Economic Report & Discussion

Northwest Ohio Business Advisory Council

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Brian Anderson

Regional Executive, Cleveland

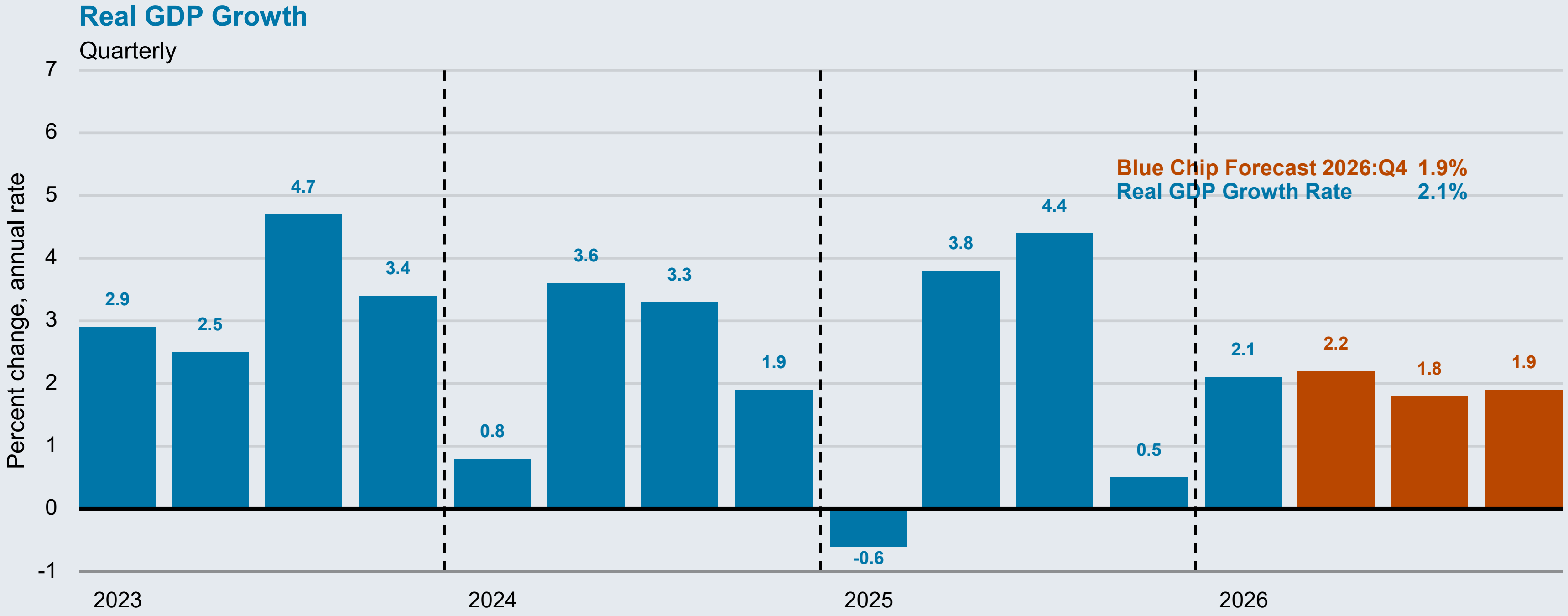
Call or text: 216-564-4405

Email: Brian.Anderson@clev.frb.org

Economic Report

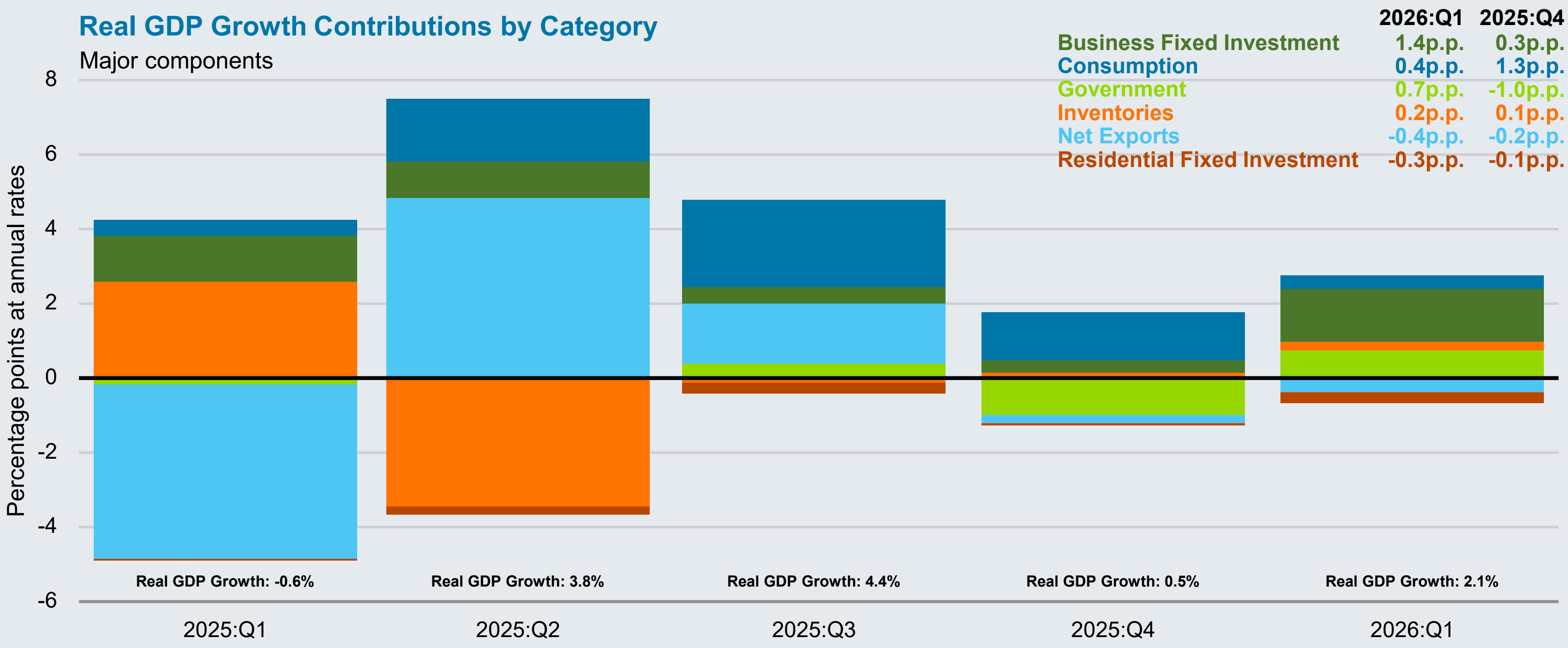
- GDP
  - Recent & forecasted national growth
  - Sources of growth
  - Fourth District indicators
- Labor Markets
  - Unemployment & labor force participation rates
  - Net job creation
  - Fourth District indicators
- Costs & Prices
  - PCE: headline, core, goods vs services
  - Fourth District indicators

Economic activity expanded at a solid pace in Q1



Source: Bureau of Economic Analysis and Wolters Kluwer via Haver Analytics.
Notes: Real GDP data are seasonally adjusted.
Last Data Point: 2026:Q1. Forecasts through 2026:Q4 are updated monthly.

Business fixed investment a key driver of growth in Q1

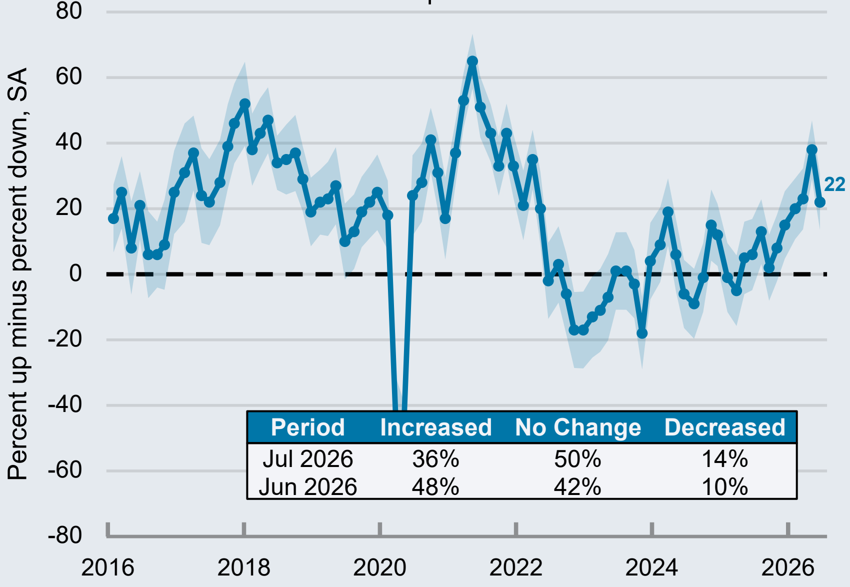


Source: Bureau of Economic Analysis via Haver Analytics.
Last data point: 2026:Q1

4D demand expanded modestly over the last two months

Business Conditions Index

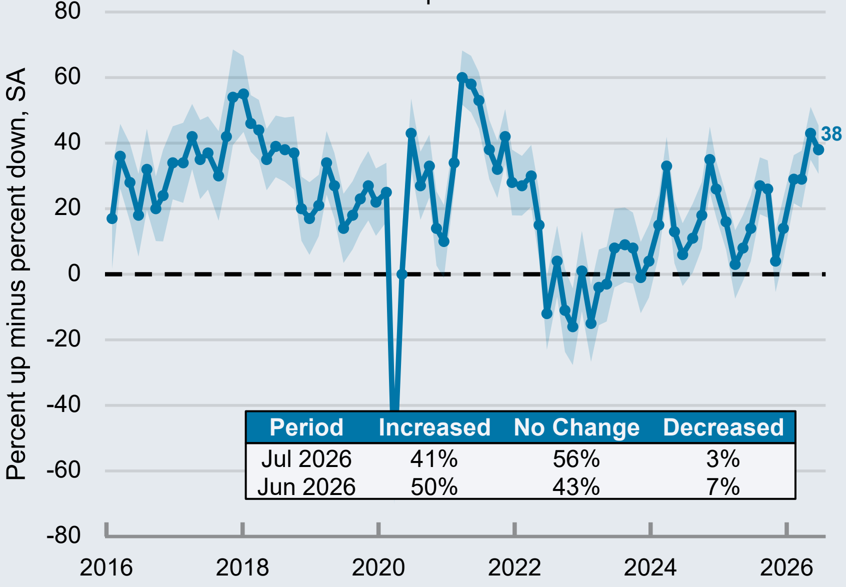
Cleveland Fed SORCE Respondents



Period	Increased	No Change	Decreased
Jul 2026	36%	50%	14%
Jun 2026	48%	42%	10%

Expected Business Conditions Index

Cleveland Fed SORCE Respondents



Period	Increased	No Change	Decreased
Jul 2026	41%	56%	3%
Jun 2026	50%	43%	7%

The most recent survey period was from June 18, 2026 through June 25, 2026.
Shading represents 90% confidence interval for index.
Diffusion indexes different from 0 at p = 0.000 (Current), 0.000 (Expected); different from last round at p = 0.032 (Current), 0.449 (Expected).

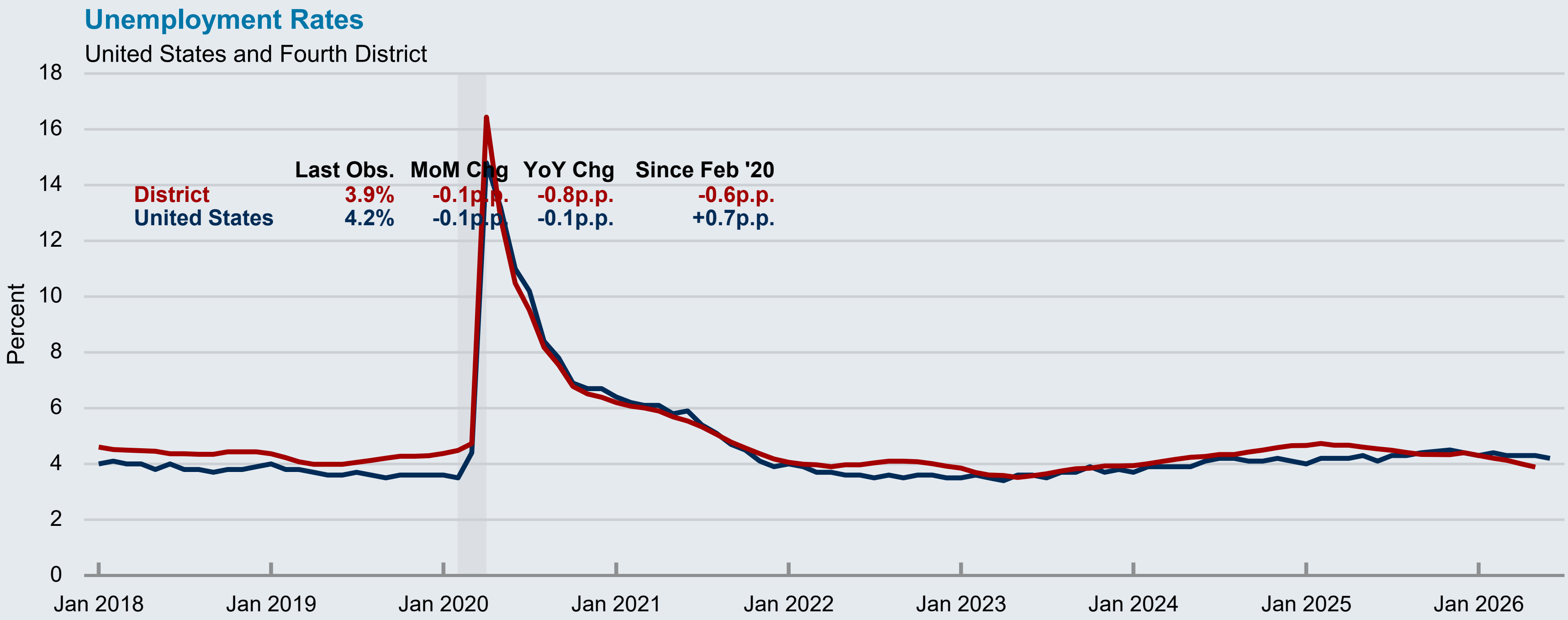
Discussion: Demand & Outlook

Looking at the second half of the year, what are the 1-2 biggest factors that will determine whether your sales/revenues come in above or below your expectations?

Are you seeing any divergence in demand across different customer segments or product categories?

And how much visibility do you have right now - are customers giving you longer or shorter lead times than usual?

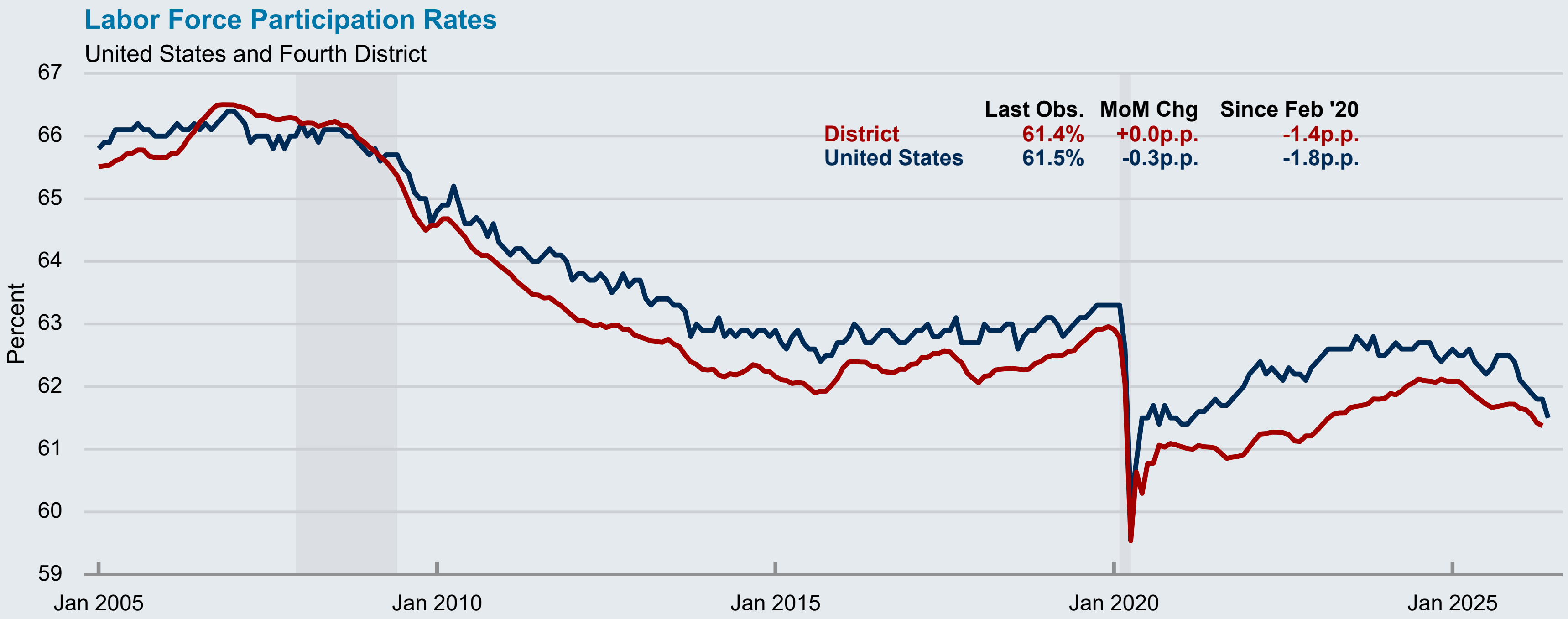
Unemployment rate ticked down nationally and within 4D



	Last Obs.	MoM Chg	YoY Chg	Since Feb '20
District	3.9%	-0.1p.p.	-0.8p.p.	-0.6p.p.
United States	4.2%	-0.1p.p.	-0.1p.p.	+0.7p.p.

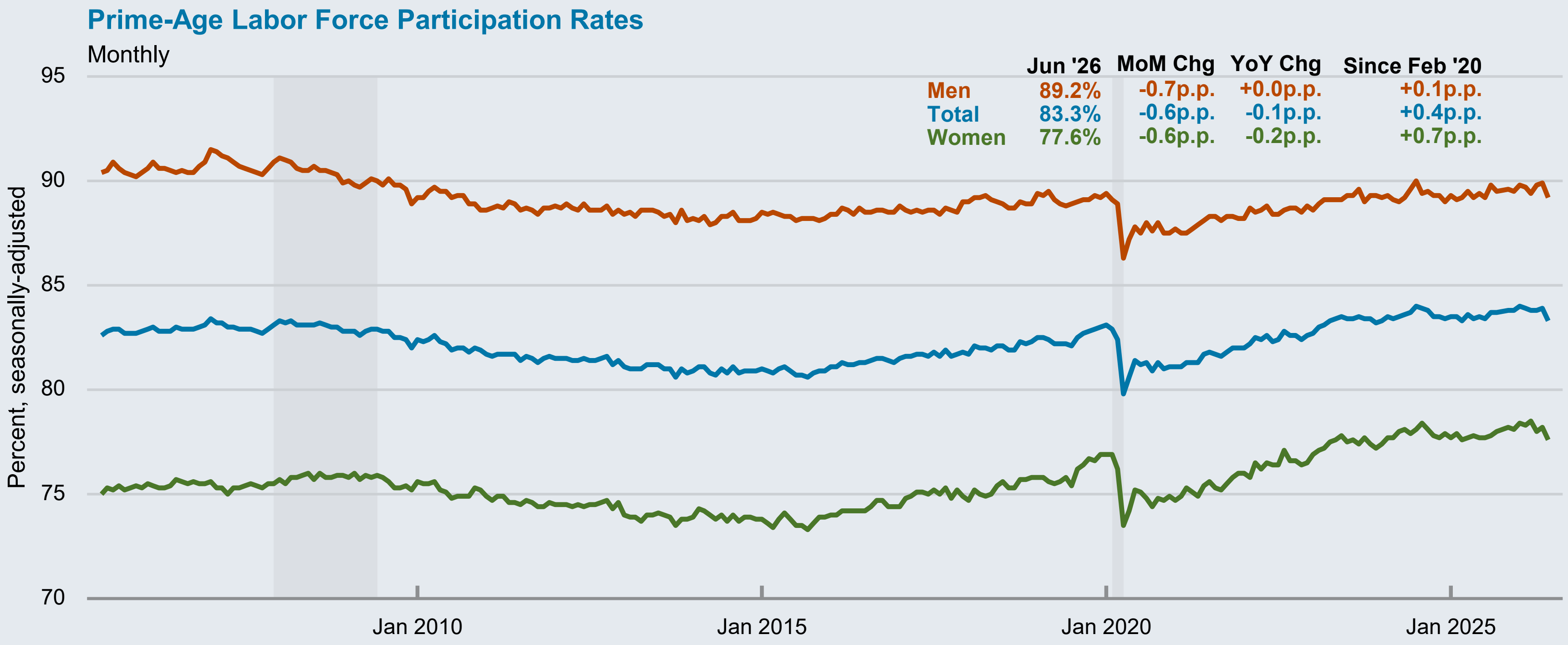
Source: Bureau of Labor Statistics via Haver Analytics
Average over past 25 years: 5.9 for the District, and 5.7 for the United States.
Last Data Point: June 2026 for the United States, May 2026 for the District.

Continued trend of declining labor force participation



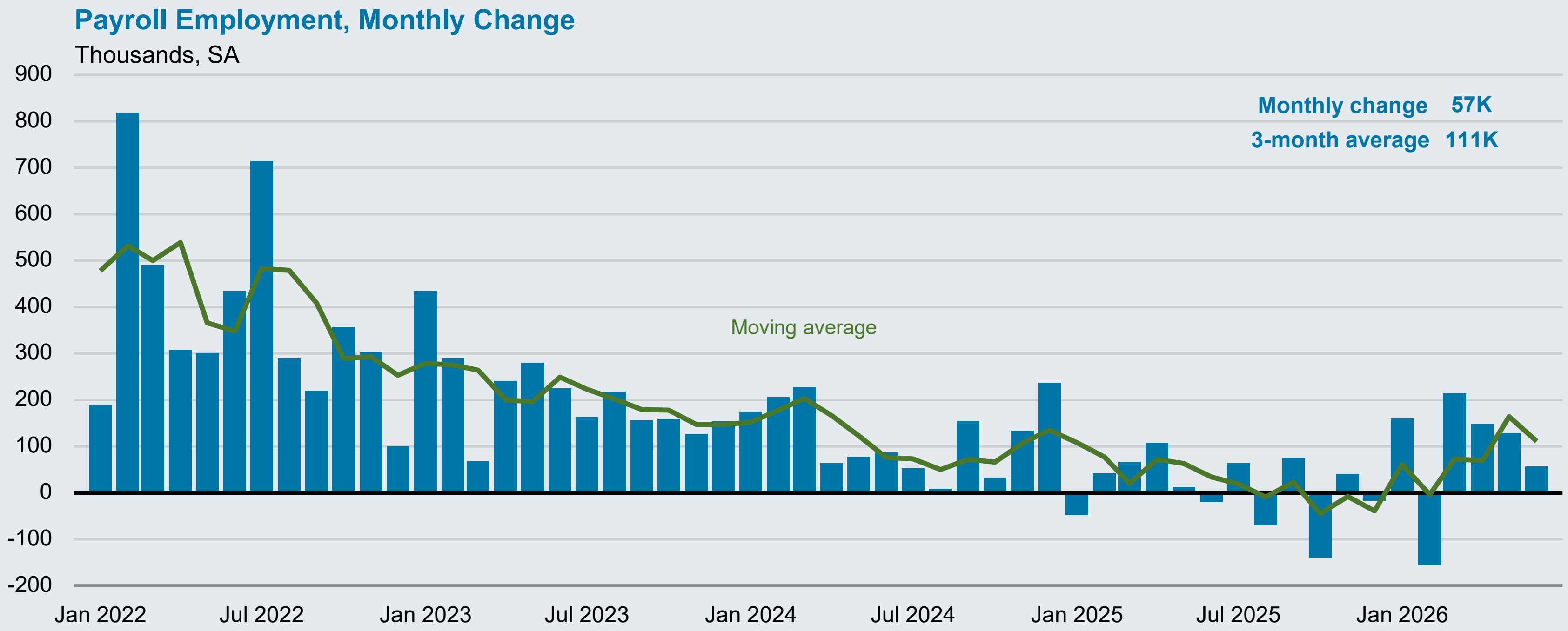
Source: Bureau of Labor Statistics via Haver Analytics.
Average over past 25 years: 63.5 for the District, and 64 for the United States.
Last Data Point: June 2026 for the United States, May 2026 for the District.

25-54 participation remains strong compared to 2005 levels



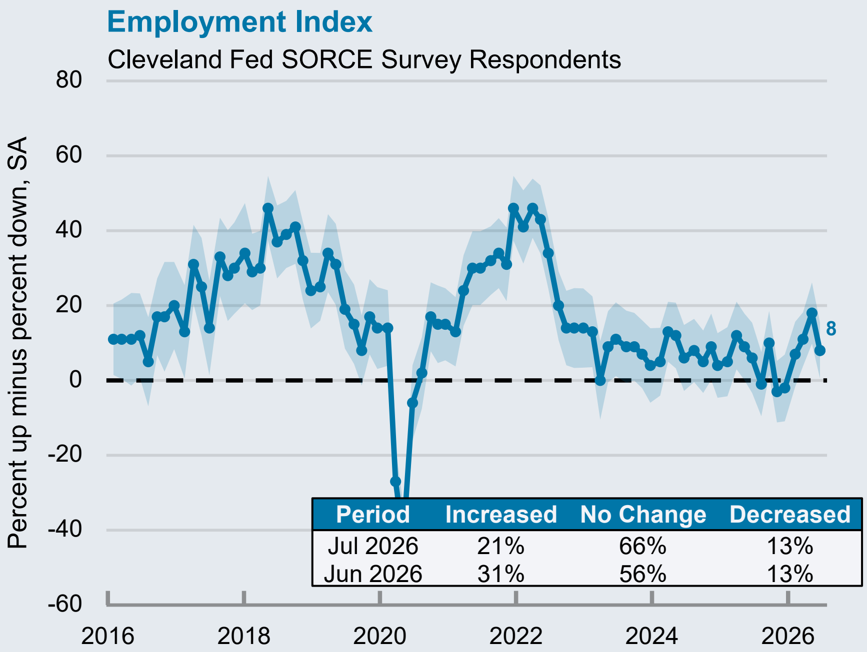
Source: Bureau of Labor Statistics via Haver Analytics
Last data point: June 2026

Payrolls rose 57,000 in June, average 111,000 since April

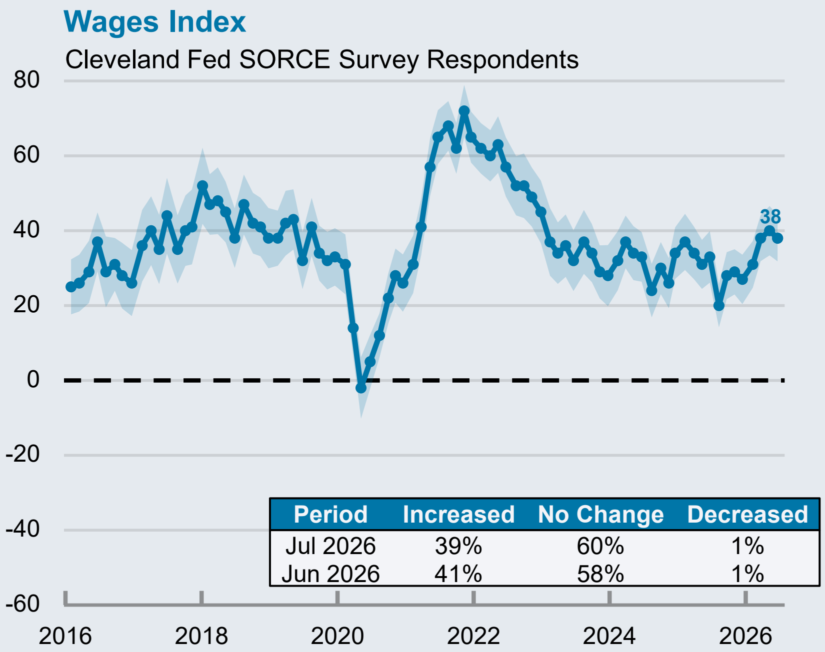


Source: Bureau of Labor Statistics via Haver Analytics
Note: Moving average is three-month trailing mean.
Last data point: June 2026

Slight recent employment growth; modest wage growth



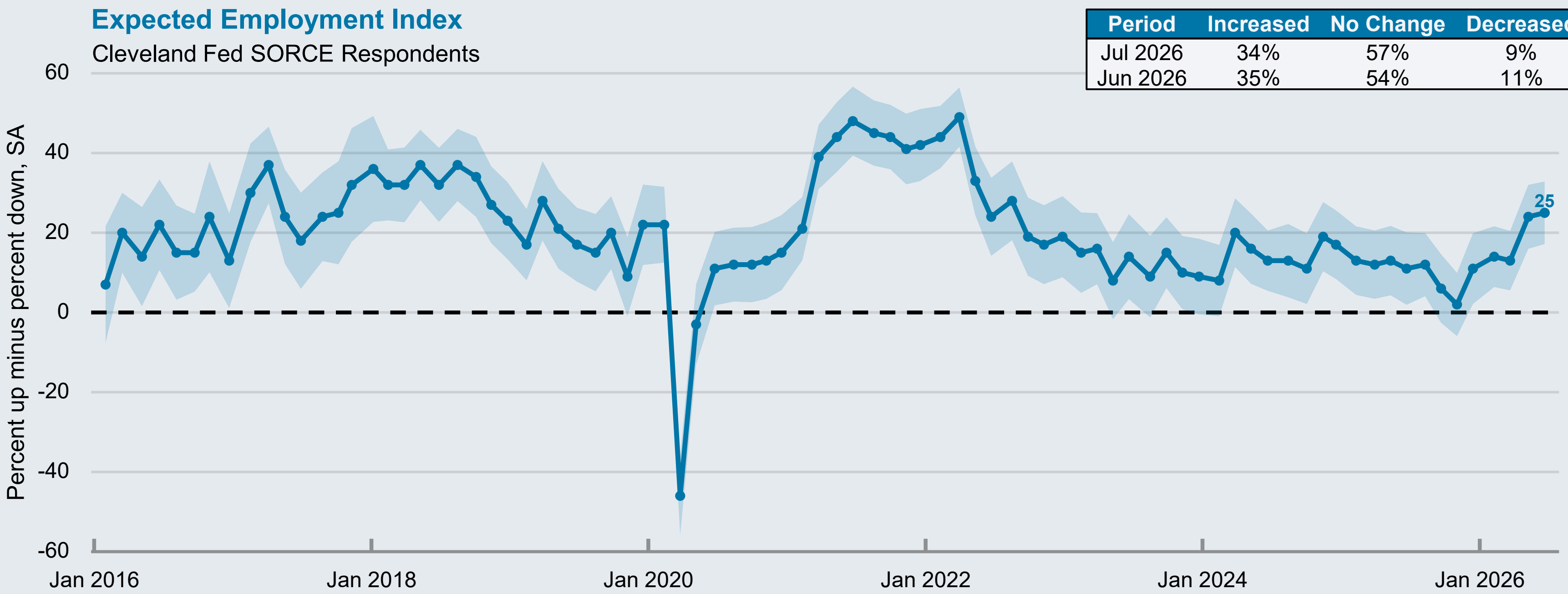
Period	Increased	No Change	Decreased
Jul 2026	21%	66%	13%
Jun 2026	31%	56%	13%



Period	Increased	No Change	Decreased
Jul 2026	39%	60%	1%
Jun 2026	41%	58%	1%

The most recent survey period was from June 18, 2026 through June 25, 2026.
Shading represents 90% confidence interval for index.
Diffusion indexes different from 0 at p = 0.078 (Emp.), 0.000 (Wages); different from last round at p = 0.136 (Emp.), 0.714 (Wages).

Modest expected employment growth in 4D



Period	Increased	No Change	Decreased
Jul 2026	34%	57%	9%
Jun 2026	35%	54%	11%

Question: How do you expect your staffing levels to change over the remainder of the current quarter and into the next quarter?
The most recent survey period was from June 18, 2026 through June 25, 2026.
Shading represents 90% confidence interval for index.
Diffusion index different from 0 at p = 0.000; different from last round at p = 0.882.

Discussion: Labor Markets

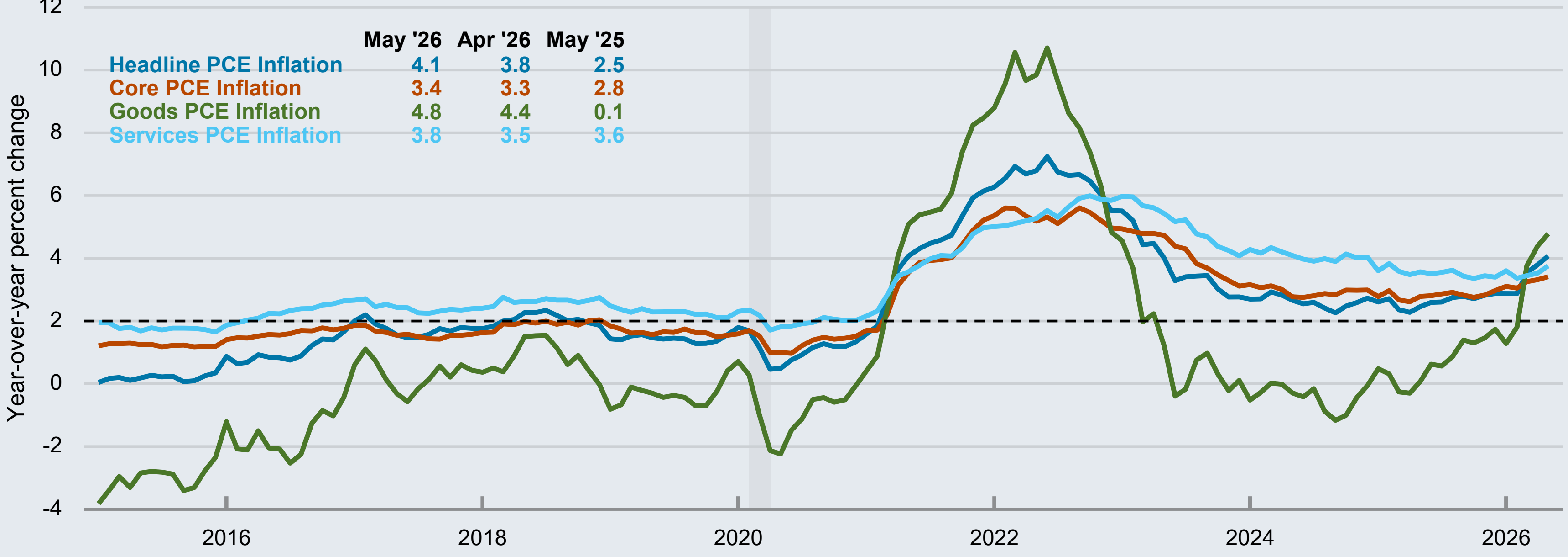
What's your biggest labor challenge right now - and how has that changed from six months ago?

What level of wage increase are you budgeting for over the next year, and when do you expect that increase to take effect?

Core PCE inflation ticked up in May to +3.4%

PCE Inflation Index

Headline, Core, Goods, and Services

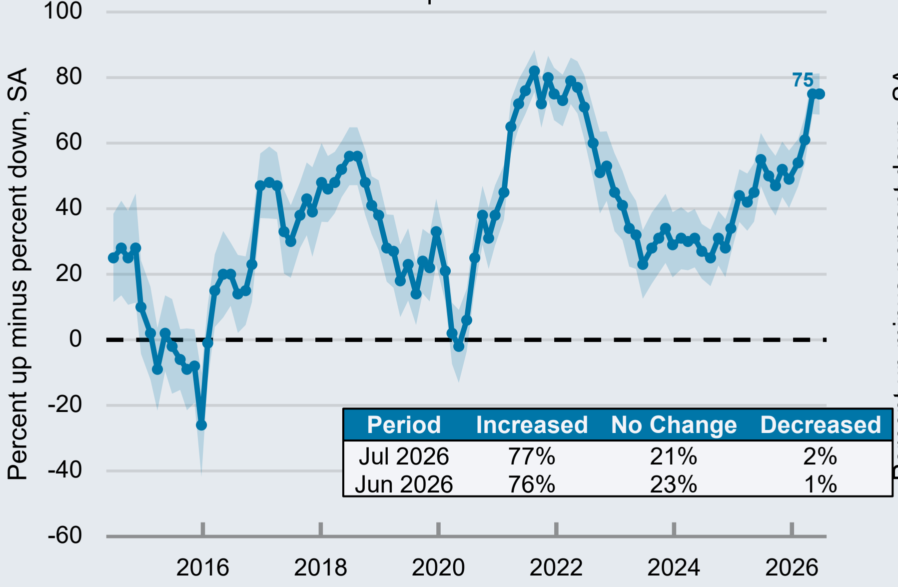


Source: Bureau of Economic Analysis via Haver Analytics and FRBC calculations.
Note: Horizontal dashed line represents FOMC target rate.
Last Data Point: May 2026.

Nonlabor cost increases continue to outpace price increases

Nonlabor Costs Index

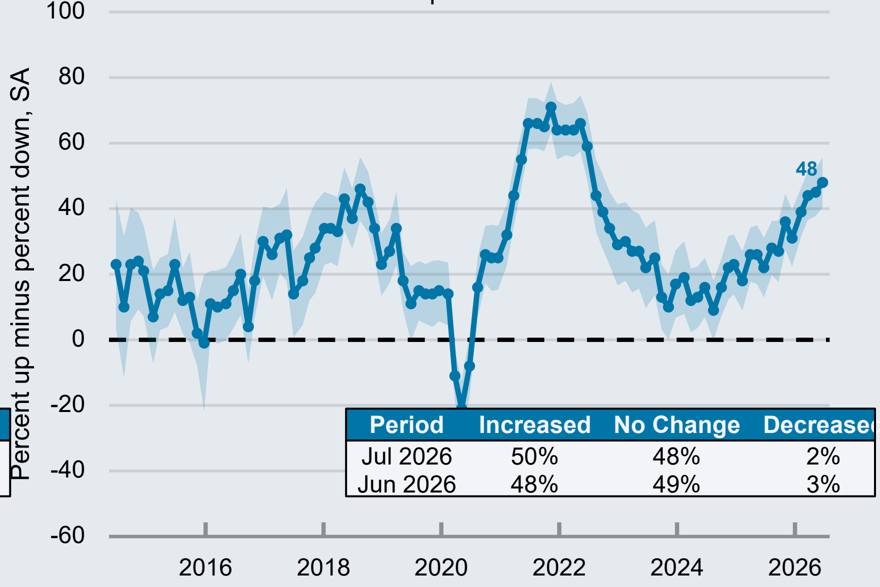
Cleveland Fed SORCE Respondents



Period	Increased	No Change	Decreased
Jul 2026	77%	21%	2%
Jun 2026	76%	23%	1%

Prices Index

Cleveland Fed SORCE Respondents



Period	Increased	No Change	Decreased
Jul 2026	50%	48%	2%
Jun 2026	48%	49%	3%

Note: Series exclude banking responses.
The most recent survey period was from June 18, 2026 through June 25, 2026.
Shading represents 90% confidence interval for index.
Diffusion indexes different from 0 at p = 0 (costs), 0.000 (prices); different from last round at p = 1 (costs), 0.637 (prices).

Discussion: Costs & Prices

What are your biggest cost pressures right now, and how are those affecting your business?

Are you able to pass through cost increases to customers? If not, are you holding prices steady or facing pressure to reduce prices?