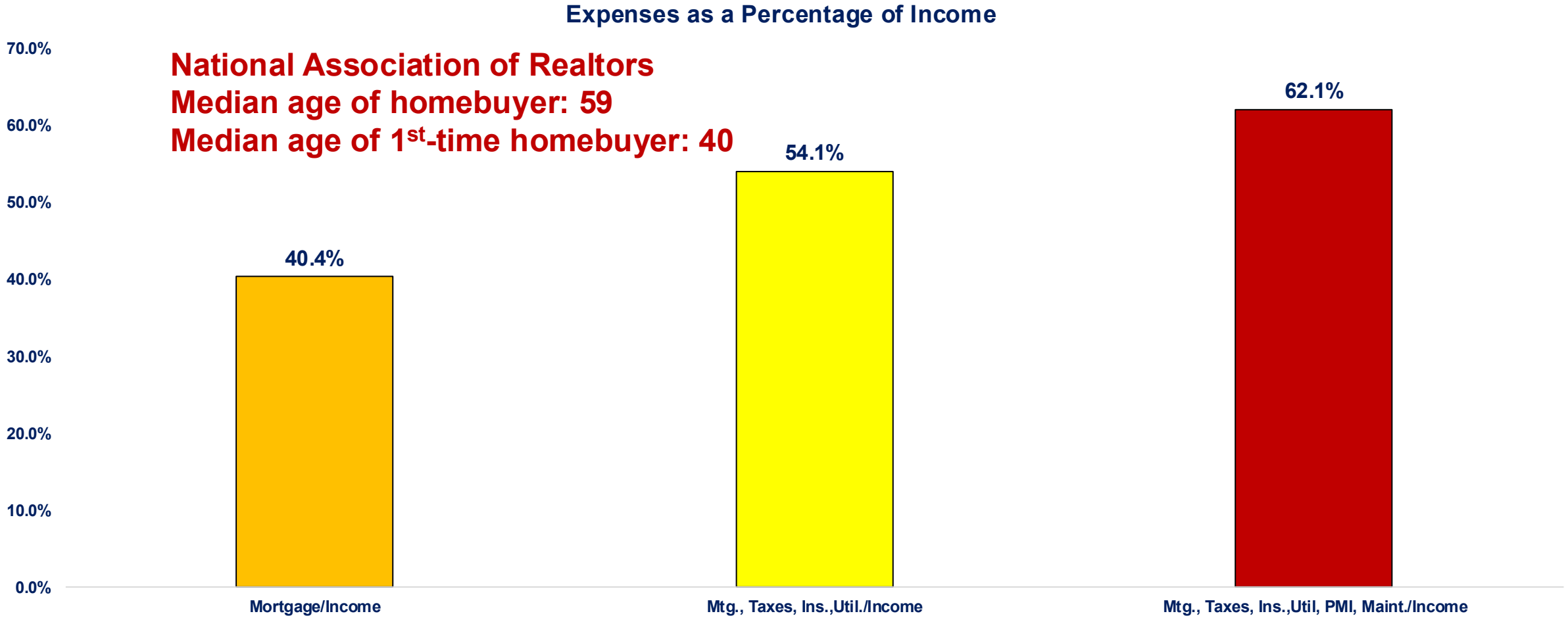
National Economic Update

Steve Scranton, CFA
Chief Economist
Washington Trust Bank

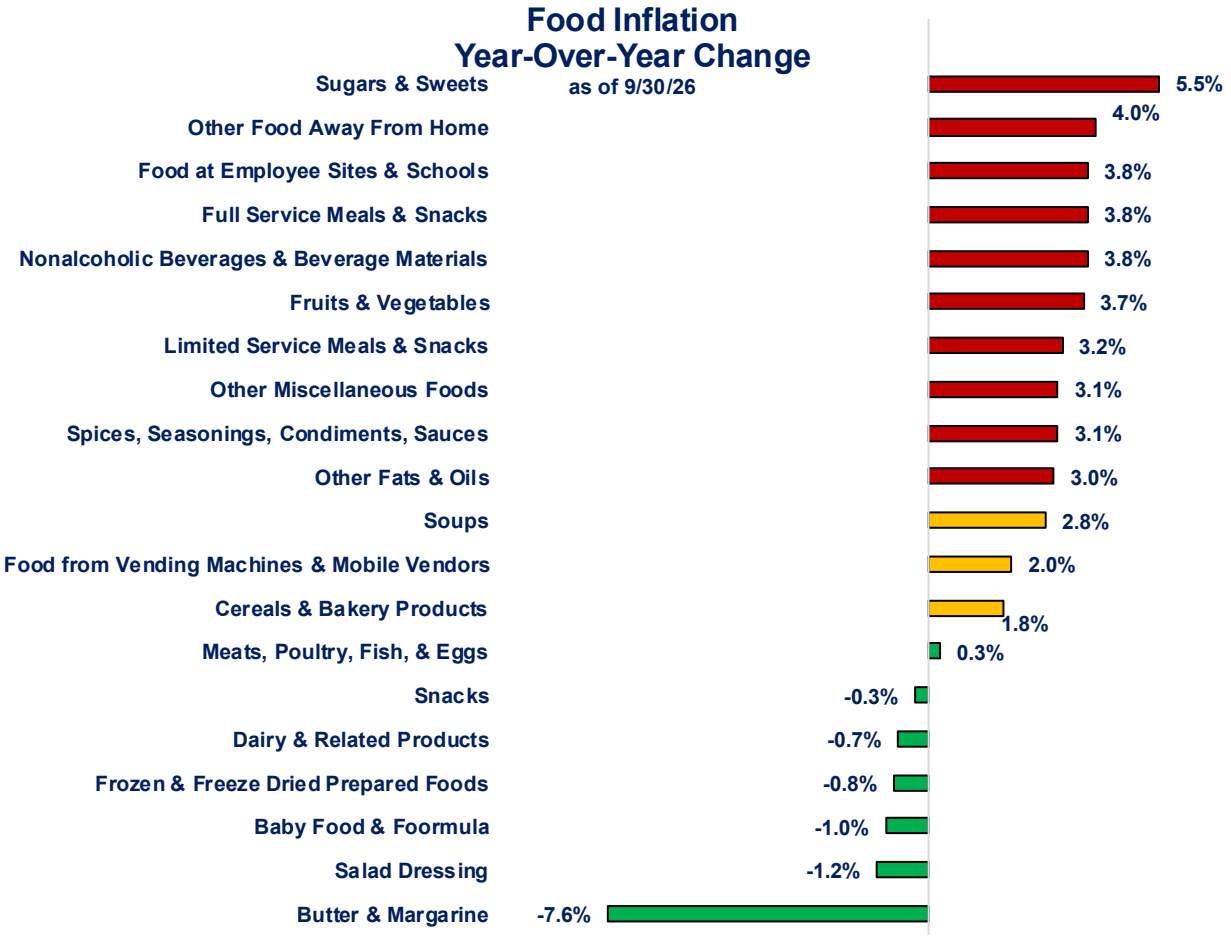
Takeaways

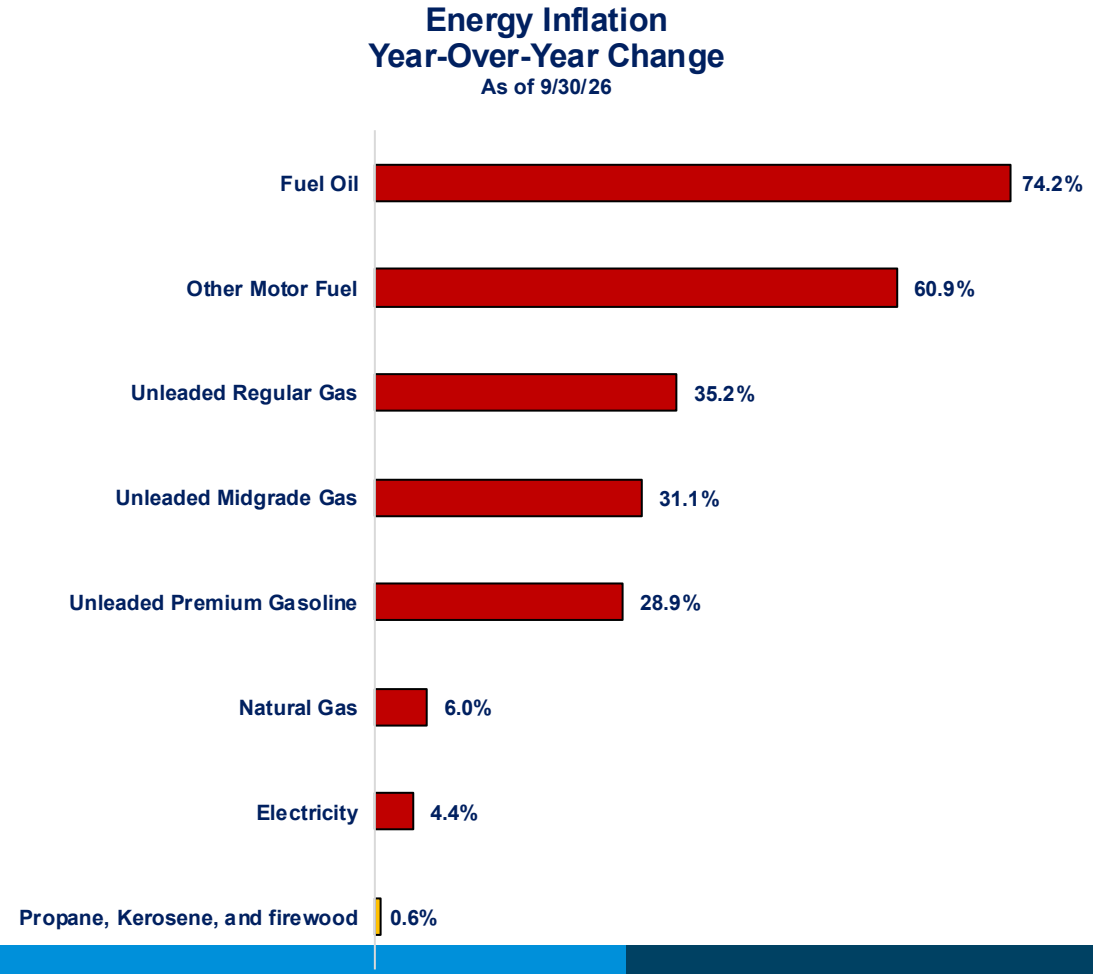
- Consumers are unhappy but are expressing their anger through changes in elected officials rather than changes in spending.
- Consumer spending remains the engine of growth for the economy but remains concentrated in the top 20% of income earners.
- Despite the challenges and shocks, the economy has been resilient and is still growing.
- Expect interest rates to be higher for longer unless economy deteriorates
- Ignore the noise of politics and the media, prepare for the risks, seek out the opportunities.

Why Are Consumers Upset?
Housing Affordability



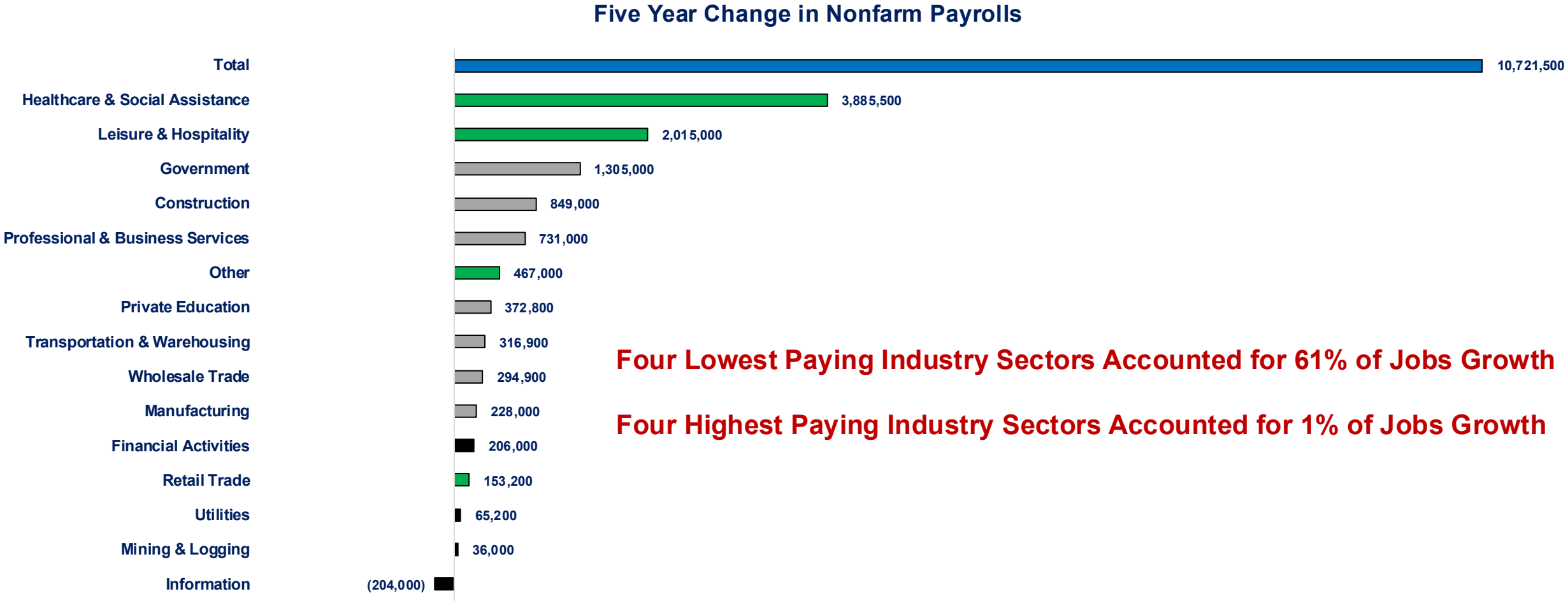
Why Are Consumers Upset?
Inflation





Washington Trust Bank
Member FDIC

Why Are Consumer Upset?
Jobs Creation

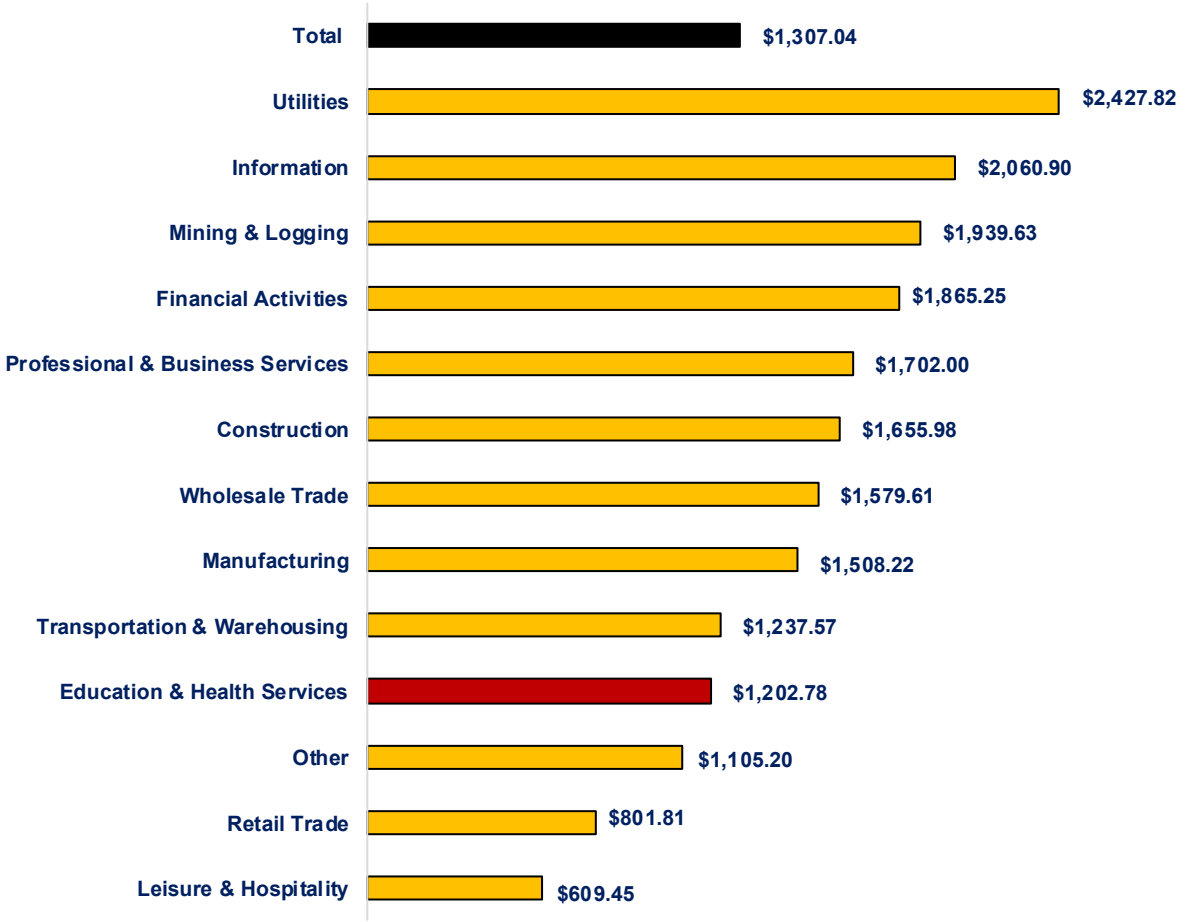


Four Lowest Paying Industry Sectors Accounted for 61% of Jobs Growth

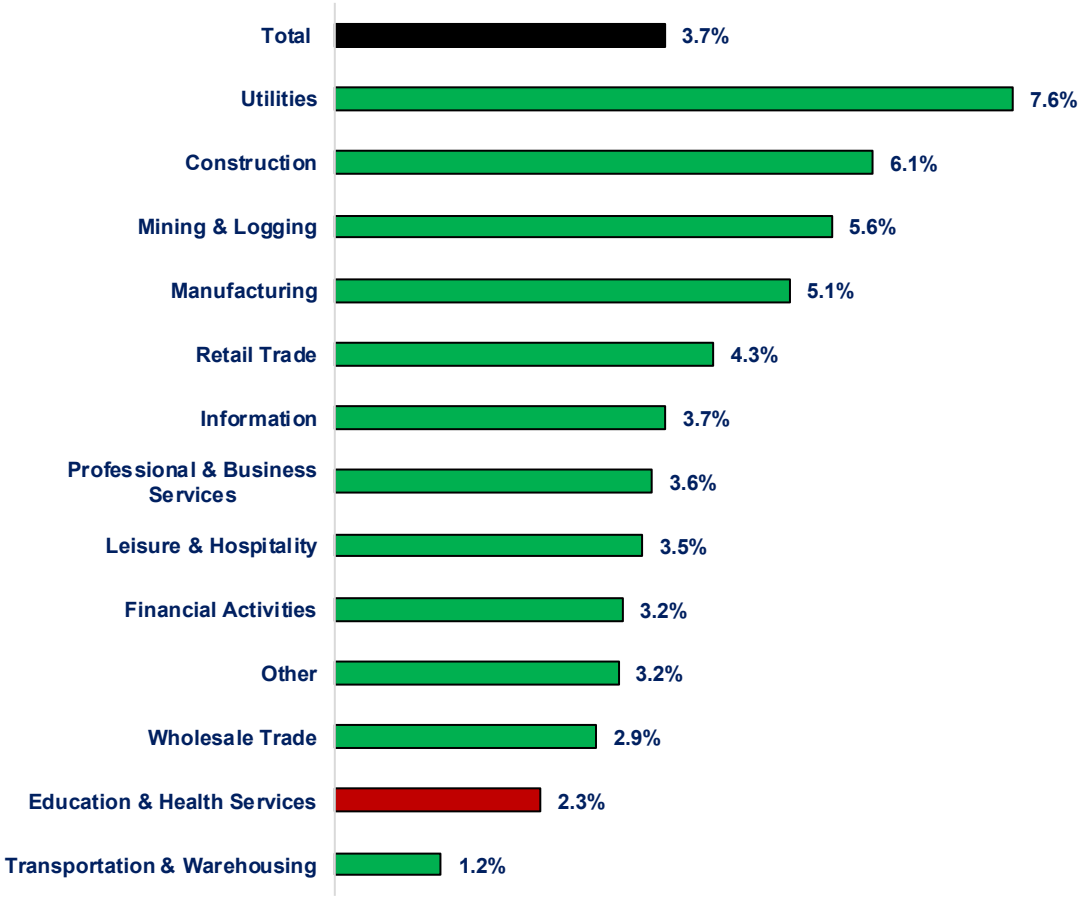
Four Highest Paying Industry Sectors Accounted for 1% of Jobs Growth

Why Are Consumer Upset?
Wage Growth

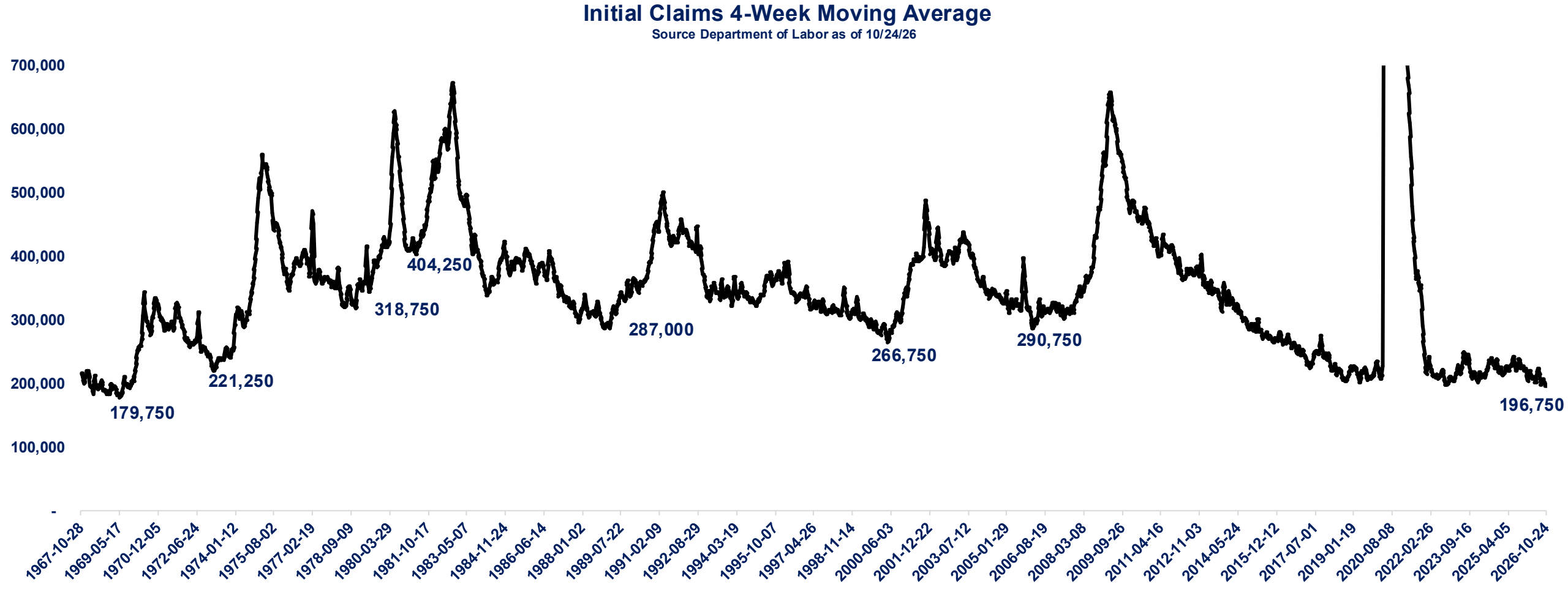
Average Weekly Earnings by Industry



Average Weekly Earnings Year-Over-Year Percentage Growth

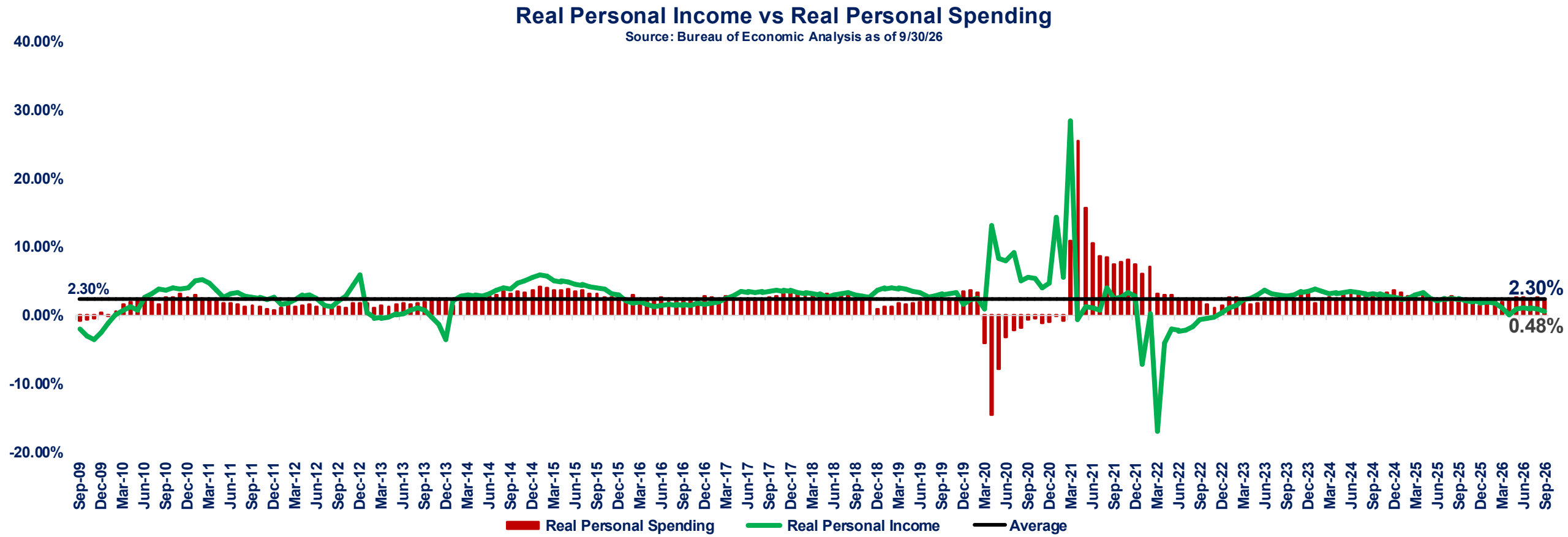


State of the Economy
Low Fire Environment



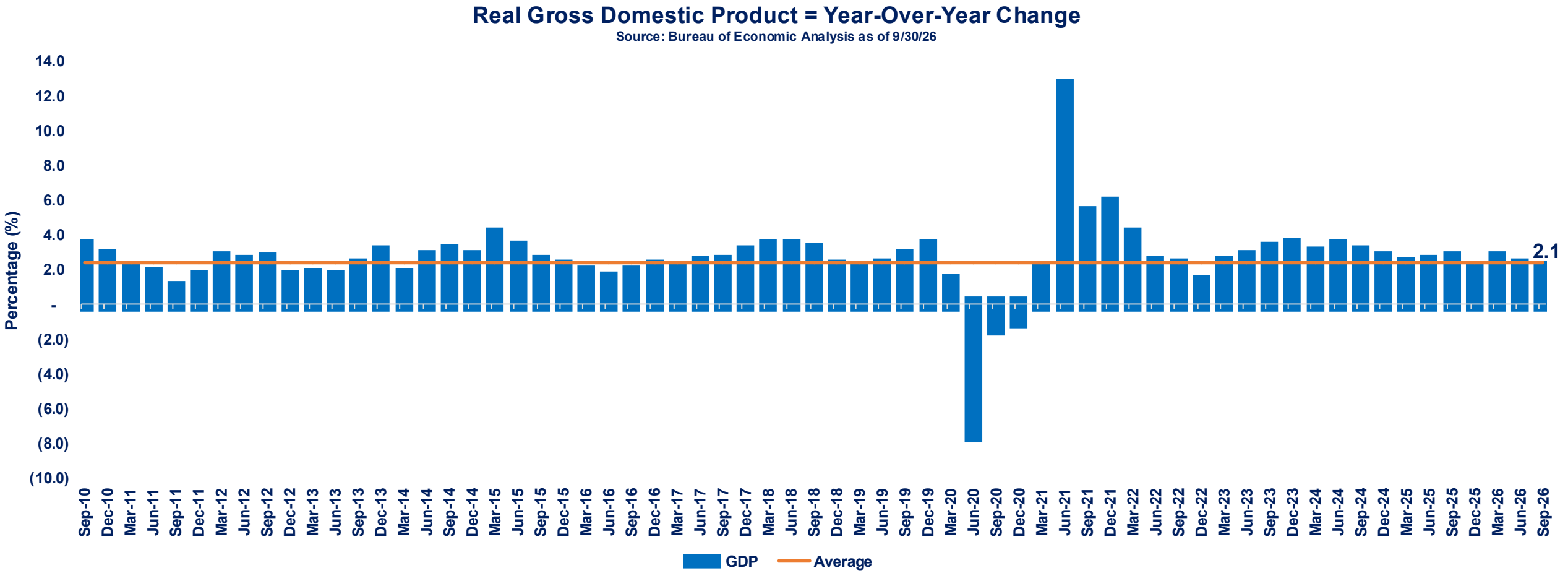
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State of the Economy
Income Growth is Slowing, Spending is Resilient



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Despite an Unhappy Consumer, The Economy Remains Resilient and Continues to Grow



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Rate Outlook

- **Short-Term Interest Rates**
  - Inflation is the Federal Reserve's focus
  - Does the Federal Reserve need to raise short-term rates?

- **Long-term rates**
  - Expect 10-year Treasury to remain volatile
  - Expect 10-year Treasury to trade between 4.0% to 5.5%

- **30-year Mortgage Rates**
  - Expect 30-year mortgage rate to remain between 6.5% to 8.00%