



**NON-FERROUS
FOUNDERS' SOCIETY**

Importance of ITR Economics' Outlook for 2026 and Early 2027

*Presented by ITR Economist & Senior Consulting
Speaker Michael Feuz*



ITR ECONOMICS

Part of  Crowe

Forecast Results for 2025 (Preliminary)

	Duration	Accuracy
US GDP	18	98.9%
US Ind. Production	16	99.4%
Europe Ind. Production	20	98.6%
Canada Ind. Production	15	98.9%
China Ind. Production	22	98.0%
Retail Sales	21	99.3%
Housing - Single Family	17	92.9%
Employment-Private Sector	23	98.6%

ITR Economics provides the best economic intelligence to reduce risk and drive practical and profitable business decisions.

Summary – February 2026

➤ Macroeconomic Signals for 2026

- Sluggish Business Cycle Improvement
- Consumer Finances Good Overall
- Tariff Drag Should Diminish

➤ Uncertainty Drivers

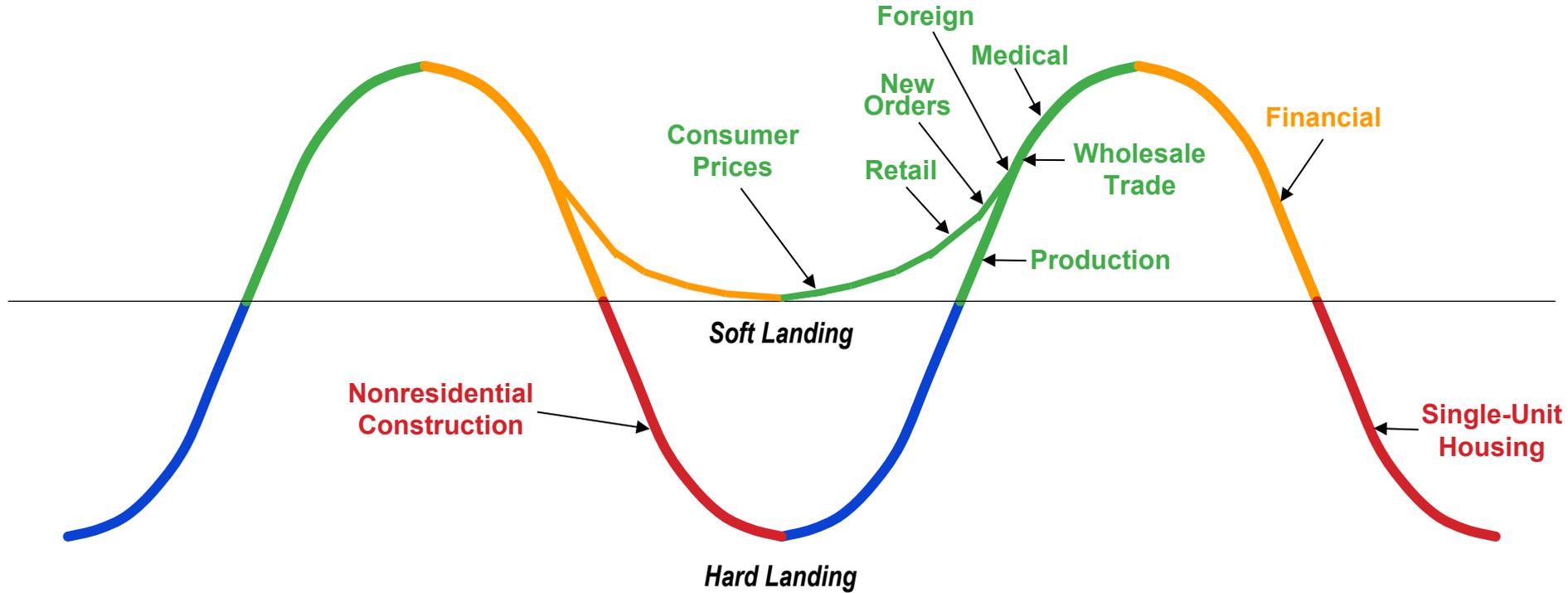
- Fed Independence
- Social Emphasis vs. Economic Focus
- Gunboat Diplomacy

➤ Highlights

- Milder-Than-Normal Rise is the Extended Outlook
- Profitless Prosperity
- Still on Target for the 2030s



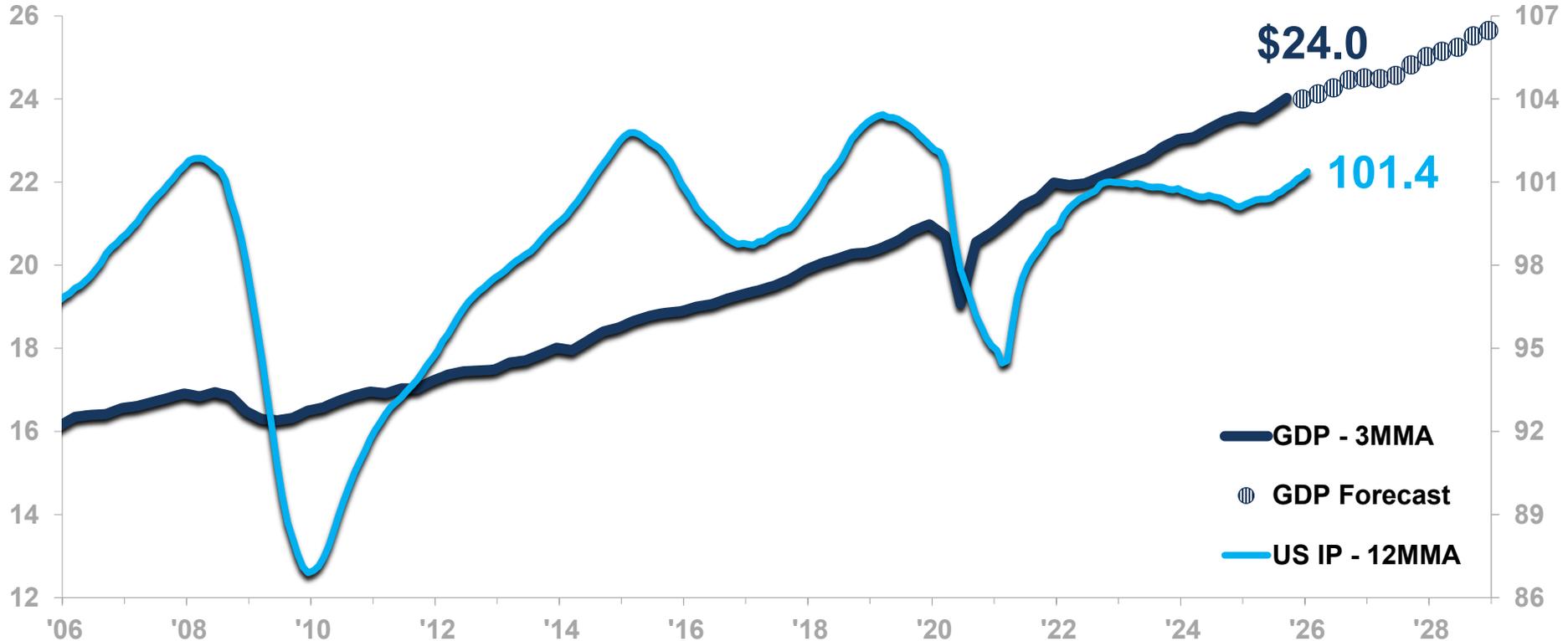
ITR Trends 10™



Macroeconomy is Expanding

US Real Gross Domestic Product to US Industrial Production Index
Data Trends

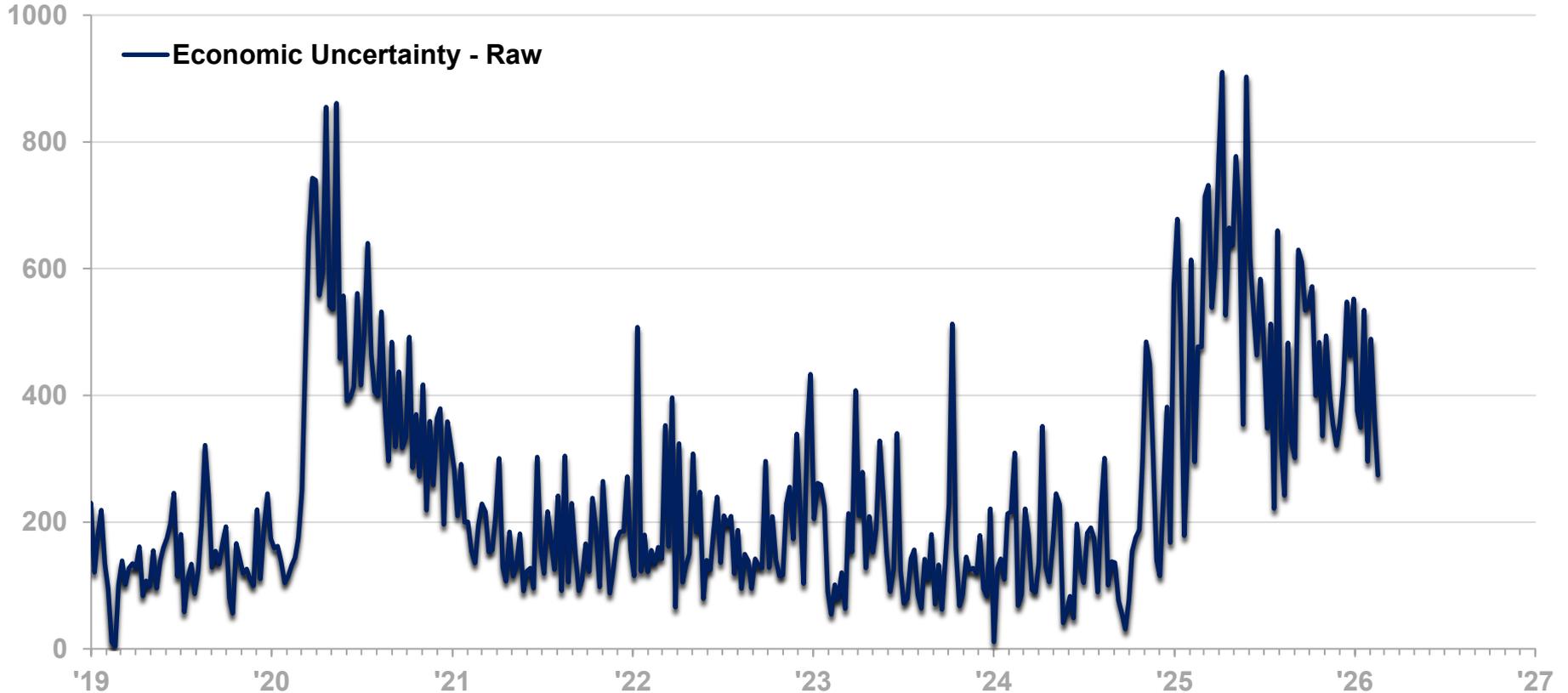
GDP (Tril. Chained 2017 \$)



Uncertainty is Subsiding (Are We Getting Numb?)

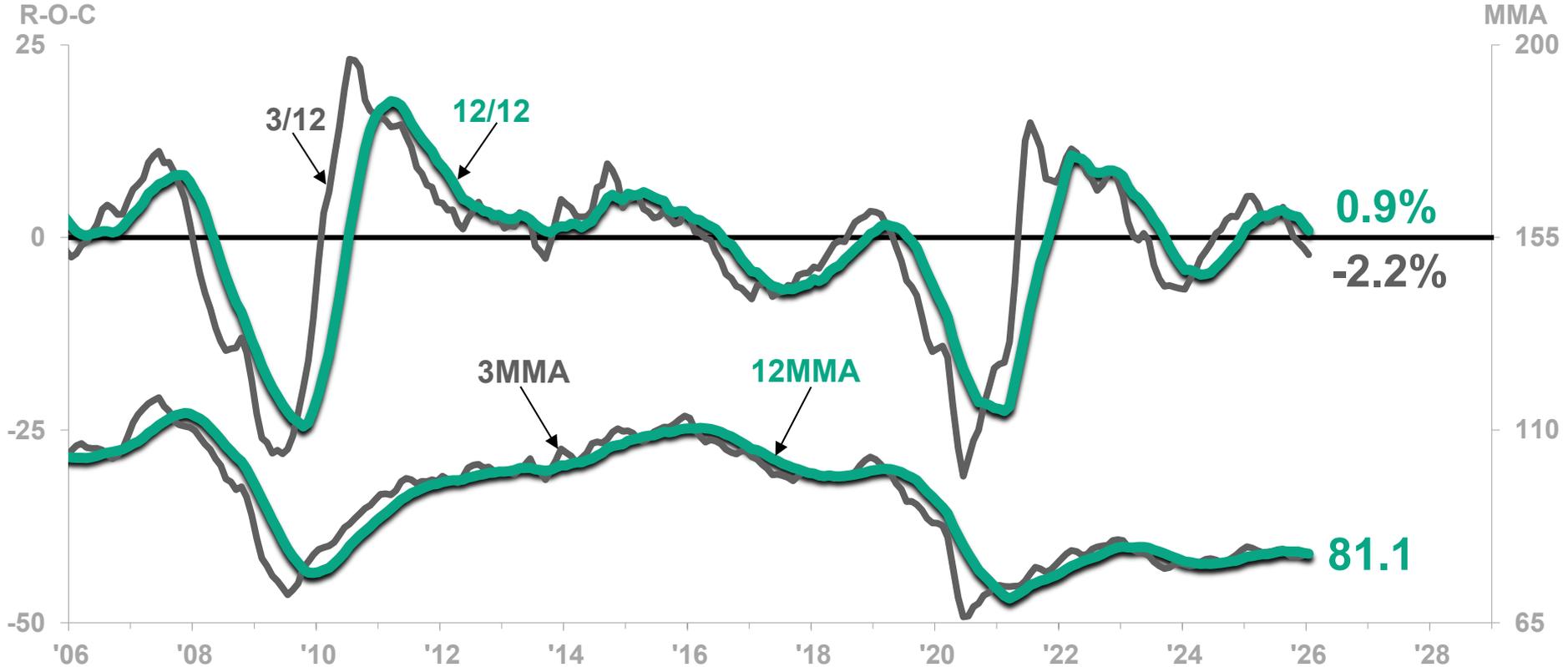
US Economic Policy Uncertainty Index

Raw Data, 1985-2009 = 100



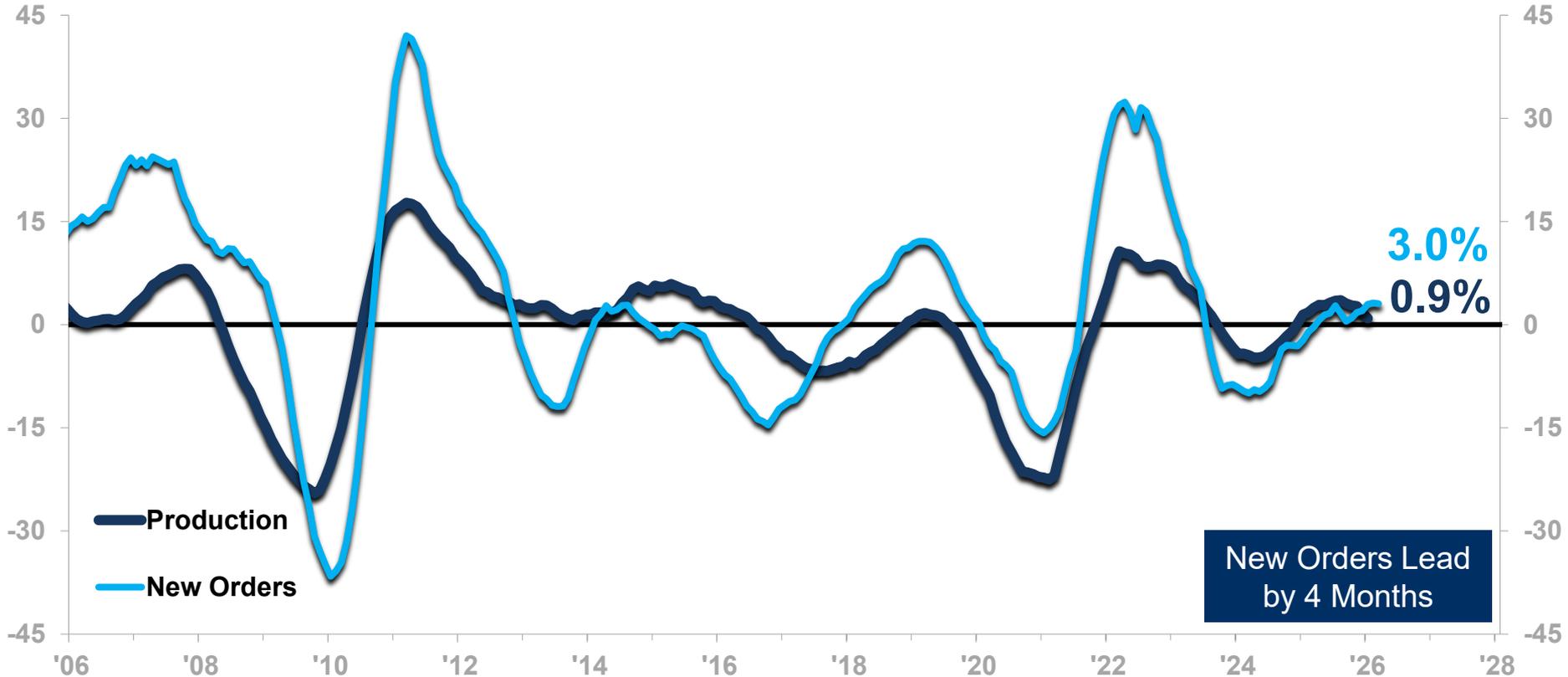
Expanding Industrial Sector to Drive Production Growth in 2026

US Nonferrous Metal Foundries Production Index
2017 = 100



New Orders Rise Signals Further Rise in Foundries Production

US Nonferrous Metal Foundries Production Index to US Aluminum and Non-Ferrous Metals New Orders
12/12 Rates-of-Change



**New Orders Lead
by 4 Months**



Global Force, Tariffs, & Global Trade

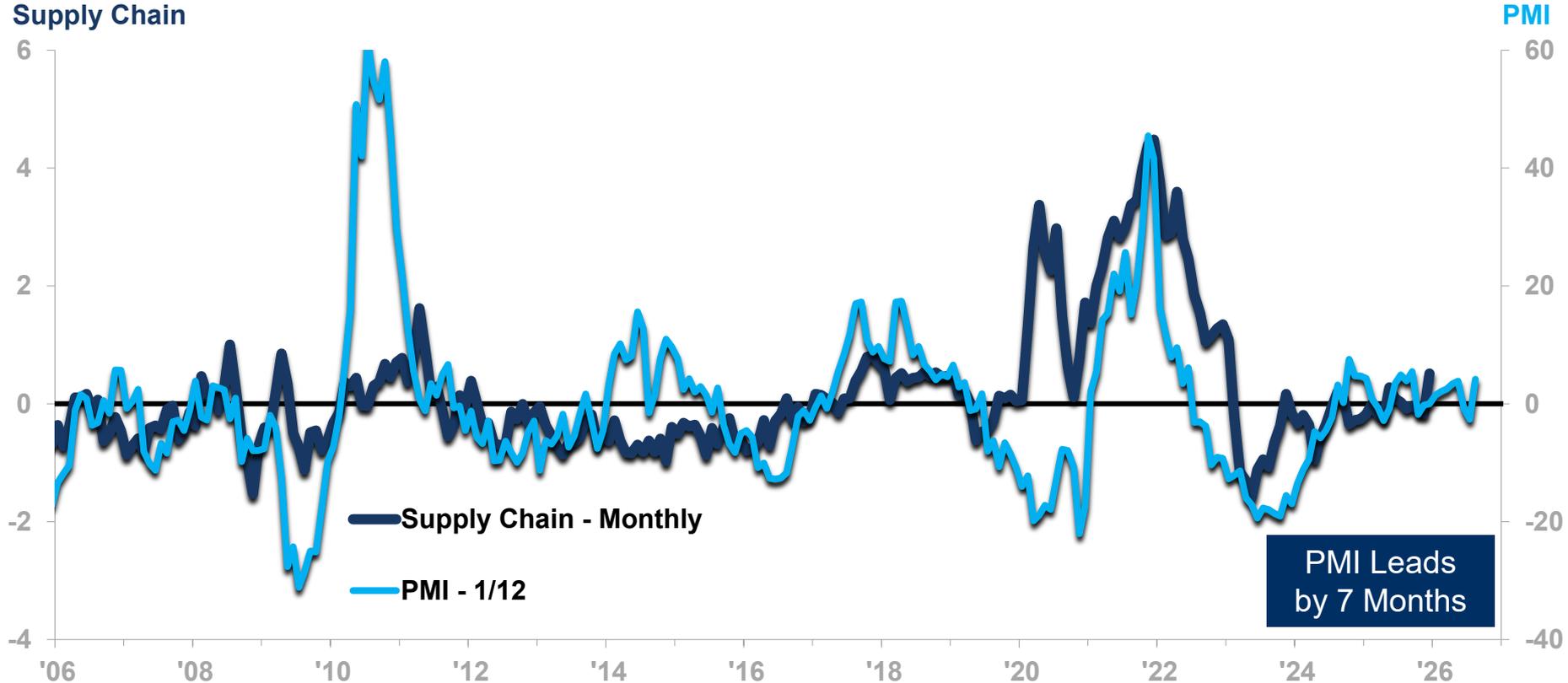


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Leading Signal Suggests Normal Supply Chain Conditions

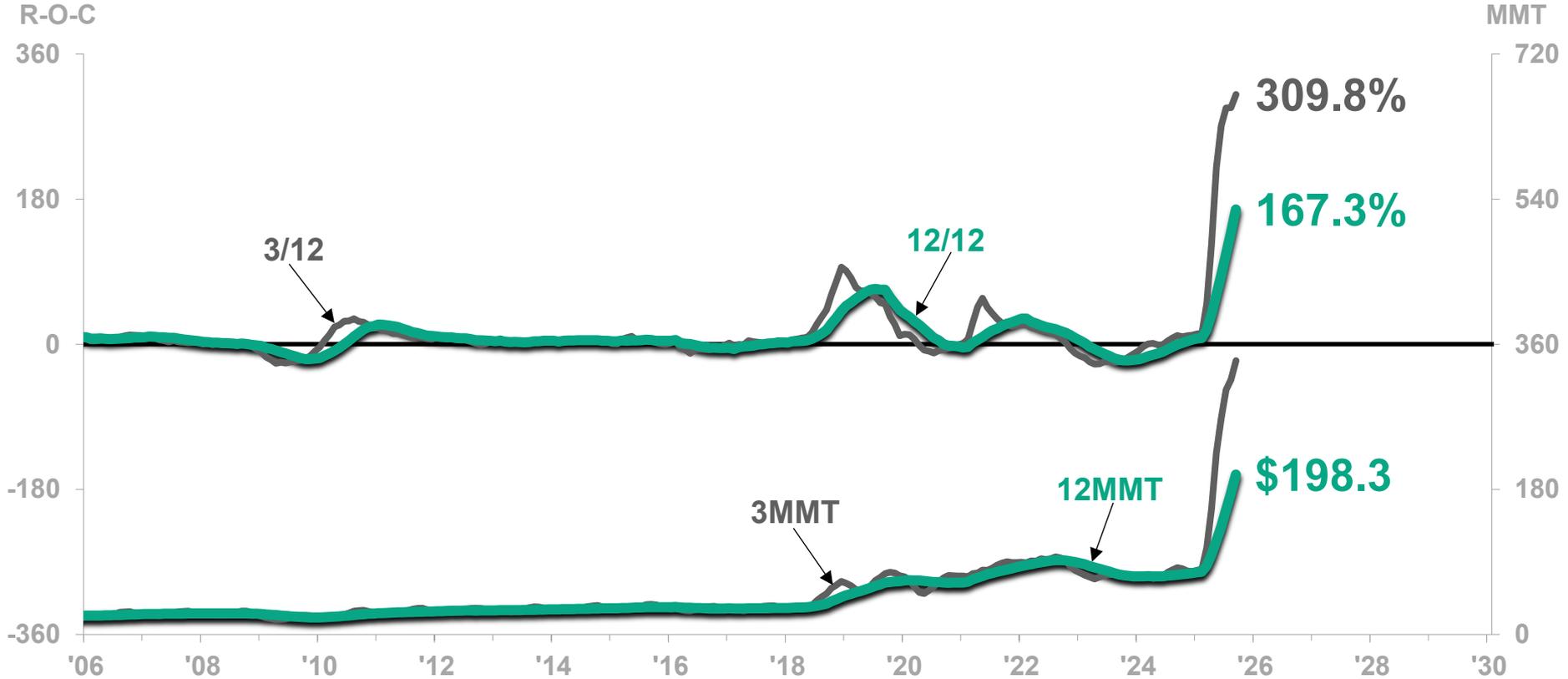
Global Supply Chain Pressure Index to US Purchasing Managers Index
Monthly to 1/12 Rate-of-Change

Supply Chain



Tariff Income is Rising

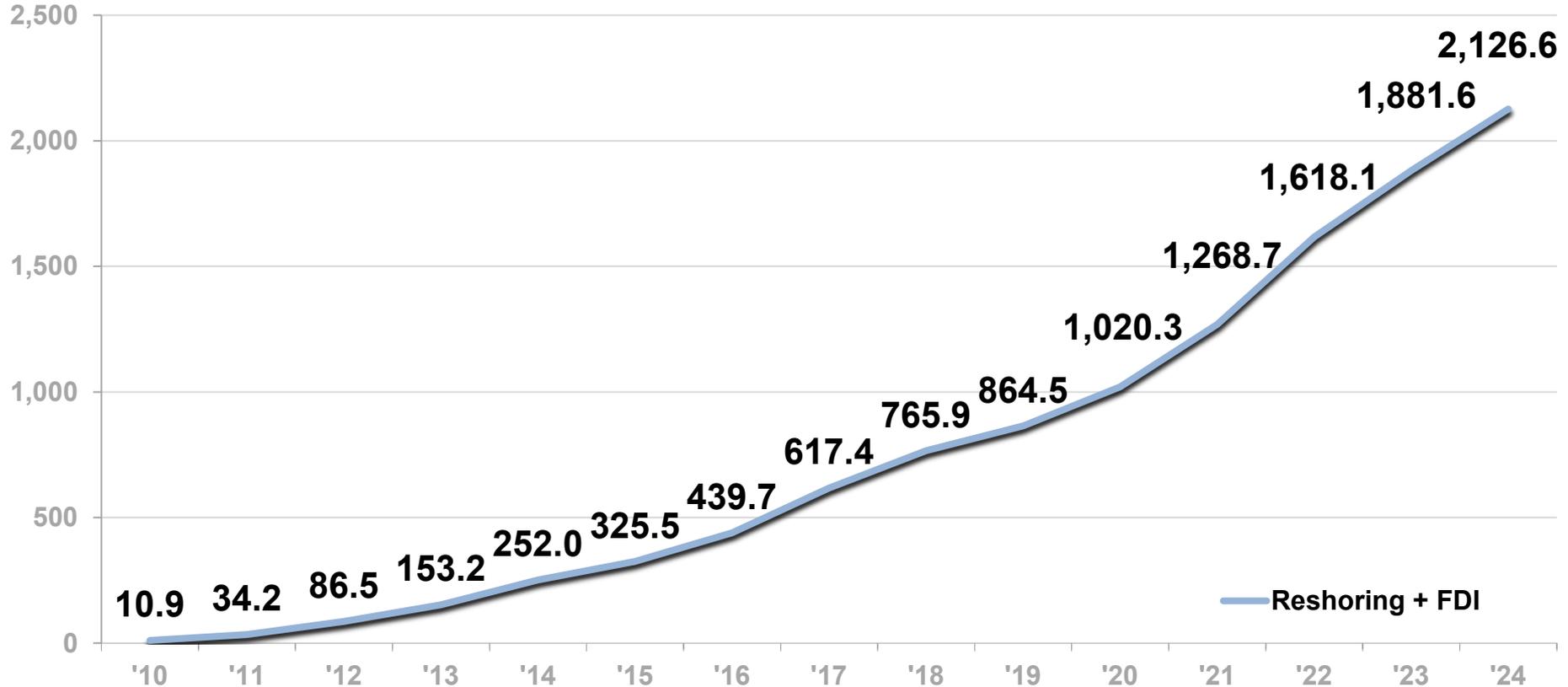
US Value of Tariffs Collected on Imported Goods
Billions of Dollars



A Long-Term Tailwind

Cumulative Jobs Announced Reshoring + FDI by Year, 2010-2024

Thousands of Jobs Announced

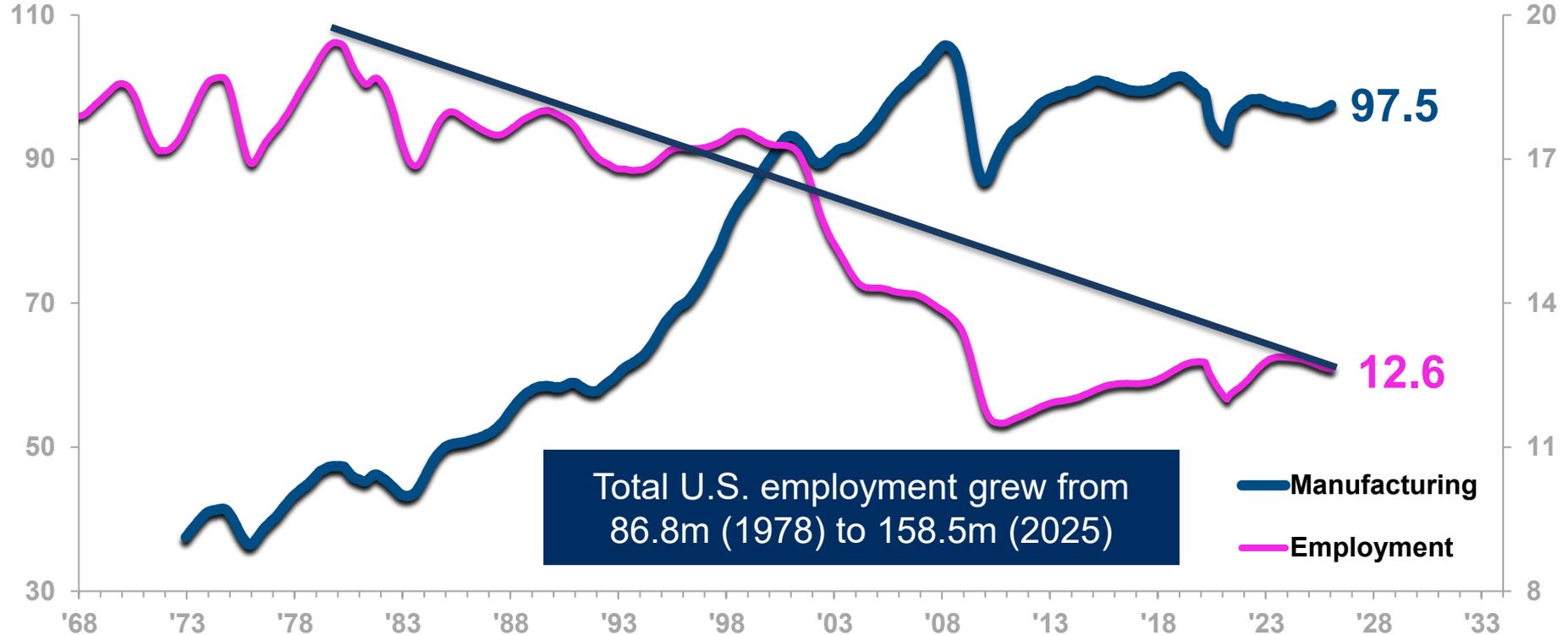


US Economy Has Evolved Since 1978 Employment Peak

US Total Manufacturing Production Index to US Total Manufacturing Employment

Annual Data Trends

Manufacturing (2017 = 100)



Tariffs & Trade Takeaways

- Uncertainty related from tariffs should abate in 2026.
- It is too soon to gauge the impact of these tariffs.
- Tariffs are mostly paid by the consumer and are inflationary.

NEXT STEPS:

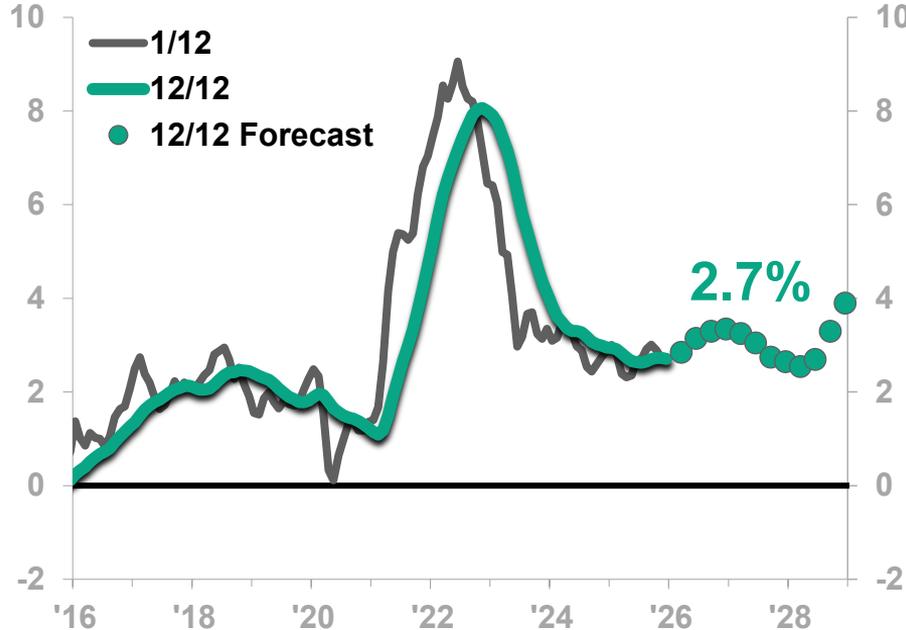
- Nationalism provides protection from foreign competition and may reduce urgency of efficiencies and cost reduction.



Inflation & Interest Rates

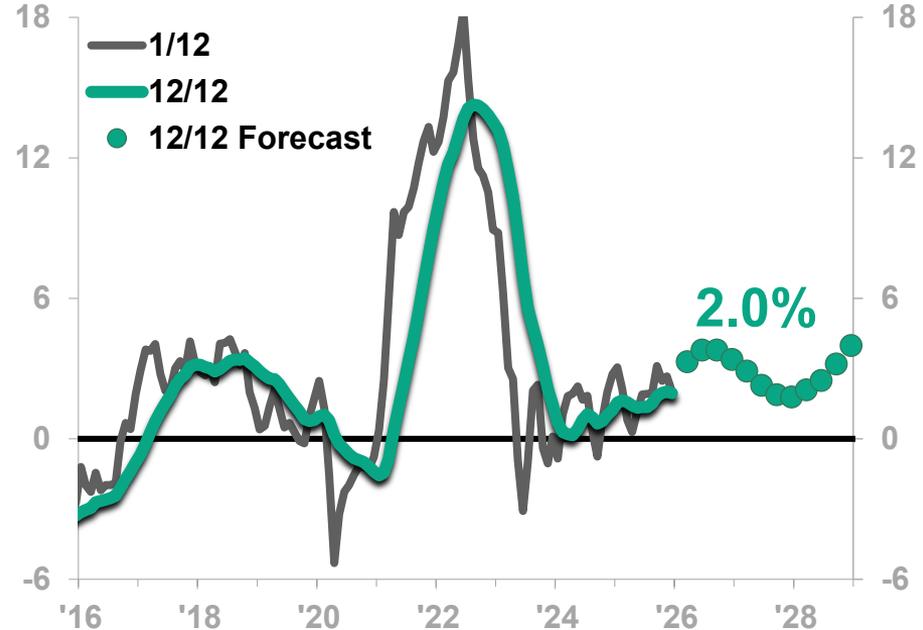
Near Term CPI Rise Expected; PPI Rise Already Underway

US Consumer Price Index



Forecast	12/12
2026	3.4%
2027	2.7%
2028	3.9%

US Producer Price Index



Forecast	12/12
2026	3.4%
2027	1.8%
2028	4.0%

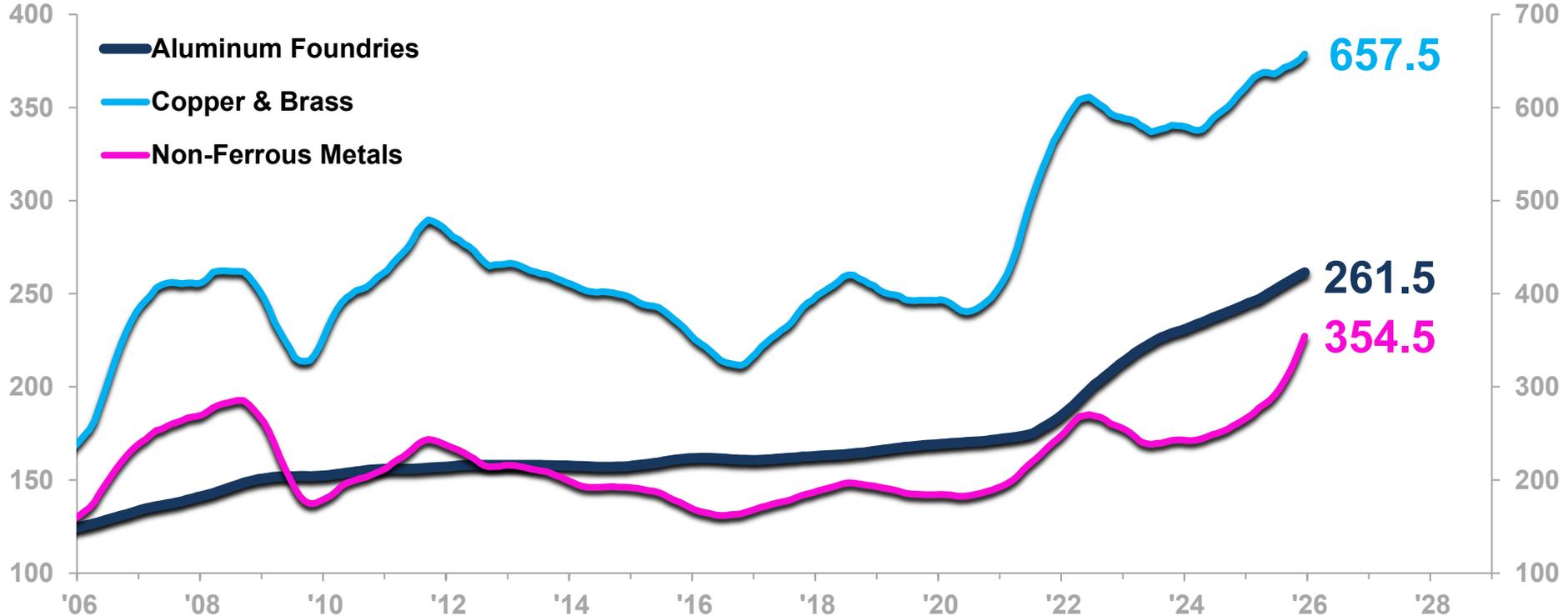
General Price Rise in 2026

US Aluminum Foundries Producer Price Index (excluding die casting) to US Copper and Brass Mill Shapes
Producer Price Index to US Primary Non-Ferrous Metals Producer Price Index

Annual Data Trends

Aluminum Foundries (June 1991 = 100)

Copper & Brass, Non-Ferrous Metals (1982 = 100)



Margin Pressures: Battle Back With Competitive Advantages

Indicator	12/12	Phase	3/12	Phase
Aluminum Prices	8.4%	C	15.8%	B
Copper Prices	16.8%	B	35.6%	B
Nickel Prices	-7.8%	A	6.1%	B
Lead Prices	-4.1%	A	-0.2%	A
Zinc Prices	2.7%	B	10.1%	B
Gold Prices	48.9%	B	68.9%	B
Tin Prices	17.0%	B	45.2%	B
Electric Power	3.6%	B	5.8%	B
Manufacturing Wages	4.4%	B	4.3%	B

Inflation Pressures Are Developing

A New Round of Sustained Inflation Stemming From:

Labor – Price Cycle

Fiscal Policies

Electricity / Power Costs

Nationalism



|| Inflation Summary

- Electricity costs will be under long-term upward pressure.
- Profitless prosperity will take out the weaker competition.
- Differentiate “first” cost from “total.”

NEXT STEPS:

- Stay with us via our weekly Fed Watch YouTube free broadcasts:
youtube.com/@ITREconomics



Labor

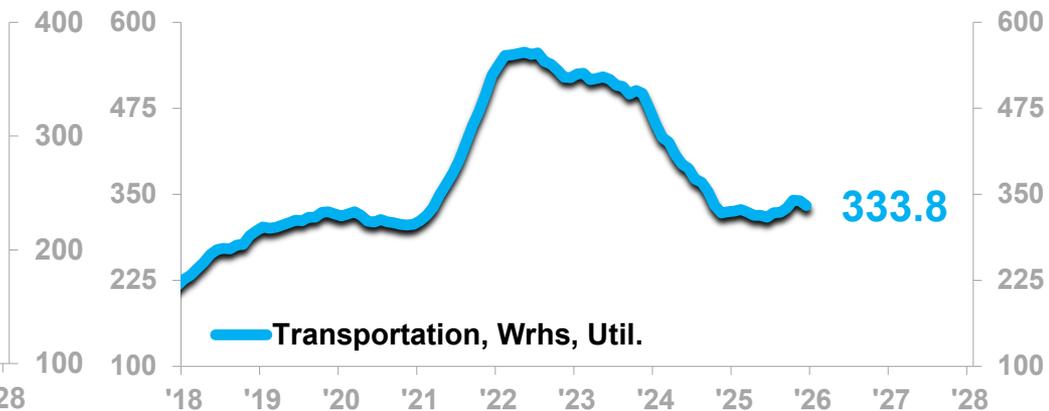
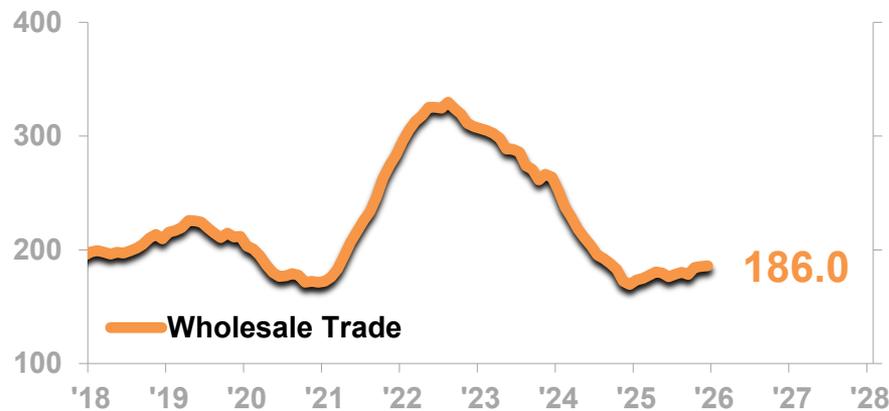
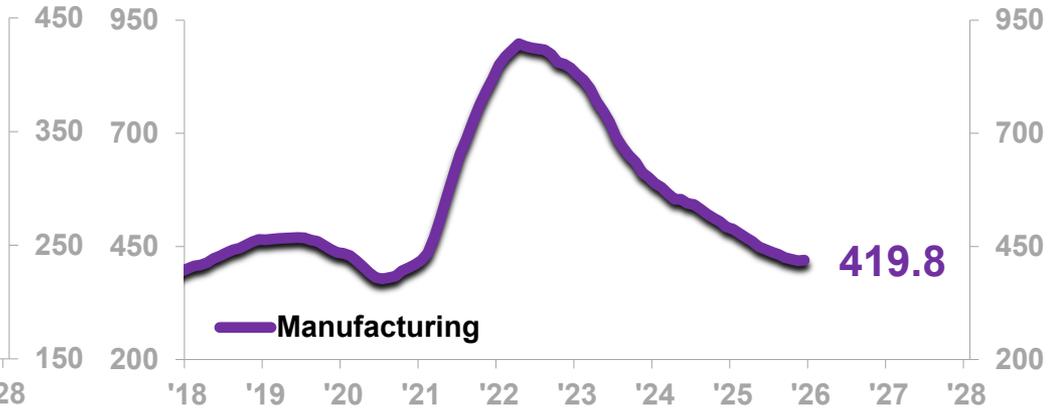
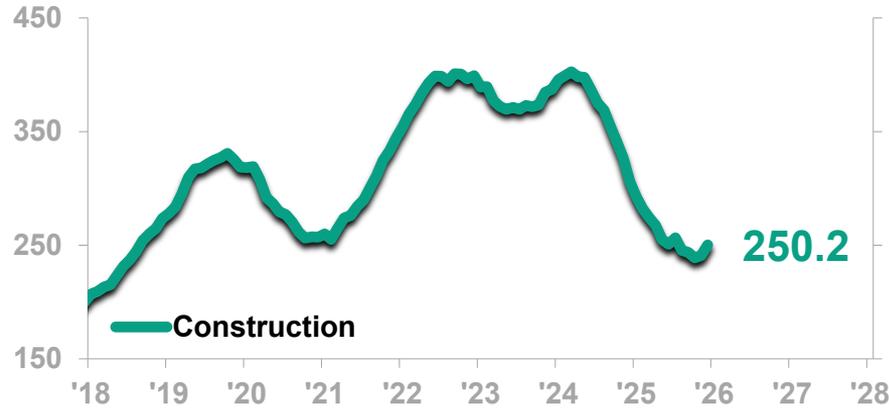


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Expanding Economy Will Increase Labor & Automation Demand

US Job Openings by Industry

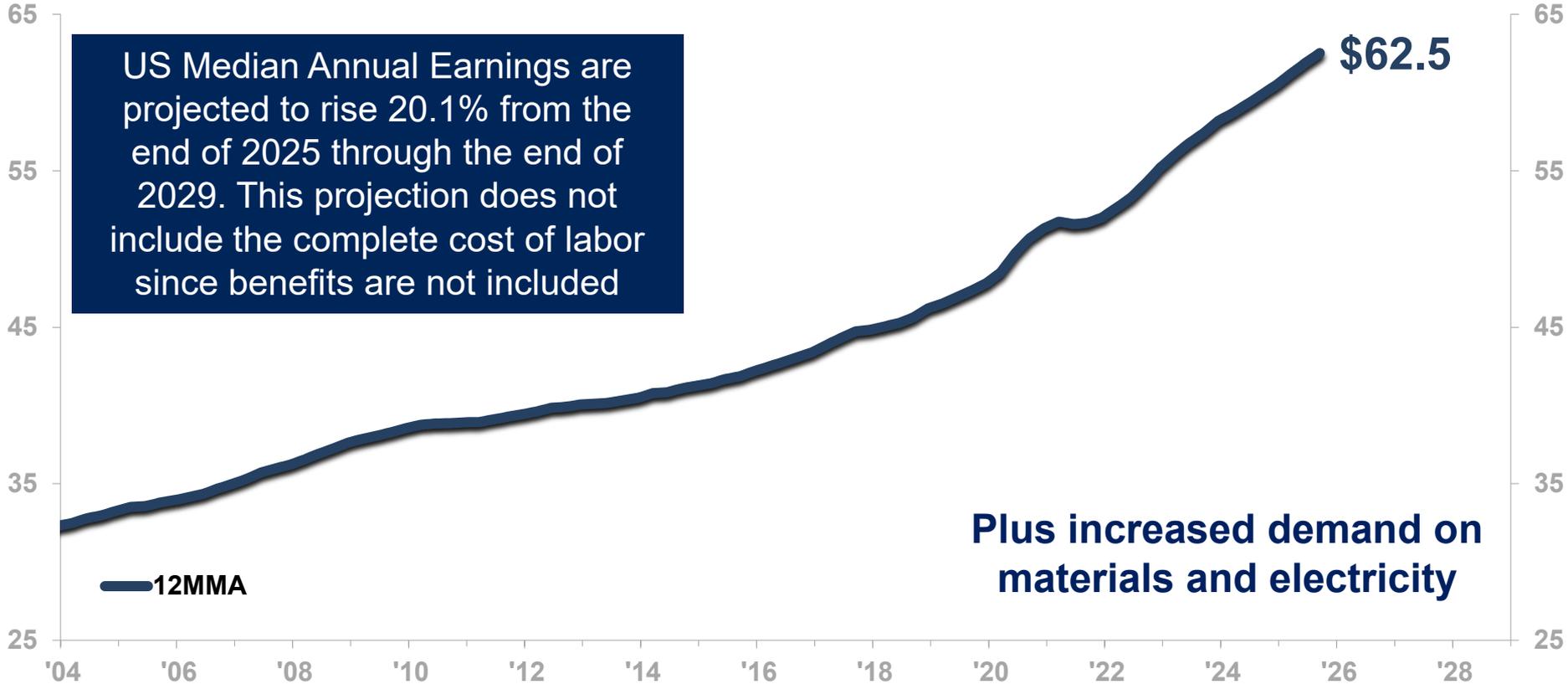
Annual Data Trends: Thousands



Expect Labor Costs to Move Higher to 2030

US Median Annual Earnings

Annual Data Trends: Thousands of Dollars



Labor Summary

- Employment and unemployment are lagging economic indicators (8 months behind GDP).
- There is no latent pool of talent unless you go harvesting for them.
- Tightness in the labor market is a long-term trend; hold on to your talent.

NEXT STEPS:

Stress test wage costs through the rest of this decade.



Macroeconomic Trends



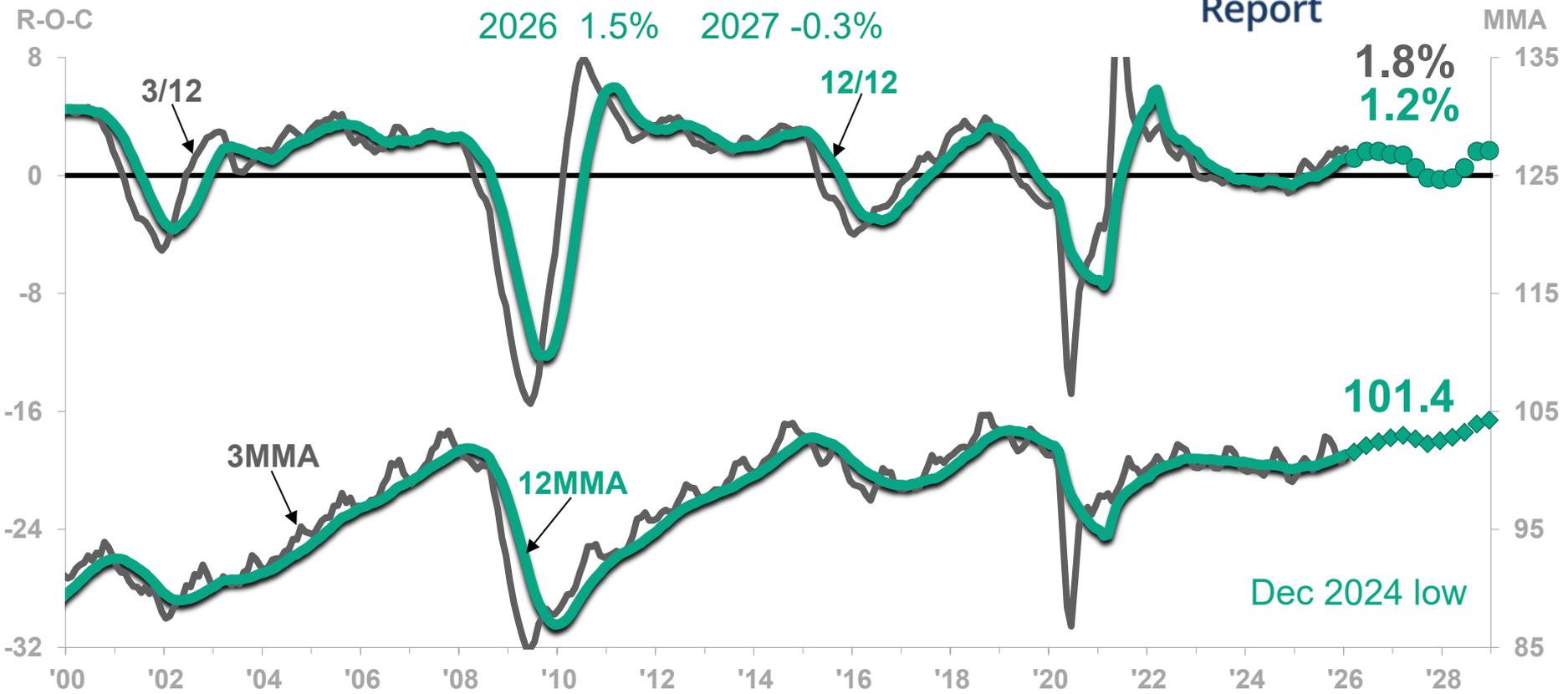
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Rise Begins Now

US Industrial Production Index

2017 = 100

as seen in
ITR Economics'
Trends
Report



Retail Sales Indicators

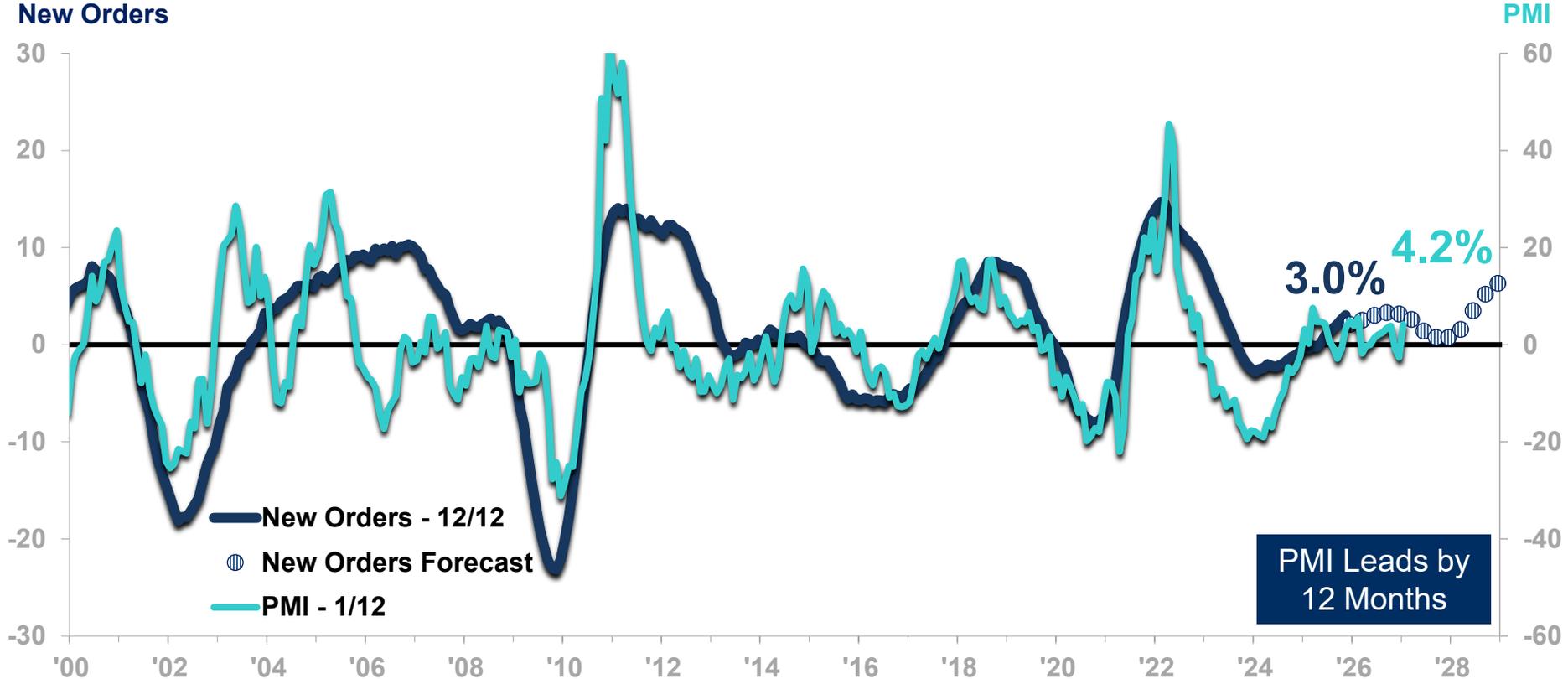
US Total Retail Sales Components

	12/12	Phase	3/12	Phase
US Total Retail Sales	3.7%	C	3.1%	C
Food & Beverage Stores	4.0%	B	3.3%	C
Motor Vehicle and Parts Dealer	3.9%	C	0.2%	C
Building Materials & Gardening Supplies	-2.3%	D	-4.3%	A
Clothing & Apparel	7.2%	B	9.7%	C
Furniture & Home Furnishings	2.5%	C	-5.1%	D
General Merchandise Stores	2.0%	B	1.6%	B
Health & Personal Care	7.0%	B	6.4%	C
Sporting Goods & Hobby	2.5%	B	6.4%	B
Electronics & Appliances	0.8%	C	2.5%	C
Gas Station Retail Sales	-1.4%	A	1.9%	C

Vacillating PMI Trend Suggests Tepid Growth

US Nondefense Capital Goods New Orders (excluding aircraft) to US Purchasing Manager's Index
Rates-of-Change

New Orders

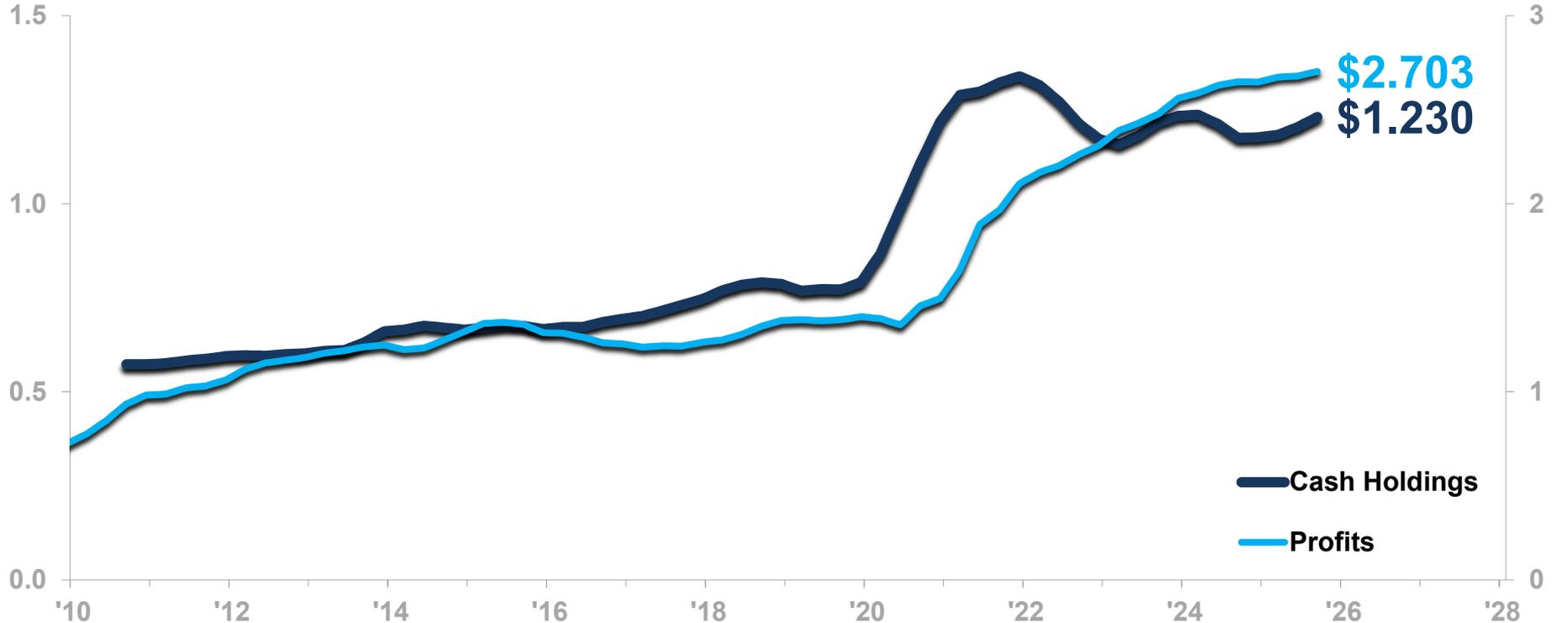


Corporate Financials: Businesses Positioned for CAPEX Growth

US Domestic Corporate Cash Holdings to
US Domestic Nonfinancial Industries Corporate Profits (with capital consumption adjustments)

Annual Data Trends: Trillions of Dollars

Cash Holdings



The US Macroeconomic Summary

- Consumer financial health is good with incomes rising.
- Leading indicators portend sluggish ascent for 2026.
- Headwinds for 2027 are becoming more evident.

NEXT STEPS:

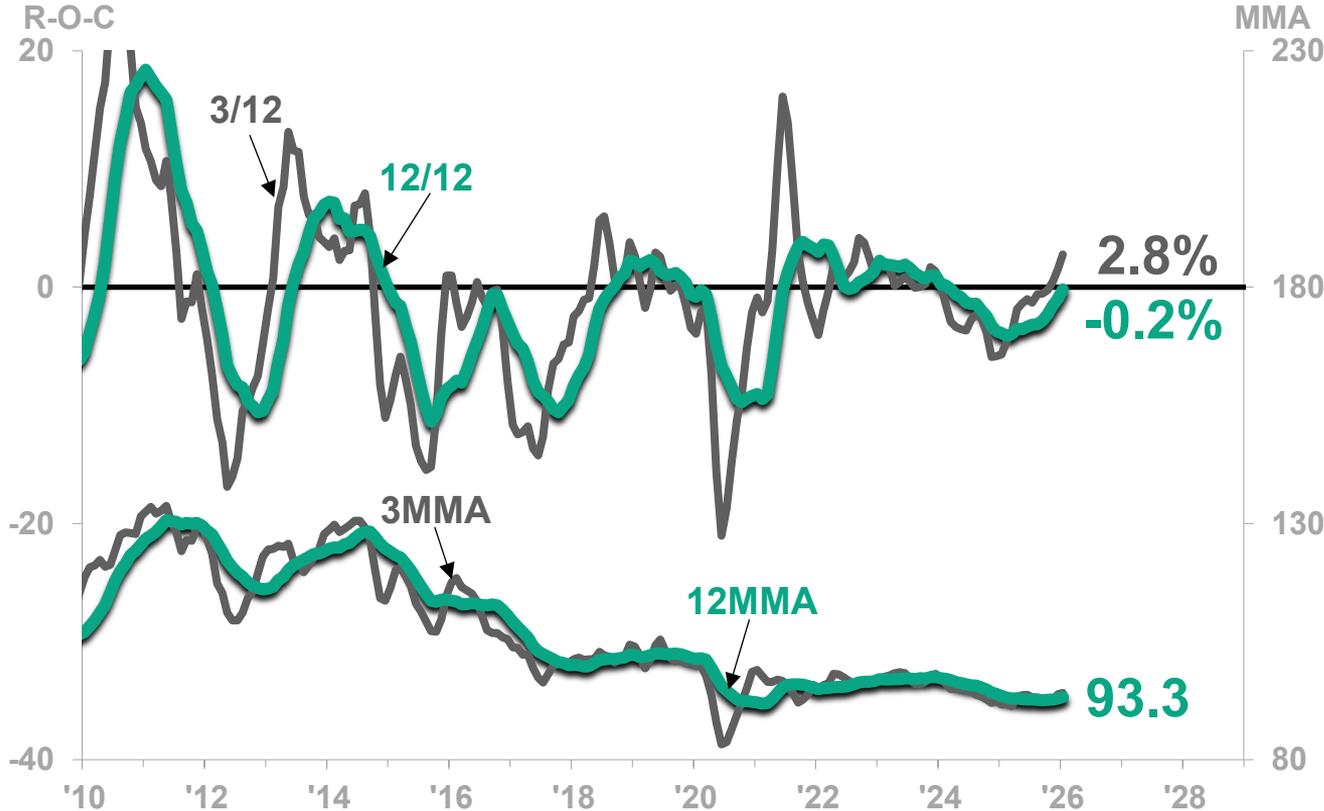
- Turn off the news and focus on the data.



Market Insights

Accelerating B2B Spending Signal Production Rise Ahead in '26

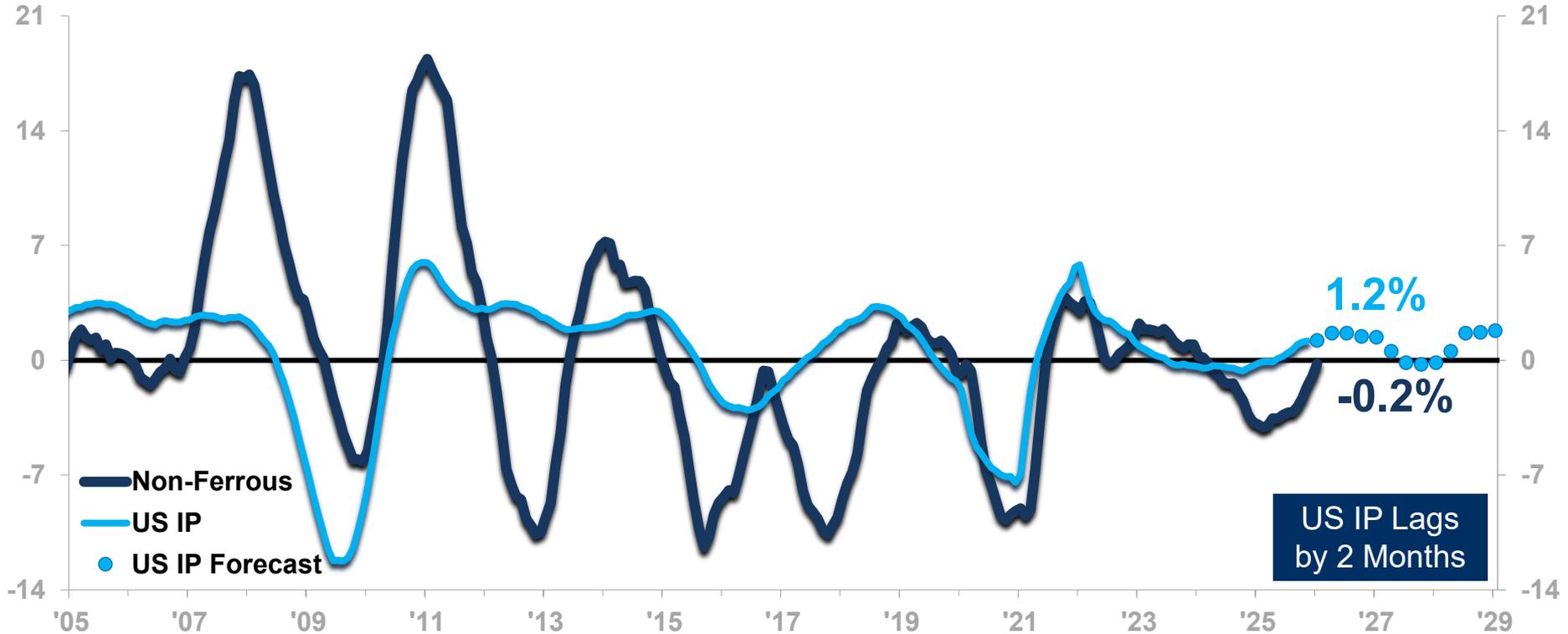
US Non-Ferrous Metal Products Production Index
2017 = 100



Comprises establishments primarily engaged in (1) smelting ores and/or (2) the primary refining of nonferrous metals (except aluminum) by electrolytic methods or other processes or (3) recovering copper or copper alloys from scraps; or (4) alloying purchased copper; or (5) rolling, drawing, or extruding shapes, (e.g., bar, plate, sheet, strip, tube, wire) from purchased copper; or (6) recovering copper or copper alloys from scrap and rolling, drawing, or extruding shapes.

Industrial Sector Outlook Suggest Non-Ferrous Production Rise in 2026; Expect Softness in 2027

US Non-Ferrous Metal Products Production Index to US Industrial Production Index
12/12 Rates-of-Change



End-Use Market Dashboard

Source: FRB

	12/12	Phase	3/12	Phase	12MM Notes
Light Vehicle Production	-2.1%	A	-3.3%	D	Declining. Rise 2H26
Aerospace Products & Parts	12.7%	B	21.8%	C	Rising
Defense	12.7%	C	10.3%	C	Record High
Medical Equipment & Supplies	-6.8%	A	-5.2%	D	Declining – Low Approaching 2H25
Total Energy Production	1.6%	C	2.2%	C	Record High
Engines, Turbines, & Other Power Generation Equipment New Orders	2.4%	B	7.6%	B	Rise into early 2027
Renewable Energy Consumption	1.1%	C	0.1%	B	Softening Rise in 2026
Electrical Equipment New Orders	3.1%	B	9.5%	B	New Orders to Reach Record Highs in 2026
Private Nonresidential Construction	-3.6%	D	-3.2%	A	Rise by 2H26

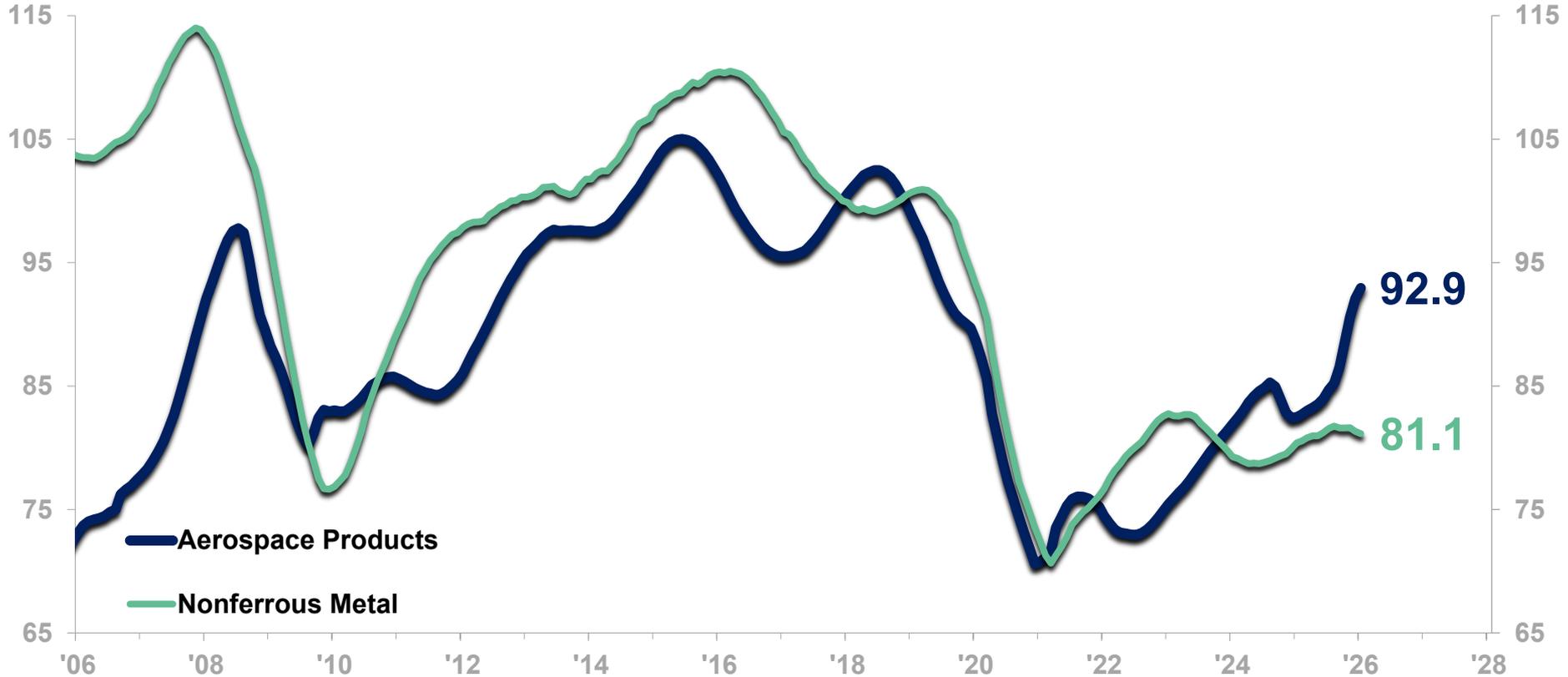
Annual Production to Expand in 2026; Plateau for Majority of 2027

North America Light Vehicle Production
Millions of Units



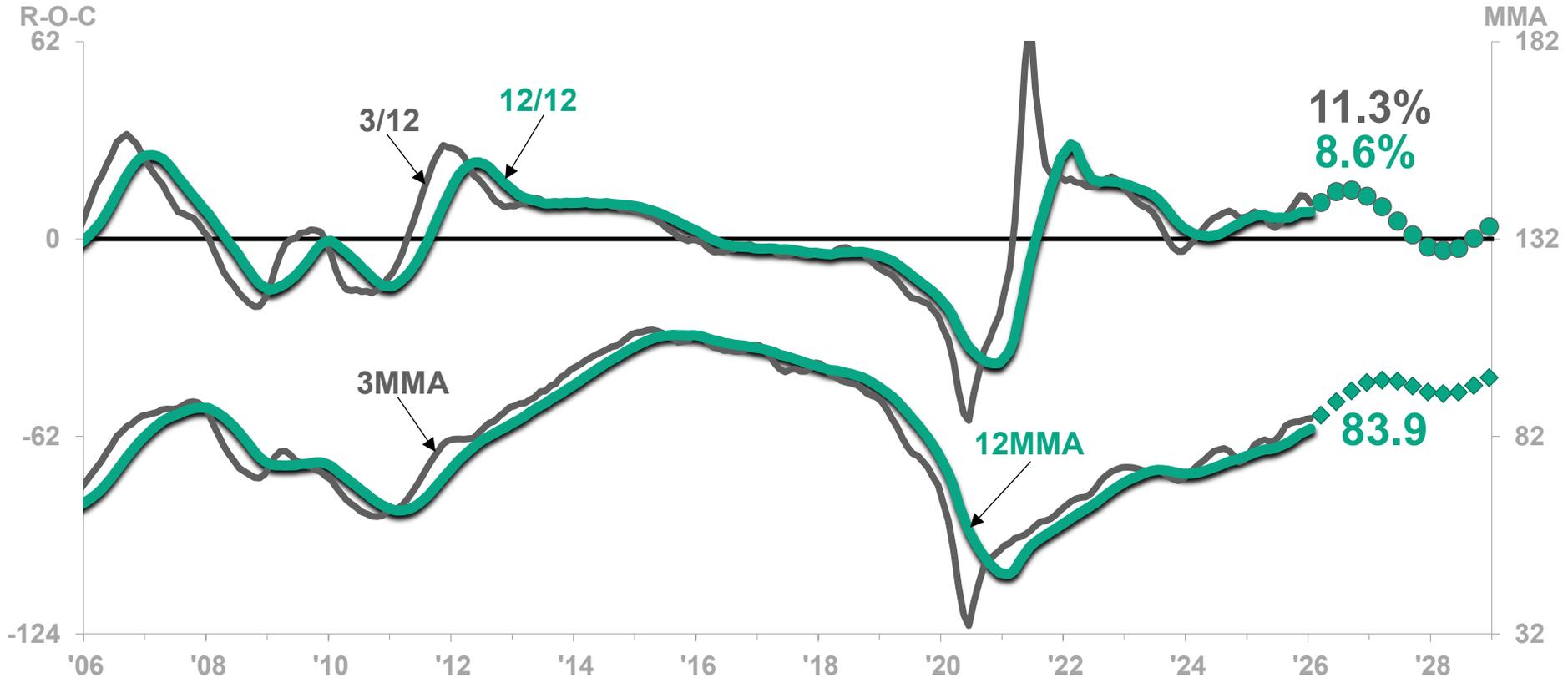
Aerospace Growth Accelerating

US Aerospace Products and Parts Production Index to US Nonferrous Metal Foundries Production Index
Annual Data Trends: 2017 = 100



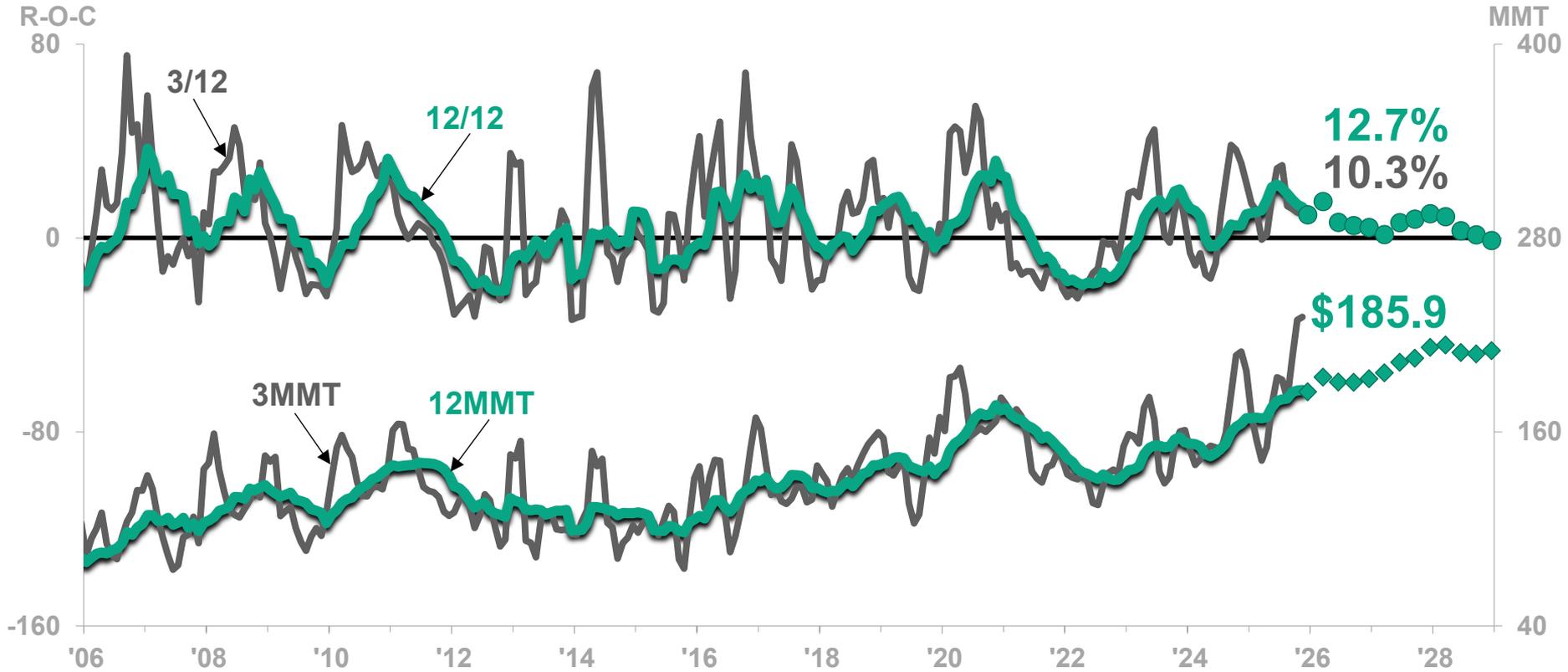
Production Rise in 2026 Amid Expanding Macroeconomy

US Civilian Aircraft Equipment Production Index
2017 = 100



Choppy Rising Trend Will Persist Through 2028

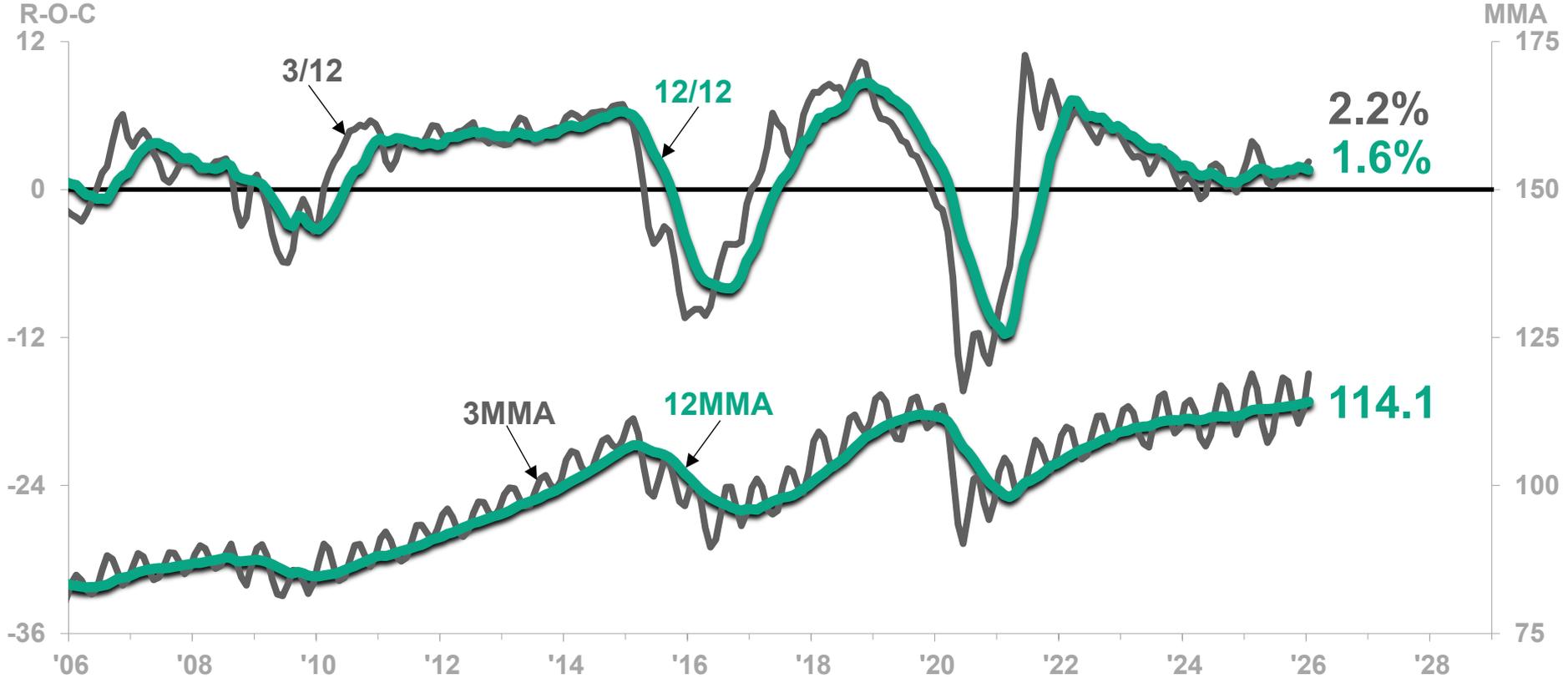
US Defense Capital Goods New Orders
Billions of Dollars



US Energy Production at Record Levels

US Total Energy Production Index

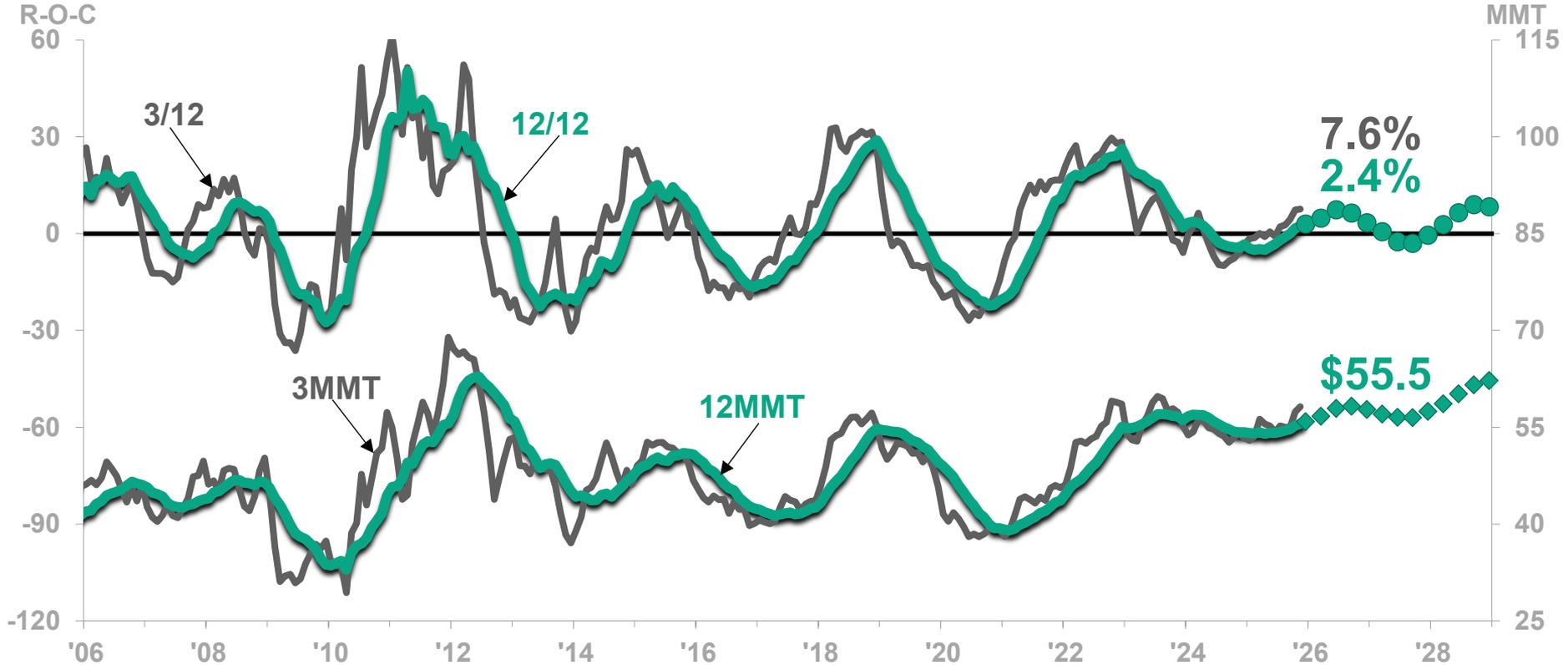
2017 = 100



Energy Demand from AI & Data Centers Add to Order Growth

US Engines, Turbines, Generators, and Other Power Generation Equipment New Orders

Billions of Dollars



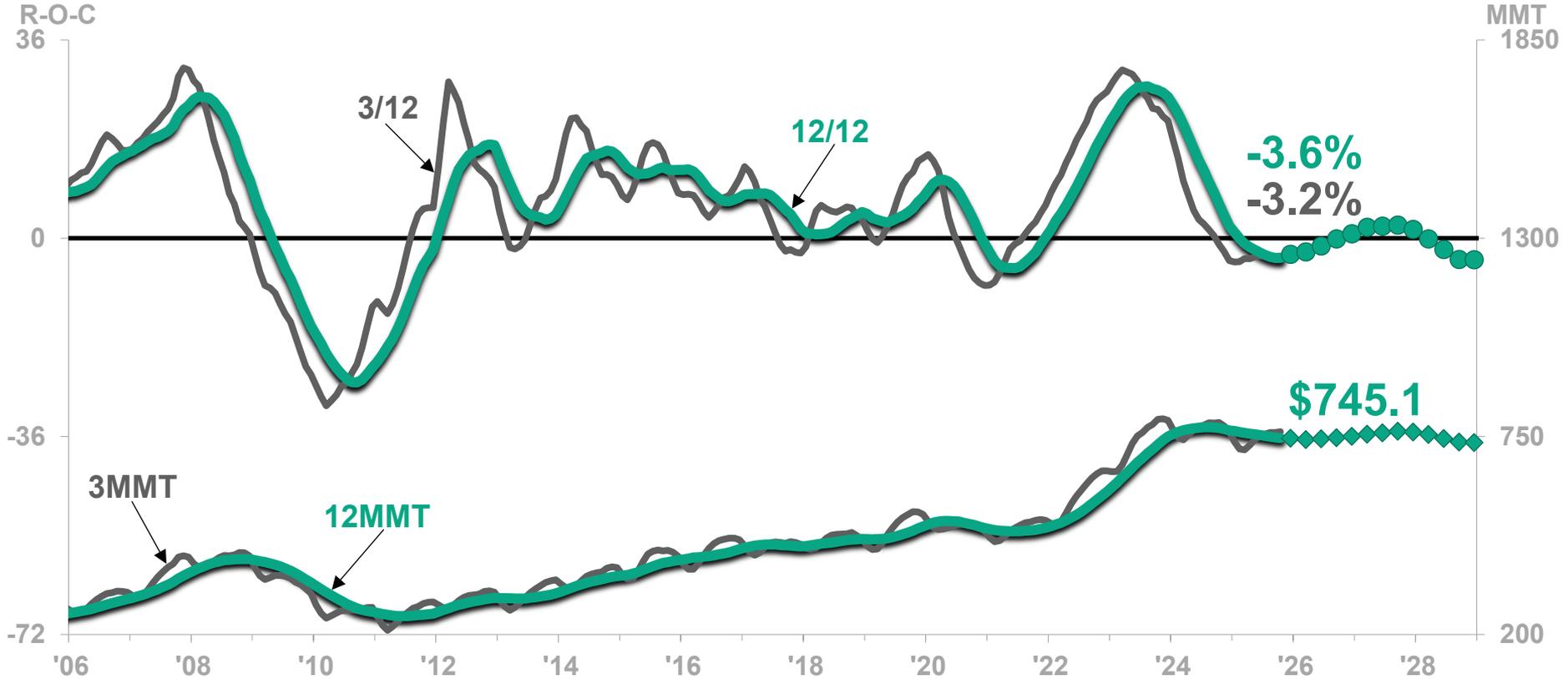
Electrification Needs to Drive New Orders; Upside Opportunity

US Nonferrous Metal Foundries Production Index to US Electrical Equipment New Orders
12/12 Rates-of-Change



Nonresidential Construction to Generally Decline into Early 2026

US Private Nonresidential Construction
Billions of Dollars





The 2030s



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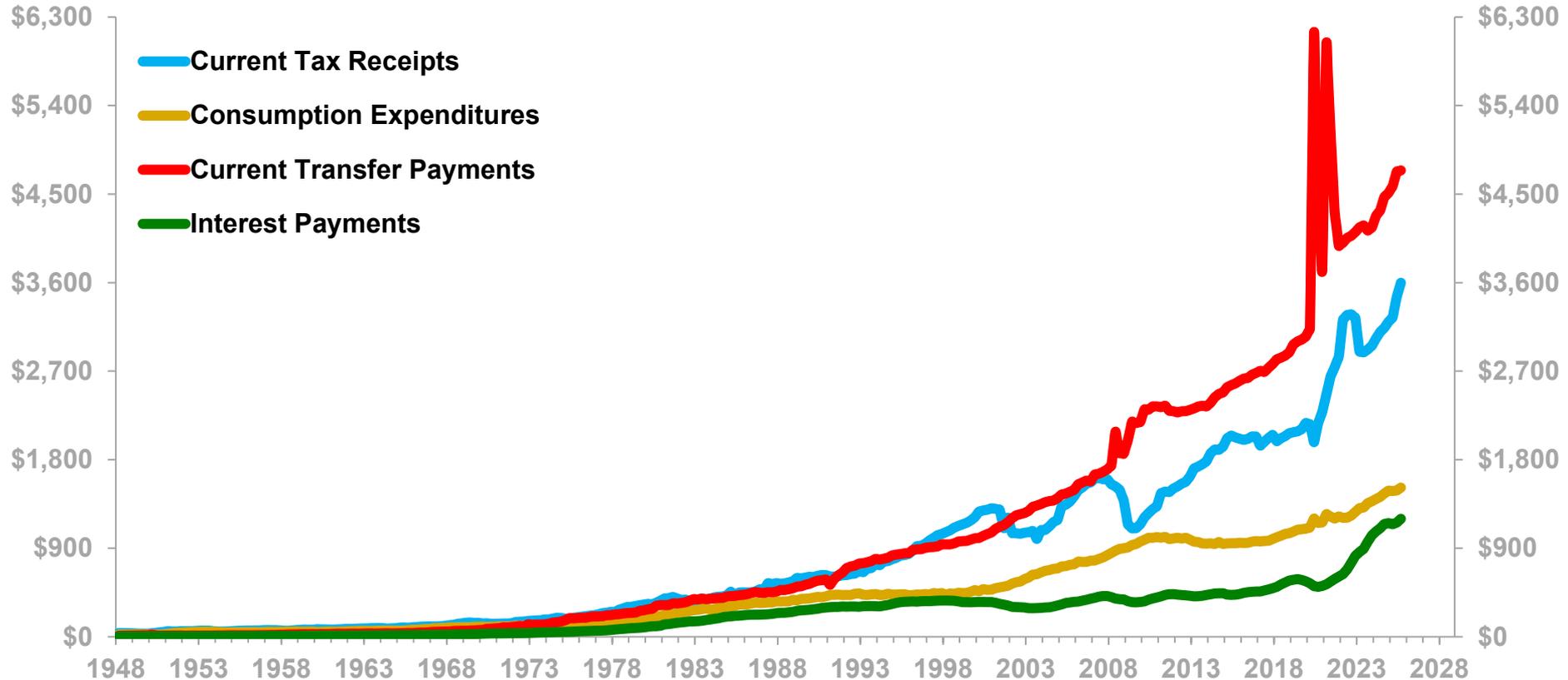
2030s Outlook Unchanged

-  1. Demographics
-  2. Health Care Costs
-  3. Entitlements
-  4. Inflation
-  5. US National Debt



Problems Ahead

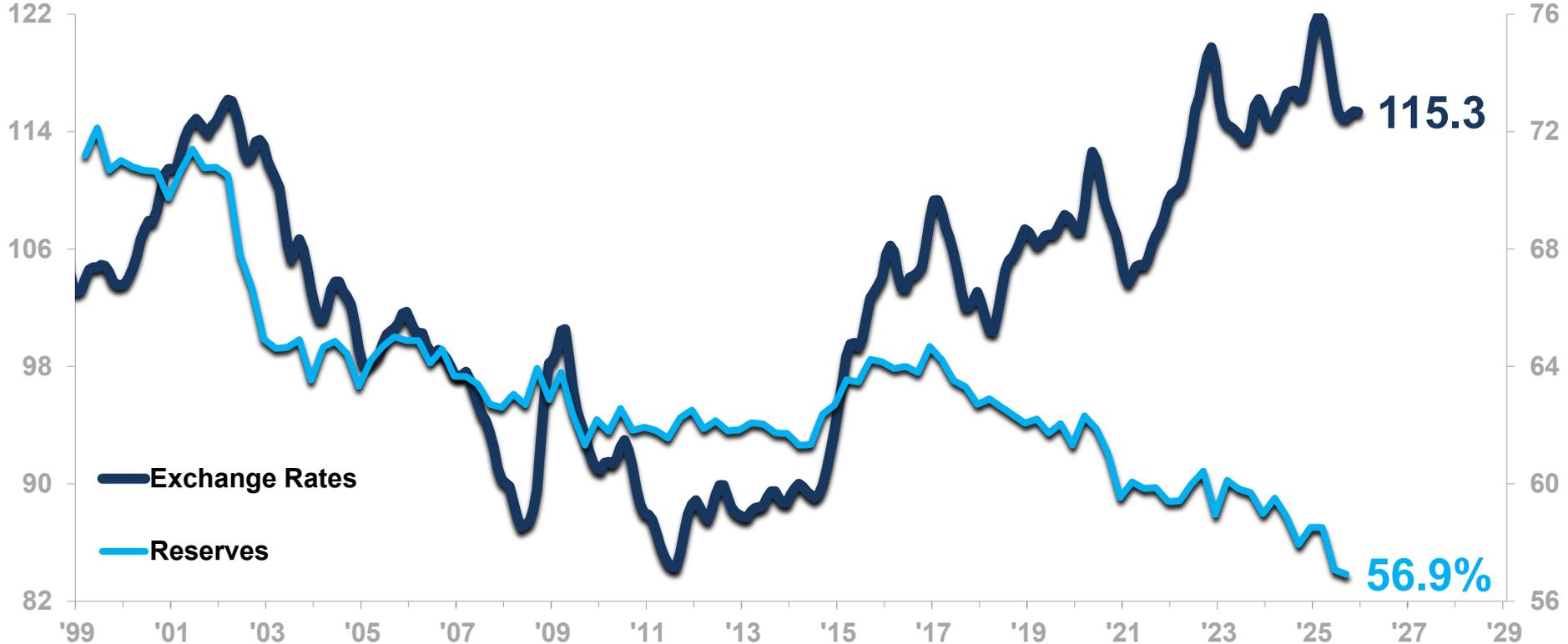
Federal Government Receipts and Payments
Quarterly Data Trends in Billions of Dollars



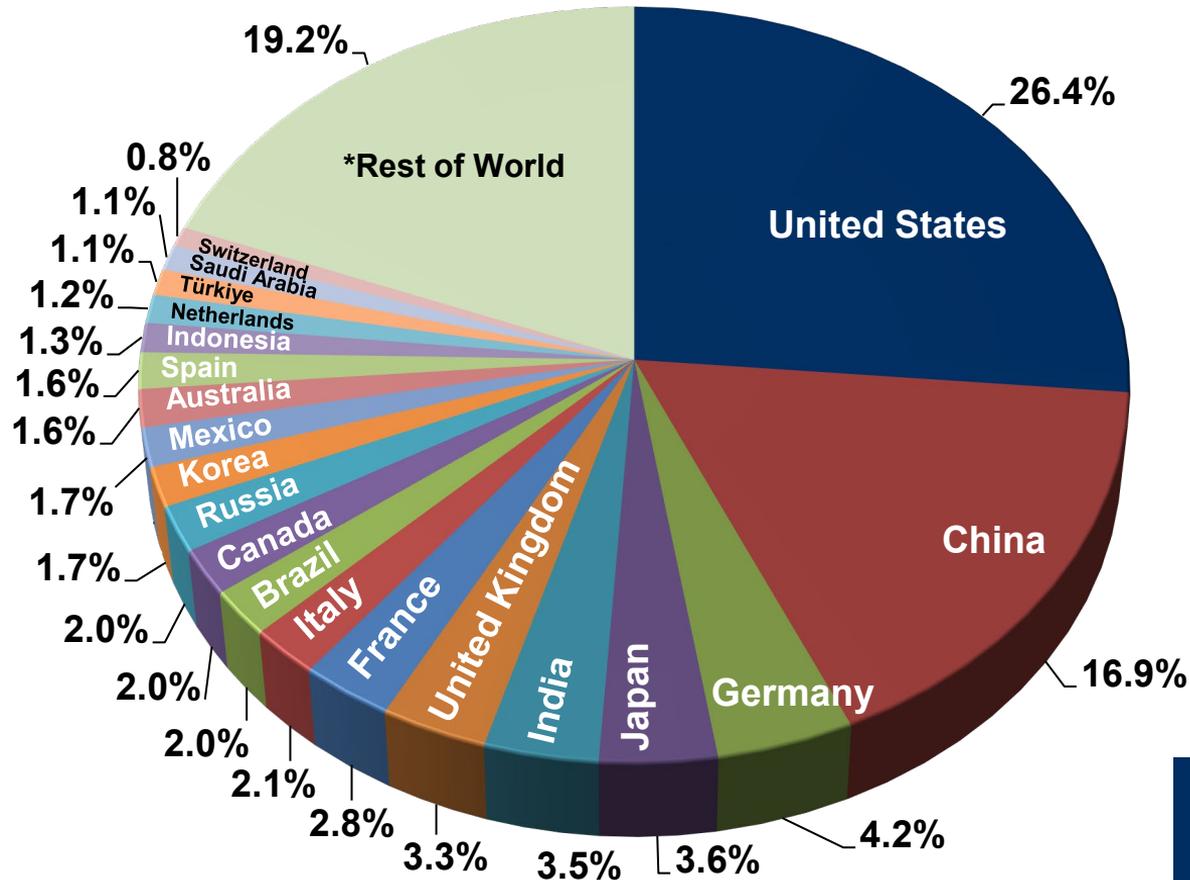
The Dollar Has Defied Gravity

US Dollar Broad Real Trade Weighted Exchange Rate Index to Percent of World Allocated Reserves in USD
Quarterly Data Trends

Exchange Rates (2006 = 100)



Percent of World GDP by Country



*Total World GDP:
\$111.1 Trillion US \$



Looking Ahead

- Do not expect meaningful interest rate change in 2026.
- Wages, rents, power, and nationalism will lead to higher prices.
- Build out an inflation strategy.
- Margin pressures mean having an effective cost management and inflation savvy plans imperative.
- Be USA-centric in your thinking regarding the future.
- Digitize and use AI.
- Maximize competitive advantages.
- Think about expanding the asset classes you are invested in and plan to pivot hard in 2028– 2032.

ANY QUESTIONS?

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