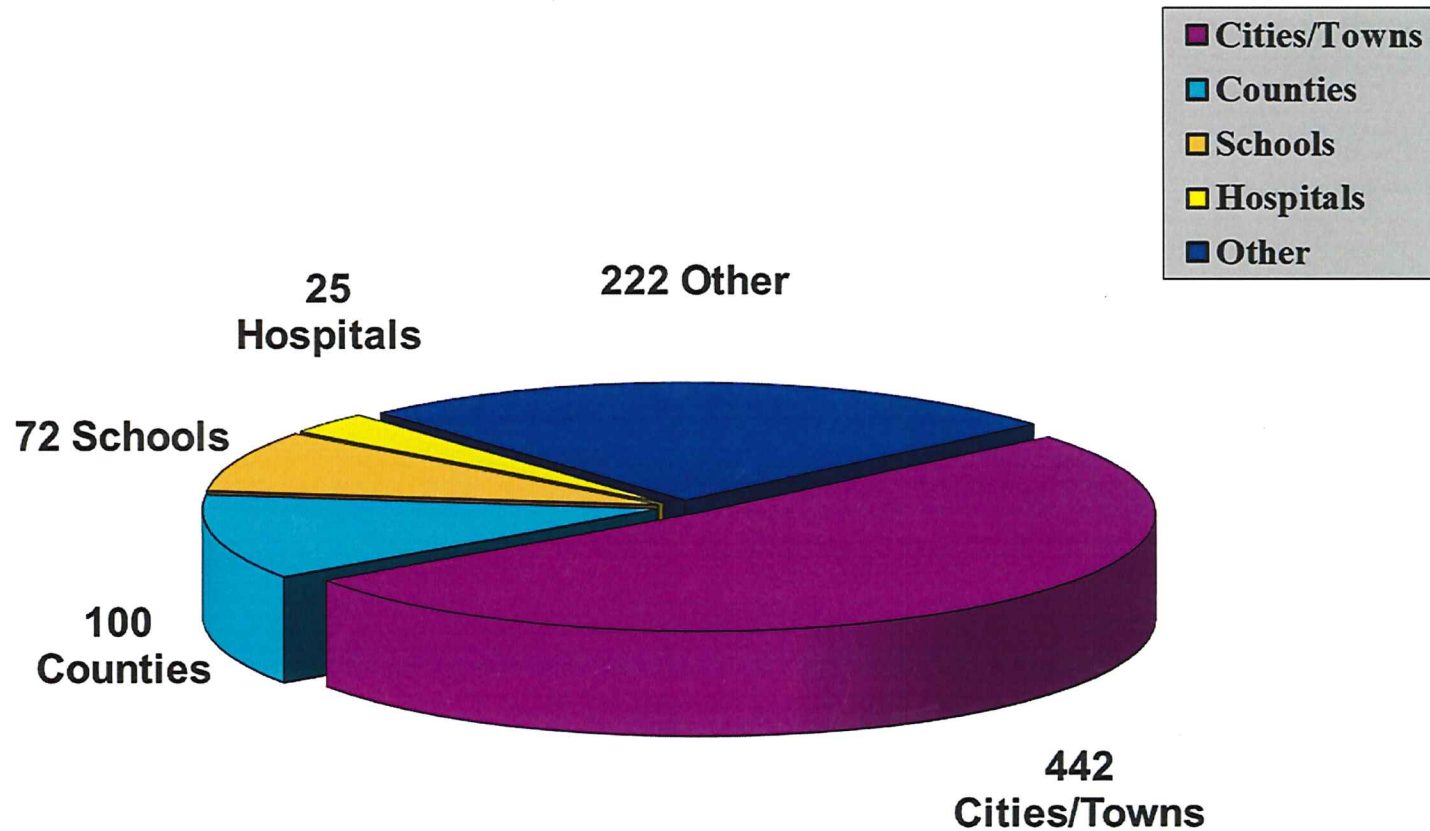


Regional Advisory Board Meeting

NCCMT Type of Participants

Total Participants 861

as of 12/31/2022



Regional Advisory Board Meeting

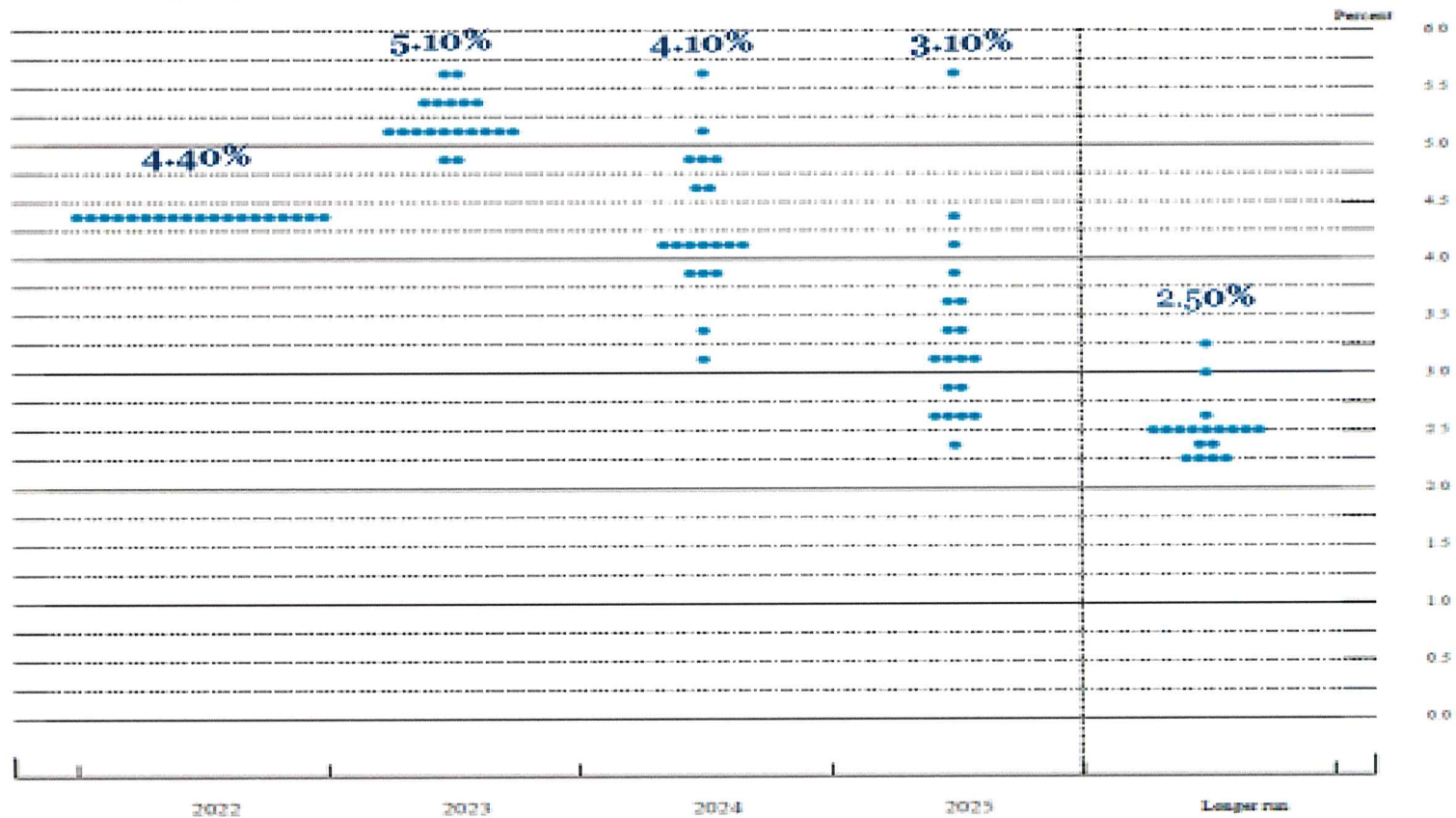
- Economic activity continues to slow, employment relatively strong.
- Real GDP grew by 3.2% in Q32 of 2022.
- Consumer Price Index (CPI) rose 6.4% in December 2022 (YoY).
- Employment Cost Index up 5.05% in 2022 (Wages and Salaries).
- Fed “Dots Chart” calling for continued rate increases in 2023.
- Markets are expecting higher rates:

	<u>PEAK</u>	<u>END OF 2023</u>
Goldman Sachs	5.25%	5.25%
Wells Fargo	5.25%	5.25%
Bank of America	5.25%	5.00%
JPMorgan Chase	5.00%	5.00%
Morgan Stanley	4.75%	4.50%

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Federal Reserve "Dot" Plot

Estimate of Appropriate Level of Federal Funds Rate at End of Each Year



Source: Minutes of Federal Reserve Meeting **December 14, 2022**

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U.S. Economy

- Unemployment rate – 3.5% in December 2022.
- Wage growth +4.6% Dec 2022 (average hourly earnings).
- GDP growth +9.23% (Q3 2022).
- Stock prices -19% in 2022 (S&P 500) worst decline in 14 years.
- Bond Market – Total Bond Index -13% (2022) worst performance ever .
- CPI December 2022 +6.4% from year ago.

N.C. Economy

- NC Unemployment Rate – 3.9% in November 2022. Peaked at 12.9% in April 2020
- Real NC GDP expected to grow at 1.2% over 2023 levels.
- NC expected to gain 72,800 jobs in 2023, an increase of 1.5%. Information technology expected to be the biggest gainer.

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Key Takeaways

- U.S. economic growth has peaked as the economy is in late-cycle.
- A sustained economic slow down is the most likely scenario.
- Inflation rates have probably peaked and should moderate in the year ahead.
- Supply-side pressures should start to be alleviated.
- Federal fiscal outlays in 2023 will be much less than the last few years and will be a drag on growth. Political divide will make governing harder.
- Aggressive monetary tightening by the world's major central banks bring short-term rates to their highest levels in nearly 40 years.
- Rate hikes may be nearing an end, but easing is not imminent.