markets

World Economic Outlook & Conditions: Market Hits – NASDAQ @ 3/17

- Markets were jolted on **Monday, 11 March** after the president stated that the U.S. economy was in a "period of transition."
- The Nasdaq posting its steepest one-day drop since **September, 2022**.
- @ 3/17 US markets were hovering at worst month since 2022. Recovered somewhat by end of day.

Nasdaq Composite

INDEXNASDAQ.IXIC

Overview

Compare

Market Summary > Nasdaq Composite

17,712.20

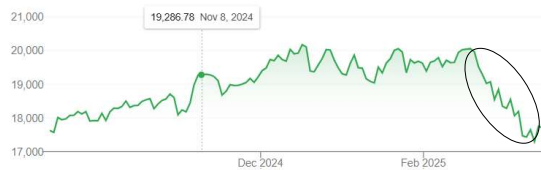
+84.13 (0.48%) ↑ past 6 months

Mar 17, 1:13 PM EDT • Disclaimer

@ 5/19
19215

+ Follow

1D 5D 1M 6M YTD 1Y 5Y Max



Open	17,722.54	Low	17,645.87	52-wk high	20,204.58
High	17,853.18	Prev close	17,754.09	52-wk low	15,222.78

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Source: IMF July 2024

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Where Are We?

Markets

World Economic Outlook & Conditions: Market Hits – S&P 500 @ 3/17

- Markets were jolted on **Monday, 11 March** after the president stated that the U.S. economy was in a "period of transition."
- @ 3/17 US markets were hovering at worst month since 2022. Recovered somewhat by end of day.
- The S&P 500 's rapid 10% decline from a record high into correction territory has wiped out trillions of dollars in market value.
- The market value of the S&P 500 at its Feb. 19 peak was \$52.06 trillion, according to FactSet. The March 11 decline put the index's market value down to \$46.78 trillion.
- That makes for a total loss of about \$5.28 trillion in about three weeks.

5,654.36

-475.22 (-7.75%) ↓ past month

Mar 17, 10:53 AM EDT • Disclaimer

@ 5/19
5963

+ Follow

1D 5D 1M 6M YTD 1Y 5Y Max



Open	5,635.60	Low	5,631.12	52-wk high	6,147.43
High	5,669.30	Prev close	5,638.94	52-wk low	4,953.56

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Source: IMF July 2024

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Where Are We?

Markets

World Economic Outlook & Conditions: Market Hits – US Stock Market Index @ 3/18

- Markets were jolted on **Monday, 11 March** after the president stated that the U.S. economy was in a "period of transition."
- Declines were registered across the major U.S. indexes, with the Nasdaq posting its steepest one-day drop since September, 2022.
- @ 3/17 US markets were hovering at worst month since 2022.



The US500 tracks the stock performance of 500 of the largest companies listed on stock exchanges in the United States.

Where Are We?

Markets

World Economic Outlook & Conditions: Market Hits – US Stock Market Index 1 Yr @ 5/5 (Intraday)

- Return to April 2 Liberation Day Announcement level.
- However well below year-end 2024 levels.
- Still an uncertain time!



The US500 tracks the stock performance of 500 of the largest companies listed on stock exchanges in the United States.

Where Are We?

World Stage

World Economic Outlook & Conditions – Themes & Considerations / Energy - Oil

Risks to the global economy have increased, and worsening trade tensions could further depress growth.

Tariff's Effects On ...

Oil:

- Financial conditions could tighten further as markets react negatively to the diminished growth prospects and increased uncertainty.
- In the shorter-term, the increased uncertainty and tightening of financial conditions could negatively impact economic activity, as reflected in the sharp decline in oil prices.
- Softer crude oil price is definitely helpful to disinflation!

Oil prices tend to decline with lower economic activity because decreased economic activity generally leads to lower demand for oil, and lower demand, in turn, puts downward pressure on prices. Specifically, when the economy slows, there's less need for transportation and other energy-intensive activities, thus reducing the overall demand for oil.

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Where Are We?

World Stage

Regional Economic Outlook & Conditions – Middle East / Brent Crude 5yr and 1yr @ 3/14

@ 5/19
65.48

A somewhat surprising slowdown in some regions have been offset by some unexpected gains in some other areas.

Middle East and Central Asia:

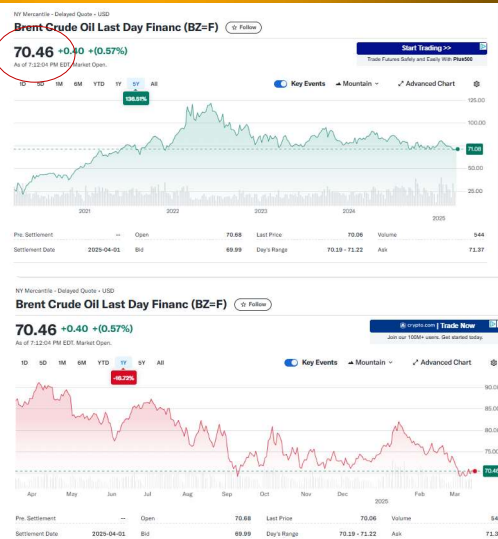
- Oil production and regional conflicts continue to weigh on prospects and logistics.
- Iran negotiations.
- Regional supply chain Issues
- Upside marks brighter prospects for energy prices and contained conflict impact on oil supplies and logistics.

Critical Issues:

- De-dollarization initiatives?
- Regional conflicts / Supply Shocks
- Smooth trade flows and logistics

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Source: IMF July 2024



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Where Are We?

World Stage

Global Economic Outlook & Conditions – Brent Crude @ May 2 @ \$61.43 bbl

@ 5/19
65.48



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Where Are We?

World Stage

US Economic Outlook & Conditions – Brent Crude & Retail Gas Prices



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Where Are We?

Stagflation

Considerations

RECESSION

STAGFLATION

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Where Are We?

Recession

World Economic Outlook & Conditions: Recession – Defined

- There is no official definition of recession, but there is general recognition that the term refers to a period of decline in economic activity.
- Very short periods of decline are not considered recessions.

“Recession”. As a practical definition ...

- A temporary economic decline (cycle) during which trade and industrial activity are reduced, generally identified as two consecutive quarters of decline in a country's real (inflation-adjusted) gross domestic product (GDP)—the value of all goods and services a country produces.
- Although this definition is a useful rule of thumb, it has drawbacks.
- A focus on GDP alone is narrow, and it is often better to consider a wider set of measures of economic activity to determine whether a country is indeed suffering a recession.
- Using other indicators can also provide a timelier gauge of the state of the economy

There are concerns that the US could enter into a period of Stagflation!

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Where Are We?

Recession

World Economic Outlook & Conditions: Stagflation vs. Recession

- Stagflation can include periods of recession, but it's not the same as a recession.
- Stagflation is a more complex economic situation.
- It is characterized by ...
 - ✓ Slow economic growth
 - ✓ High unemployment
 - ✓ Persistent inflation
- Recession, on the other hand, is a general decline in economic activity, typically measured by two consecutive quarters of negative GDP growth.
- While stagflation can lead to or worsen a recession, they are distinct conditions.

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Source: IMF July 2024

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Where Are We?

Housing

Considerations

HOUSING

DEBT/CREDIT TRENDS

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Where Are We?

Housing

World Economic Outlook & Conditions: Forecast for Recession? Rental Market

Renters

- A recession is unlikely to cause home prices to drop, and homeowners are expected to be relatively safe.
- However, renters stand to bear the brunt of an economic downturn because most recessions hit lower-income individuals harder, and may be more likely to lose their jobs.
- A recession could also lead to a drop in demand that could consequently drive rents lower.
- In the U.S., rents were flat to somewhat up prior to the pandemic ...
- ... then, rose after the pandemic with some tapering off.

Where Are We?

World Stage

US Economic Outlook & Conditions – Housing – Build to Rent is Trending!

- As housing costs increase and demand for affordable homes rises.
- Typically, 6-12 units per acre.
- BTR is generally lower-density than traditional multifamily, but varies greatly by developer style, attached versus detached and location.
- Pool, community center, fitness center; sometimes playgrounds, walking trails.
- Some communities have no amenities.
- Rental housing residents may have access to shared amenities if part of a master-planned community (MPC) that also has for-sale housing.
- Professionally managed.
- On-site leasing office.

Where Are We?

World Stage

US Economic Outlook & Conditions – Housing – Build to Rent is Trending!

- Some smaller properties do not have onsite leasing; companies with multifamily experience are common.
- The BTR sector is relatively new, with one quarter of properties built in the last three years.
- Horizontal BTR homes are typically smaller, with 1 to 3 bedrooms.
- Single-family detached and townhome properties typically feature 2 to 4 bedrooms.
- Horizontal BTR properties have an average square footage of 1,160 sq. ft. ⁽¹⁾ based on unit mixes and floor plans, similar to traditional MF.
- Single-family detached and townhome BTR properties range between 1,500 - 2,000 sq. ft.

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Where Are We?

World Stage

US Economic Outlook & Conditions – CPI Shelter and PCE Housing (ex utilities)

US - Housing Price Index vs. Rent Inflation



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Where Are We?

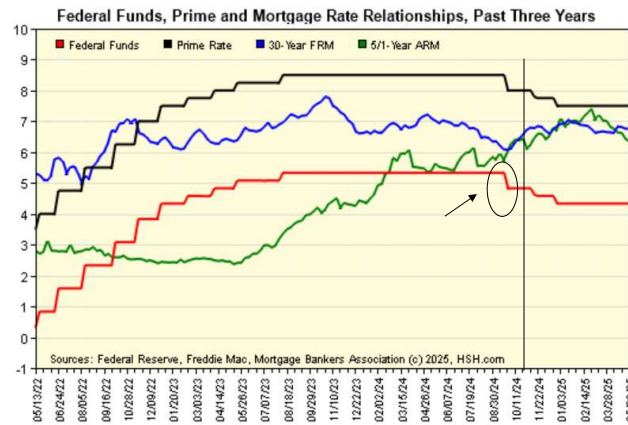
Selected Rates

Economic Outlook & Conditions – US (3 Year Look)

5/1 ARM vs. 30-Year Fixed: An Illustration

5/1 ARM	30-Year Fixed
Interest rate may adjust higher	Interest rate is fixed
But is fixed for first 5 years	For the entire loan term
Interest rate lower at outset	But rate likely higher as a result
Good option if sell/refi soon	Good option if pay off and stay put

- The FF Rate and Prime Rate track closely with one another.



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Where Are We?

Housing

US Economic Outlook & Conditions: Forecast for Recession? Housing

- Concerns over housing market crash and recession.
 - "Recession". As a practical definition ...
- A temporary economic decline (cycle) during which trade and industrial activity are reduced, generally identified as two consecutive quarters of decline in a country's real (inflation-adjusted) gross domestic product (GDP)—the value of all goods and services a country produces.
- Some housing experts assure US homeowners that the value of their properties will not crash even in the face of a major economic downturn.
- Redfin, real estate brokerage suggests as many homeowners are sitting on low mortgages and high-value properties, they are unlikely to be forced to sell.
- Also feel the market is relatively insulated from a downturn as many homeowners "are sitting on high levels of equity" and have likely locked down relatively low mortgage payments before rates skyrocketed following the Federal Reserve's aggressive rate-hiking campaign to combat inflation.
- Mortgage servicers are also much more ready these days to offer mortgage forbearance and modification ... rather than pursue foreclosure in the case of delinquency.
 - May add up to fewer forced sales and home prices are less likely to fall!

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Where Are We?

Housing

US Economic Outlook & Conditions: Forecast for Recession? Housing

- Higher-income homeowners may be less likely to lose their jobs and most homeowners aren't very leveraged, because they've locked in ultra-low or competitive mortgage rates.
- Because U.S. homes have appreciated so much over the past few years, even homeowners who may find themselves underwater will be motivated to continue paying their mortgages to keep hold of their properties.
 - This is a different situation from the one that led to the housing crash of 2008.
- As mortgage rates typically fall when the economy weakens, if rates drop enough, those individuals could refinance and see their monthly payment shrink considerably.
- There is the prospect that mortgage delinquency may rise further.
 - Increases in non-household debt levels are not helping!
- Housing and construction starts have been soft (tariffs have created higher pricing) ... adversely affecting the "supply side".
- A recession could cool the U.S. housing market, in the midst of an affordability crunch.

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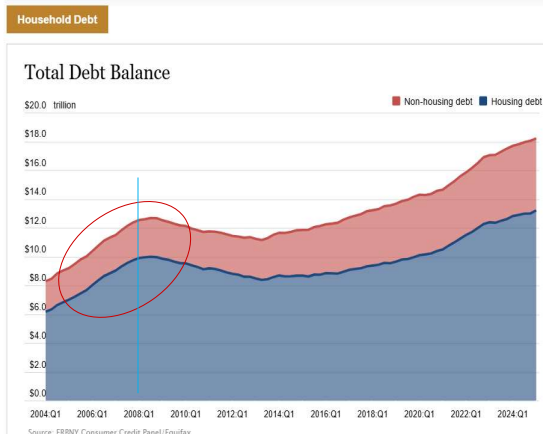
Where Are We?

Household Debt: Total Balance (Q1 2025)

US Economic Outlook & Conditions

- Household Debt Hits \$18.20 Trillion
- Student Loan Delinquencies Jump!

- Total household debt increased by \$167 B to reach \$18.20 T in the 1Q.
- Mortgage balances increased by \$199 B to reach \$12.80 T
- HELOC balances rose by \$6 B to \$402 B.
- Aggregate delinquency rates rose from the previous quarter ...
- ... with 4.3 percent of outstanding debt in some stage of delinquency.



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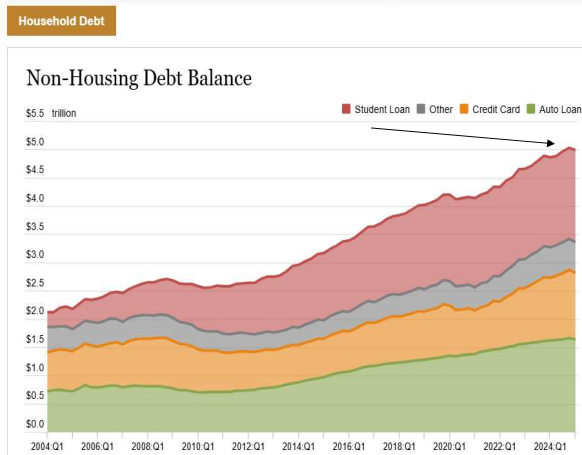
Where Are We?

Household Debt: Non-Housing (Q1 2025)

US Economic Outlook & Conditions

- Household Debt Hits \$18.20 Trillion
- Student Loan Delinquencies Jump!

- Credit card balances fell by \$29 B from the previous quarter to stand at \$1.18 T
- Auto loan balances declined by \$13 B to \$1.64 T ...
- ... marking only the second time auto balances have fallen from a prior quarter since 2011.
- Student loan balances grew by \$16 B to reach \$1.63 T ...
- ... and the data show a large uptick in the rate at which balances went from current to delinquent, due to the resumption of reporting student loans on credit reports after a nearly five-year pause.



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Where Are We?

Household Debt: Total Balance (Q1 2025)

US Economic Outlook & Conditions – Flow Into Serious Delinquency (= GT 90 Days)

- Household Debt Hits \$18.20 Trillion
- Student Loan Delinquencies Jump!

- Student loan balances grew by \$16 B to reach \$1.63 T ...
- ... and the data show a large uptick in the rate at which balances went from current to delinquent, due to the resumption of reporting student loans on credit reports after a nearly five-year pause.

Flow into Serious Delinquency (90 days or more delinquent)

CATEGORY ¹	Q1 2024	Q1 2025
MORTGAGE DEBT	0.92%	1.22%
HOME EQUITY LINE OF CREDIT	0.52%	0.88%
STUDENT LOAN DEBT	0.80%	8.04%
AUTO LOAN DEBT	2.78%	2.94%
CREDIT CARD DEBT	6.86%	7.04%
OTHER	5.43%	5.44%
ALL	1.54%	2.45%

Note: All categories are up Y/O/Y!

Source: FED

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Where Are We?

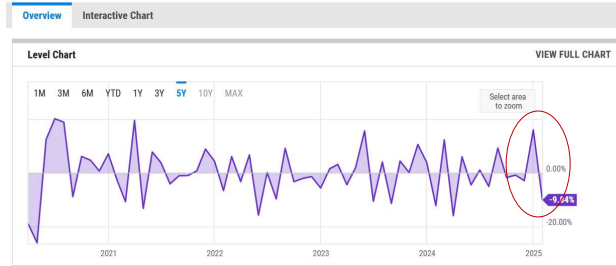
Housing

World Economic Outlook & Conditions: Forecast for Recession! – Housing Starts @ Jan 2025

- January 2025, down -9.84% vs. December 2024.
- Concerns over inflation, supply chain, costs of inputs due to tariffs, and resultant effect on supply chain.
- Estimate is tariffs at initial rollout, have added \$10k min to the average home price. (plus increased cost of appliances, and other FF&E.

US Housing Starts MoM (I:USHSM)

-9.84% for Jan 2025



Housing starts have been soft, and uncertainty about tariffs and have created higher pricing!
e.g. Lumber?

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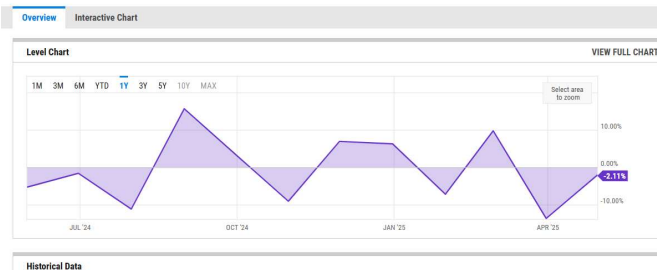
Housing

World Economic Outlook & Conditions: Forecast for Recession! – Housing Starts

- April 2025, down -2.11% vs. prior month. This is lower than the long-term average of 0.26%.
- The prior month was down - 13.75%.

US Housing Starts: 1 Unit MoM (I:USHS1UMM)

-2.11% for Apr 2025



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Where Are We?

Housing

Affordability – Some Contributing Factors

FACTORS

- Partly, a problem of supply and demand.
- There is a shortage of homes for sale compared to demand, which has driven up prices.
- Home prices jumped during the pandemic as more Americans, many of whom were newly remote workers, rushed to find homes offering extra space.
- Then, the Federal Reserve's war on inflation caused mortgage rates to surge.
- In 2024, prospective homebuyers face an unpleasant combination of high prices and high borrowing costs.
- All of this has added up to one of the most unaffordable housing markets in a generation, causing many young Americans to remain renters for longer than many would like.

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Where Are We?

Housing

Affordability

Skyrocketing home prices, along with elevated mortgage rates, have contributed to a feeling of frustration among many Americans about the housing market.

A majority of Americans — 76% —
say it's a bad time to buy a house!

(Source: May survey from Gallup)

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Where Are We?

Housing

Considerations

Ladies and Gentlemen, introducingThe \$1M Starter Home!



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Where Are We?

Housing

Affordability - \$1M Starter Homes!

Factoid

What is the median size of a house in the United States?

The average house size in the U.S. increased significantly over the past 75 years from 909 square feet in 1949 to 2,430 square feet in 2023.

- The median age of a first-time homebuyer was 35 last year, a year older than reported since 2019, according to Zillow.
- The median existing-home price for all housing types in March was \$403,700.
 - Up 2.7% from one year ago (\$392,900).
 - All four U.S. regions registered price increases.
 - In many cities, that median price is much higher.
- To further complicate things for first-time buyers, the value of starter homes has grown at a faster pace than the average home.
- Starter home values have grown 54.1% over the past five years, while the average US home has increased by 49.1%.

Factors

- There have been more potential buyers for starter homes, and the supply is lower compared to larger family homes.
- When costs rise, people turn to homes that are relatively cheaper.
- Buyers also have tended to move to find more affordable markets, which puts more pressure on those homes and push their prices up faster."

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Source: IMF July 2024

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Where Are We?

Housing

Affordability ...Today, 233 cities in 25 states have starter homes over \$1 Million

The number of cities with million-dollar starter homes has exploded since 2019

Almost half of the US cities with \$1 million starter homes are in California. New York, New Jersey, Florida and Massachusetts also have more than other states.

State	June 2024	June 2019
California	117	53
New York	31	13
New Jersey	21	2
Florida	11	4
Massachusetts	11	0

Source: Zillow
Table: Samantha Delouya

In cities like Buffalo, Detroit, Pittsburgh, Baltimore and Cleveland, you can still find vacant homes under \$100,000 that are structurally sound but need work!

Virginia

1

Based on a recent real estate report in 2025, Great Falls, Virginia is the only Virginia city listed in Zillow's \$1M+ starter home report ... estimated at \$1.17 million.

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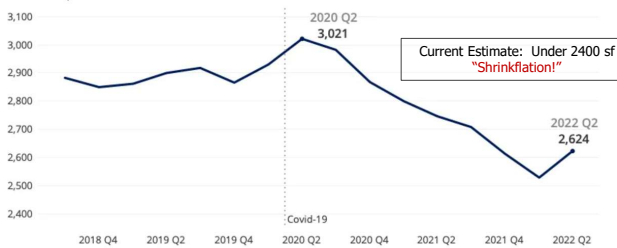
Where Are We?

Housing

Affordability ...Today, 233 cities in 25 states have starter homes over \$1 Million

State	Cities With \$1 Million Starter Homes
California	113
New York	32
New Jersey	20
Florida	11
Massachusetts	11
Washington	8
Texas	7
Connecticut	4
Hawaii	4
Maryland	4
Colorado	3
South Carolina	2
Wyoming	2
Georgia	1
Arizona	1
Illinois	1
Kansas	1
Michigan	1
Missouri	1
New Hampshire	1
Nevada	1
Utah	1
Virginia	1
Minnesota	1
Rhode Island	1

The median square-footage of a million-dollar home has fallen from the early 2020 peak
Median square feet of \$1 million homes



Virginia: Based on a recent real estate report in 2025, Great Falls, Virginia is the only Virginia city listed in Zillow's \$1M+ starter home report ... estimated at \$1.17 million.

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Where Are We?

World Stage

AI, Labor Market, Birth Rate – Trends, Considerations, Implications

AI

LABOR MARKETS

BIRTH RATE & POPULATION
CONSIDERATIONS

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Where We Are?

Artificial Intelligence

Considerations – Artificial Intelligence

Artificial Intelligence tools will be
among the 'core' and 'must-have' tools
for the world's Financial Institutions, FinTech
Players, Stakeholders, and Central Banks.

As well as many other industries.

(Smart factories and production management!)

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Where Are We?

Artificial Intelligence

Considerations – Jobs & Workplace Outlook

A few headlines:

Goldman Sachs Predicts 300 Million Jobs Will Be Lost Or Degraded By Artificial Intelligence

- In a 2019 Wells Fargo study, the bank concluded that tech/robots would eliminate 200,000 jobs in the banking industry within the next 10 years.
- This has already adversely impacted highly paid Wall Street professionals, including stock and bond traders. These are the people who used to work on the trading floors at investment banks and trade securities for their banks, clients and themselves.
- It was a very lucrative profession until algorithms, quant-trading software and programs disrupted the business and rendered their skills unnecessary - compared to the fast-acting technology.

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Where Are We?

Artificial Intelligence

Considerations – Jobs & Workplace Outlook

A few headlines:

New Era Of Turbulence': The World Economic Forum Predicts 25% Of Jobs Will Change Over The Next Five Years

- Management consulting giant PriceWaterhouseCoopers reported, "AI, robotics and other forms of smart automation have the potential to bring great economic benefits, contributing up to \$15 trillion to global GDP by 2030."
- However, it will come with a high human cost.
- This extra wealth will also generate the demand for many jobs, but there are also concerns that it could displace many existing jobs.

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Where Are We?

Artificial Intelligence

Considerations – Jobs & Workplace Outlook (Goldman's Report)

As AI comes to fruition:

- Job possibly impacted by automation?
 - Truck and cab drivers
 - Office administrative support
 - Legal
 - Architecture
 - Engineering
 - Business and financial operations
 - Management
 - Sales
 - Healthcare
 - Art and design are some sectors that will be impacted by automation
 - Cashiers
 - Retail sales associates
 - People who work in manufacturing plants and factories
- The combination of significant labor cost savings, new job creation, and a productivity boost for non-displaced workers raises the possibility of a labor productivity boom, like those that followed the emergence of earlier general-purpose technologies like the electric motor and personal computer.

.... Perhaps the next industrial or economic revolution?

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Where Are We?

Artificial Intelligence

Considerations – AI Related Outlook & Opportunities

The World Economic Forum (WEF) ... 25% of jobs will change over the next five years. (Globally)

- Clerical workers will bear the brunt of the fast-moving changes.
 - Around 26 million jobs in administrative positions will be cut due to AI.
 - Additionally, macro-economic events, including slower economic growth, supply shortages and inflation, will pose more serious job threats than AI.
- The proliferation of green technologies and renewable energy will be a key driver of job creation in the future of work.
- There will be a high demand for:
 - Forest, water, crop and environmental management
 - Sustainability specialists
 - Business intelligence analysts
 - Information security analysts
 - Renewable energy engineers
 - Solar energy installation and system engineers
 - WEB 3 Talent

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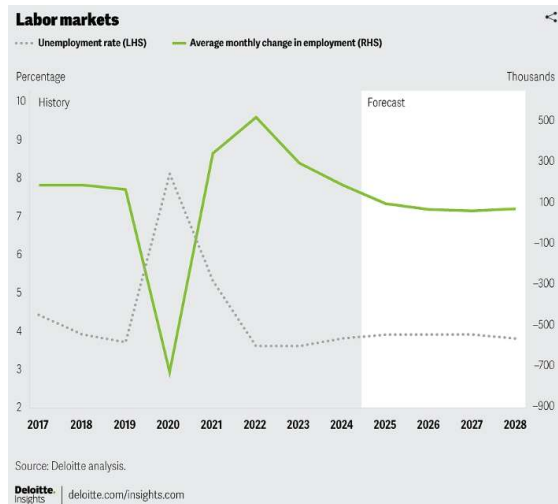
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Where Are We?

Labor Markets

US Economic Outlook & Conditions – Some Considerations: (Un)Employment



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Where Are We?

World Stage

Economic Outlook & Conditions – Some Considerations

Fertility rate in each continent and worldwide, from 1950 to 2024

Trump Administration considering offering "baby bonus" incentive for Americans to have more children!

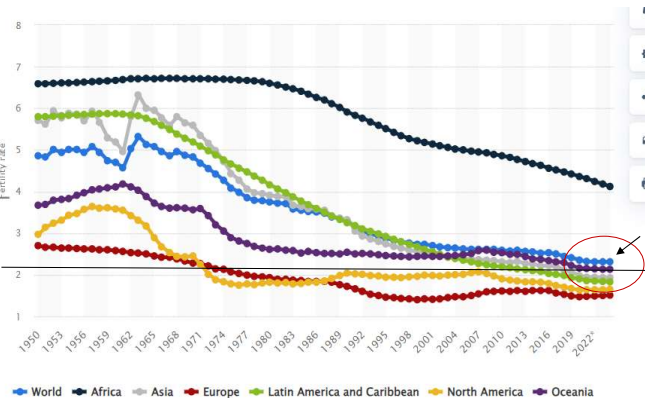
The total fertility rate of the world has dropped from around five children per woman in 1950, to 2.3 children per woman in 2023.

Means that women today are having fewer than half the number of children that women did 75 years ago.

This change has come as a result of the global demographic transition.

Has wide-reaching demographic impact.

If the global average falls below replacement level (roughly 2.1 children per woman), as is expected to happen in the 2050s, then this will lead to long-term population decline on a global scale.



© Statista 2024

- Affect on US business & industry.
- Percentage of foreign-born workers is a factor. i.e.
 - Construction
 - Agriculture

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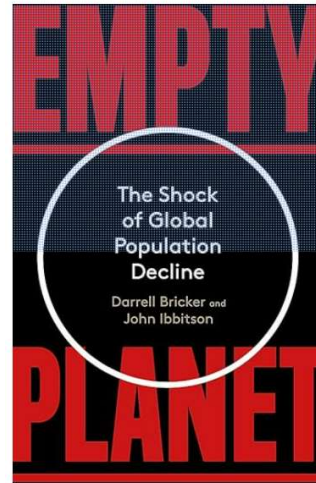
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Where Are We?

World Stage

An Interesting Resource – Global Population, Birth, Demographics (Book, Kindle, Audiobook)

- *Empty Planet: The Shock of Global Population Decline*
- By Darrell Bricker and John Ibbitson.
- Empty Planet offers a radical, provocative argument that the global population will soon begin to decline (rather than increase), dramatically reshaping the social, political and economic landscape.
- For half a century, statisticians, pundits and politicians have warned that a burgeoning planetary population will soon overwhelm the earth's resources. But a growing number of experts are sounding a different kind of alarm.
- Rather than growing exponentially, they argue, the global population is headed for a steep decline.
- Throughout history, depopulation was the product of catastrophe: ice ages, plagues, the collapse of civilizations. This time, however, we're thinning ourselves deliberately, by choosing to have fewer babies than we need to replace ourselves.



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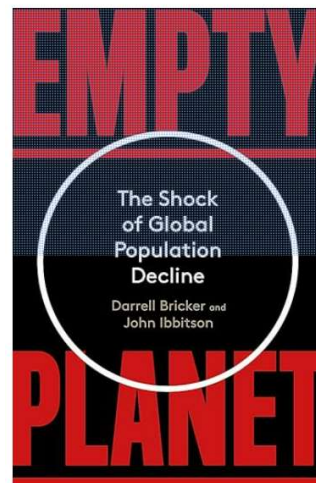
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Where Are We?

World Stage

An Interesting Resource – Global Population, Birth, Demographics (Book, Kindle, Audiobook)

- *Empty Planet: The Shock of Global Population Decline*
- By Darrell Bricker and John Ibbitson.
- In much of the developed and developing world, that decline is already underway, as urbanization, waning religiosity and other factors lead to smaller and smaller families.
- In Empty Planet, Ibbitson and Bricker travel from South Florida to Sao Paulo, Seoul to Nairobi, Brussels to Delhi to Beijing, drawing on a wealth of research and firsthand reporting to illustrate the dramatic consequences of this population decline - and to show us why the rest of the developing world will soon join in.
- They find that a smaller global population will bring with it a number of benefits: fewer workers will command higher wages; good jobs will prompt innovation; the environment will improve; the risk of famine will wane; and falling birthrates in the developing world will bring greater affluence.



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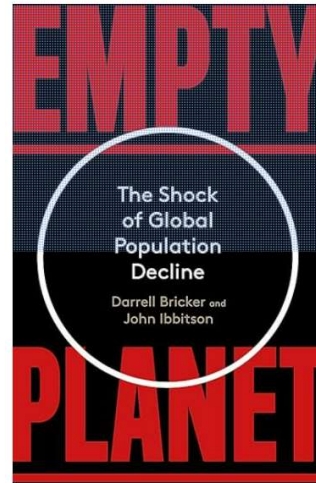
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Where Are We?

World Stage

An Interesting Resource – Global Population, Birth, Demographics (Book, Kindle, Audiobook)

- *Empty Planet: The Shock of Global Population Decline*
- By Darrell Bricker and John Ibbitson.
- However, enormous disruption lies ahead, too.
- We can already see the effects in Europe and parts of Asia, as aging populations and worker shortages weaken the economy and impose crippling demands on healthcare and vital social services.
- There may be earth-shaking implications on a geopolitical scale as well.
- Empty Planet is a hugely important book for our times.
- It is a story about urbanization, access to education and the empowerment of women to choose their own destinies.
- It is about the secularization of societies and the vital role that immigration has to play in our futures.



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Where Are We?

Public Finance / Fiscal Governance

Considerations

PUBLIC FINANCE

NATIONAL DEBT / DEBT CEILING

BUDGET

Potential Headwinds?

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Where Are We?

National Debt

Considerations – National Debt

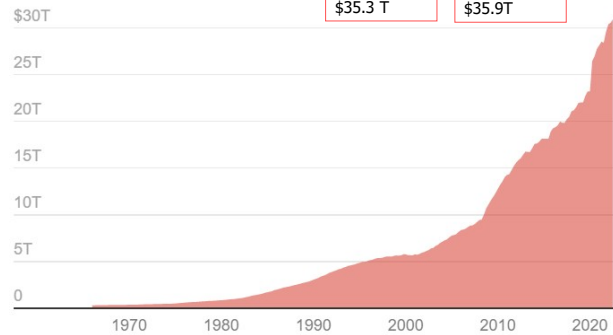
The total amount of outstanding borrowing by the U.S. Federal Government accumulated over the nation's history.

Retrospectively ...

- In January, 2023, U.S. government debt was \$31.4 Trillion.
- After months of debate, lawmakers voted in June of that year to suspend the ceiling until January 2025.
- On August 1, 2023, Fitch Ratings, one of the country's three major credit rating agencies, announced that it had downgraded the US credit rating from AAA to AA+.
- Moody's warned in 2023 the US triple-A rating was at risk.
- S&P Global Ratings did so in 2011.

A mountain of red ink

U.S. government debt has more than tripled in the past 15 years, requiring Congress to raise the debt ceiling repeatedly.



All data are quarterly figures from FRED except for the most recent figure, which equates to the current debt ceiling.

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Where Are We?

National Debt & Treasury Investors

Considerations – US loses last perfect credit rating amid rising debt!

As of the end of March 2025, foreign holdings of U.S. Treasuries topped \$9 trillion, reaching an all-time peak. This represents an increase of over \$233 billion from February, according to Reuters. Compared to a year earlier, foreign holdings of Treasuries rose nearly 12%.

Recently ...

- The United States federal budget for fiscal year 2025 runs from October 1, 2024 to September 30, 2025.
- The federal government is operating under a full-year continuing resolution ("CR") passed in March 2025.
- This CR extends the 2024 budget for the whole 2025 fiscal year, with limited changes.

Credit Rating Downgrade:

- Moody's cuts US credit rating, citing concerns over ability to pay its debt.
- In lowering the US rating from 'AAA' to 'Aa1', it notes that successive US administrations had failed to reverse ballooning deficits and interest costs.
- Increases debt woes.
- Raises borrowing costs.
- Initially, stock markets and US dollar drop, and bond yields rise. (Intra-day)

Table 5: Major Foreign Holders of Treasury Securities	
Holdings at end of time period	
Billions of dollars	
Link: https://ticdata.treasury.gov/resource-center/data-chart-center/tic/Documents/slt_table5.txt	
Country	2025-03
Japan	1130.8
United Kingdom	779.3
China, Mainland	765.4
Cayman Islands	455.3
Canada	426.2
Luxembourg	412.4
Belgium	402.1
France	363.1
Ireland	339.3
Switzerland	311.6
Taiwan	297.8
Hong Kong	262.9
Singapore	262.7
India	239.9
Brazil	208.4
Norway	200.1
Saudi Arabia	131.6
Korea, South	125.8
Germany	111.4
United Arab Emirates	104.4
All Other	1730.1
Grand Total	9049.5

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Where Are We?

Markets

World Economic Outlook & Conditions – US Dollar Index (5 day and 5/19 open @ 12:18 EST)

- Initially, stock markets and US dollar drop, and bond yields rise.
- Then, some recovery. (Intra-day)
- Still an uncertain time!



- The U.S. Dollar Index is an index of the value of the US Dollar relative to a basket of six foreign currencies.
- Often referred to as a basket of U.S. trade partners' currencies.
- The Index goes up when the U.S. dollar gains "strength" when compared to other currencies.

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Where Are We?

Markets

World Economic Outlook & Conditions: US Stock Market Index 1 day 5/19 open @ 12:40 EST)

- Return to April 2 Liberation Day Announcement level.
- Initially, stock markets and US dollar drop, and bond yields rise.
- Then, some recovery. (Intra-day)
- Still an uncertain time!



The US500 tracks the stock performance of 500 of the largest companies listed on stock exchanges in the United States.

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Where Are We?

Markets – 10 Year Treasury

World Economic Outlook & Conditions: US Treasuries (1 year)

CBOE Interest Rate 10 Year T No (^TNX)

☆ Follow

4.4810 +0.0400 (+0.9007%)

As of 12:28:02 PM CDT, Market Open.

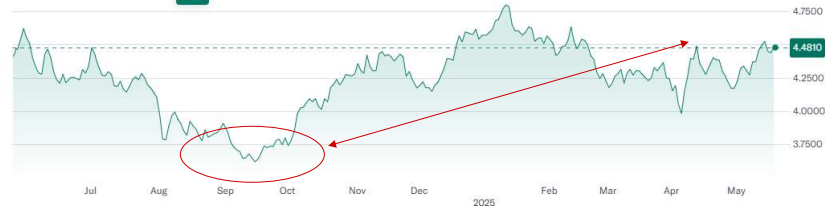
1D 5D 1M 6M YTD 1Y 5Y All

1.74%

Key Events

Mountain

Advanced Chart



Previous Close	4.4410	Volume	0	52 Week Range	3.3450 - 4.9970
Open	4.5490	Day's Range	4.4790 - 4.5620	Avg. Volume	0

- Inflationary and debt or other fiscal expectations were "baked in" before November 2024.

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Where Are We?

Markets- 10 Year Treasury

World Economic Outlook & Conditions: US Treasuries (5 day and @ 5/19 Intra-day)

CBOE Interest Rate 10 Year T No (^TNX)

☆ Follow

4.4810 +0.0400 (+0.9007%)

As of 12:47:12 PM CDT, Market Open.

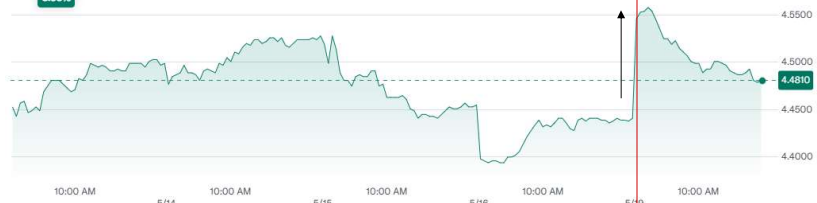
1D 5D 1M 6M YTD 1Y 5Y All

0.90%

Key Events

Mountain

Advanced Chart



Previous Close	4.4410	Volume	0	52 Week Range	3.3450 - 4.9970
Open	4.5490	Day's Range	4.4790 - 4.5620	Avg. Volume	0

- Markets react to downgrade on 5/16 and spending bill passing House Budget Committee on 5/18.

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Where Are We?

National Debt

Considerations – US loses last perfect credit rating amid rising debt!

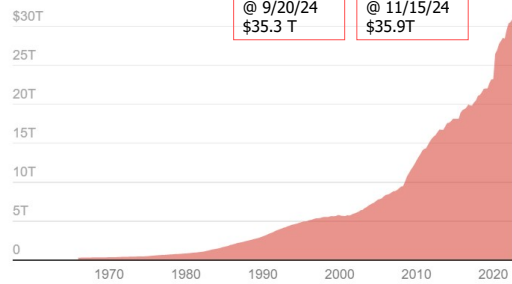
The total amount of outstanding borrowing by the U.S. Federal Government accumulated over the nation's history.

Credit Rating Downgrade: (continued)

- Moody's held a perfect credit rating for the US since 1917.
- The downgrade "reflects the increase over more than a decade in government debt and interest payment ratios to levels that are significantly higher than similarly rated sovereigns."
- Moody's maintained that the US "retains exceptional credit strengths such as size, resilience and dynamism and the continued role of the US dollar as the global reserve currency".
- Moody's expects federal debt to increase to around 134% of gross domestic product (GDP) by 2035, up from 98% last year.
- GDP is a measure of all the economic activity of companies, governments, and people in a country during a year.

A mountain of red ink

U.S. government debt has more than tripled in the past 15 years, requiring Congress to raise the debt ceiling repeatedly.



All data are quarterly figures from FRED except for the most recent figure, which equates to the current debt ceiling.

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Where Are We?

National Debt

Considerations – US loses last perfect credit rating amid rising debt!

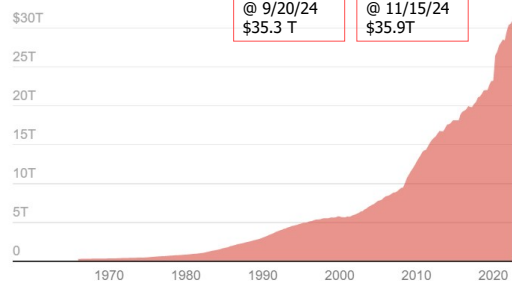
The total amount of outstanding borrowing by the U.S. Federal Government accumulated over the nation's history.

Credit Rating Downgrade: (continued)

- Figures showed the US economy shrank in the first three months of the year as government spending fell and imports surged due to firms racing to get goods into the country ahead of tariffs.
 - The economy contracted at an annual rate of 0.3%, a sharp downturn after growth of 2.4% in the previous quarter.
 - The downgrade came on the same day as the Trump landmark spending bill suffered a setback in Congress.
- Spending Bill:
- Initially, the Bill failed to pass the House Budget Committee, with some Republicans voting against it.
 - On Sunday, May 18 the bill passed and will move the House on Wednesday May 20.
 - Concerns remain over: DOGE actions, entitlements, defense, TC&JA, and fiscal governance and accountability, etc.

A mountain of red ink

U.S. government debt has more than tripled in the past 15 years, requiring Congress to raise the debt ceiling repeatedly.



All data are quarterly figures from FRED except for the most recent figure, which equates to the current debt ceiling.

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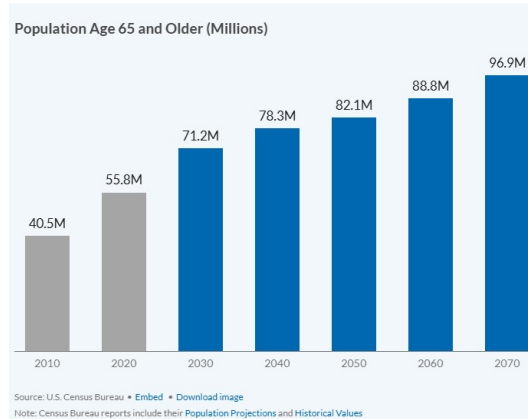
Where Are We?

National Debt

Considerations – Demographics

Demographics:

- America is undergoing significant demographic change.
- Society is aging as the large baby-boom generation begins to retire.
- 10,000 people will turn 65 every day through 2030.
- People are expected to live longer, on average.
- However, it means that the US must prepare for the financial needs of longer retirement.
- Those huge demographic trends put increasing pressure on the federal budget — and in particular on vital programs that serve older Americans like Social Security and Medicare.



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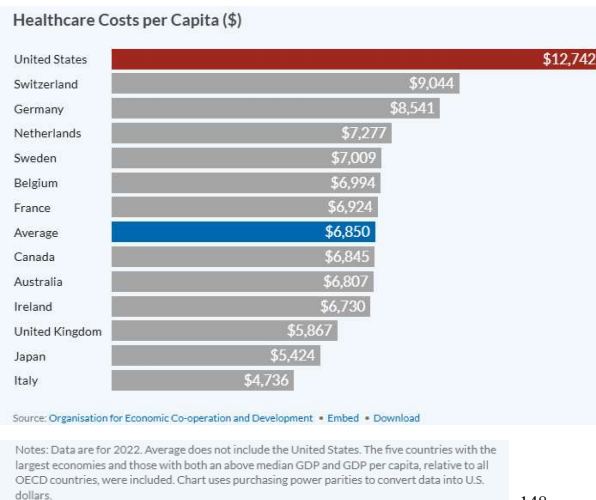
Where Are We?

National Debt

Considerations – Healthcare Costs

Rising Healthcare Costs:

- Healthcare is one of the most important issue for the U.S. fiscal and economic future.
- It represents nearly one-fifth of the entire economy, and it is one of the fastest-growing parts of the budget.
- The U.S. healthcare system is the most expensive in the world.
- The US spends nearly twice as much on healthcare as other advanced nations
- Need to measure relative outcomes.
- Improvements will help improve Americans' lives, and will also help support and stabilize the fiscal and economic outlook.



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Where Are We?

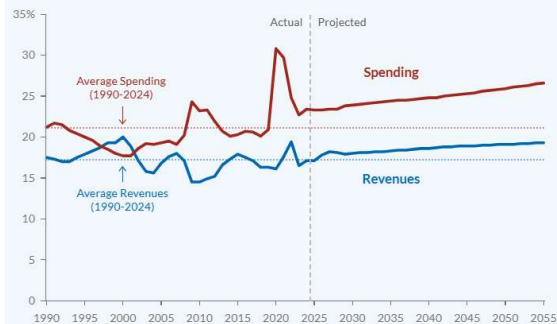
National Debt

Considerations – Revenues & Expenditures

- The U.S. tax system does not -- on its -- own, generate enough revenues to cover the spending policymakers have enacted.
- Potentially growing imbalance between revenues and spending leads to higher and higher annual deficits.
- Results in mounting debt, and possibly increased debt service.

The growing debt is caused by a structural mismatch between spending and revenues

Federal Spending and Revenues (% of GDP)



Source: Congressional Budget Office and Office of Management and Budget • Embed •

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Where Are We?

Spending Bill

Considerations – Fails, Then Passes on May 18

- The House Budget Committee advanced the Trump Administration's multitrillion-dollar domestic policy package Sunday night,.
- Two days after a group of conservatives voted to reject it.
- The vote was 17-16 along party lines, with the four Republicans who opposed the bill in committee Friday voting "present."
- The outcome is a positive sign for the massive party-line bill after a significant setback Friday.
- Will still need changes before it secures the votes to pass the full House.
- If so, it will face plenty of challenges in the Senate, where Republicans have made it clear it won't pass without major changes.
- SALT deduction concepts have been left undone.
 - Relatively important for taxpayer in high tax States!

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Where Are We?

Spending Bill

Considerations – Initially Fails, Then Passes on May 18

Package includes ...

- Major spending increase for immigration enforcement and the military.
- Would extend Trump's 2017 tax cuts (TC&JA) , which are scheduled to expire at the end of this year. (Observers suggest could add \$4T to debt).
- A series of cuts to Medicaid, food assistance and clean energy funding.

Info ...

- The successful vote was a product of Republican leaders' making inroads over the weekend with conservative hard-liners who said the bill failed to achieve meaningful spending cuts and would increase the U.S. deficit.
- Those conservatives have insisted that Medicaid work requirements take effect immediately and that the clean energy tax credits be eliminated sooner.

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Where Are We?

Spending Bill

Considerations – Initially Fails, Then Passes on May 18

Info ...

- The bill now moves to the House Rules Committee, where changes can be offered as amendments.
- The panel is scheduled to take up the legislation starting at 1 a.m. ET on Wednesday.
- Speaker Mike Johnson, indicates he would like to complete the vote by Thursday on the full bill on the House floor.
- He has set a deadline of passing the bill through the chamber by Memorial Day.

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Where Are We?

Looking Forward

Considerations

LOOKING FORWARD?

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Where Are We?

Looking Forward

Considerations

We should ask ourselves why and if our
global economic system warrants reworking?

We should recognize that decades of deepening trade ties
has fostered rapid but uneven economic growth.

In many advanced economies, there is an
acute perception that globalization unfairly
displaced many domestic manufacturing jobs.

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GOLD RUSH!

(or, safe haven?)

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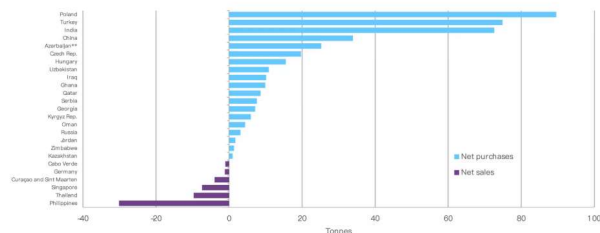
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Info ...

- Central Bank purchases heavily outweigh sales.
- November represented another solid month of gold buying as central banks collectively added a net 53t to global official holdings.
- This extends the broader trend observed throughout this year where central banks – mostly those from emerging markets – have remained keen buyers of gold.
- Driven by the need for a stable and secure asset amid global economic uncertainties, and new reserve currency plans.

Chart 2: Net purchases continue to heavily outweigh net sales in 2024

Y-t-d central bank net purchases and sales*



*Data to 30 November 2024 where available. Note: chart includes only purchases/sales of 1t or more. **Represents the gold reserves of the State Oil Fund of Azerbaijan (SOFAZ). Source: IMF IFS, respective central banks, World Gold Council

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Where Are We?

Commodities – Gold Price Surges, Hits Record on March 14!

Considerations

- Due to escalating trade war and global economic uncertainty ...
- ... Gold touched a record \$3,004.86 per ounce on Friday, 14 March, for the first time!
- Demand for the precious metal surges amid economic uncertainty over the impact of an escalating global trade war.
- The introduction of tariffs, which are taxes charged on businesses importing goods from overseas, has fueled fears of price inflation, which has driven investors to gold.
- When tariffs are imposed on goods, businesses face extra costs, which could be passed on through the price tags of the products sold to consumers - increasing the cost of living.



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Where Are We?

Commodities – Gold Price Surges, Hits Record on March 14!

Considerations

- Has unsettled many of its largest trading partners and financial markets.
- Has raised concerns about the impact on economies and consumers across the world.
- Gold touched a record \$3,004.86 per ounce on Friday, 14 March.
- Prices have risen by 14% since the start of 2025.
- The US president has also raised levies on Chinese imports into the US to at least 20%.
- In a backdrop of geopolitical uncertainty and ongoing tariff changes, appetite for gold will likely remain strong.



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Where Are We?

Commodities – Gold Price Surges Continues!

Considerations – Since 1973 to 5/19 (Intraday) & 60 day

All Data Gold Price in USD/oz



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ALWAYS DO YOUR DUE DILIGENCE! ☺

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Where Are We?

Commodities – Gold Price Surges!

Considerations – A Few ETF Evaluation Tools

To evaluate gold and silver ETFs, consider expense ratios, liquidity, tracking error, and the fund's investment strategy. Also, assess factors like storage costs, historical performance, and the fund manager's experience.

Here's a summary of factors:

1. Expense Ratio:
2. Liquidity
3. Tracking Error
4. Investment Strategy
5. Storage Costs
6. Fund Manager's Experience
7. Market Influence
8. Gold ETFs:
7. Physical Gold vs. ETFs:

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Where Are We?

Commodities – Gold Price Surges!

Considerations Gold ETF's

Gold ETFs: (Not a full listing, there are others as well)

- **BlackRock's iShares:** iShares MSCI Global Gold Miners ETF, iShares Gold Trust
- **Vanguard:** Vanguard offers gold funds and ETFs.
- **State Street:** SPDR Gold Shares
- **Invesco:** Invesco Exchange-Traded Funds
- **Charles Schwab:** Schwab Gold ETF
- **Global X:** Global X Gold Miners ETF
- **Sprott:** Sprott Junior Gold Miners ETF, Sprott Gold Miners ETF
- **Amplify:** Amplify Junior Gold Miners ETF

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Where Are We?

Gold Price Surges!

An Option - COSTCO



- Estimate of sales revenue of \$100 – \$200M per month.
- Launched August 2023. Selling briskly at estimated 2% above spot price.
- Nearly pure 23-karat gold.
- 10 oz bar. 10 oz Silver Bar PAMP Lady of Liberty.
- 1 oz bar and coins available.
- 1 oz Gold Bar PAMP Suisse Lady Fortuna Veriscan (details below)

Product Details

Limit of 1 Transaction Per Membership, with a Maximum of 2 Units Per 24 Hours

Calculate Reward

Item may be available in your local warehouse, prices may vary.

Delivery is not available to Nevada or Louisiana.

[California Carbon Neutral Product Disclosure](#)

Bar Highlights:

- 1oz 999.9 fine gold minted bar with a proof-like finish
- Swiss-made by a LBMA Good Delivery Refiner
- VERISCAN™ Button Identification Security System & iPhone® App
- Carbon Neutral certified by the Carbon Trust in accordance with the international PAS 2060 Carbon Neutrality Standard, identified by a 'footprint' label
- Each bar is individually controlled, registered, and secured within protective CertiPAMP™ packaging with an official Assay Certificate and a digital certificate accessed with a QR Code. Each assay card is covered with a thin removable protective film

Terms & Conditions:

- Item is non-refundable
- Item is not eligible for price adjustments



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ONE THING IS CERTAIN AT THE MOMENT UNCERTAINTY!

(...for the moment at least!)

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Q&A

THOUGHTS

CLOSING COMMENTS

THANK YOU!

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Virginia Society of
Certified Public
Accountants

VSCPA

THANK YOU!

BUSINESS & INDUSTRY CONFERENCE

Emerging Developments
&
Issues for the Economy & Business

Jeffrey Lewis

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