

Economic Update and Macroeconomic Outlook

52nd Annual South Carolina International Trade Conference

October 28, 2026

Paul Bingham, Director, Transportation Consulting

S&P Global
Market Intelligence

Confidential. © 2026 S&P Global®. All rights reserved.

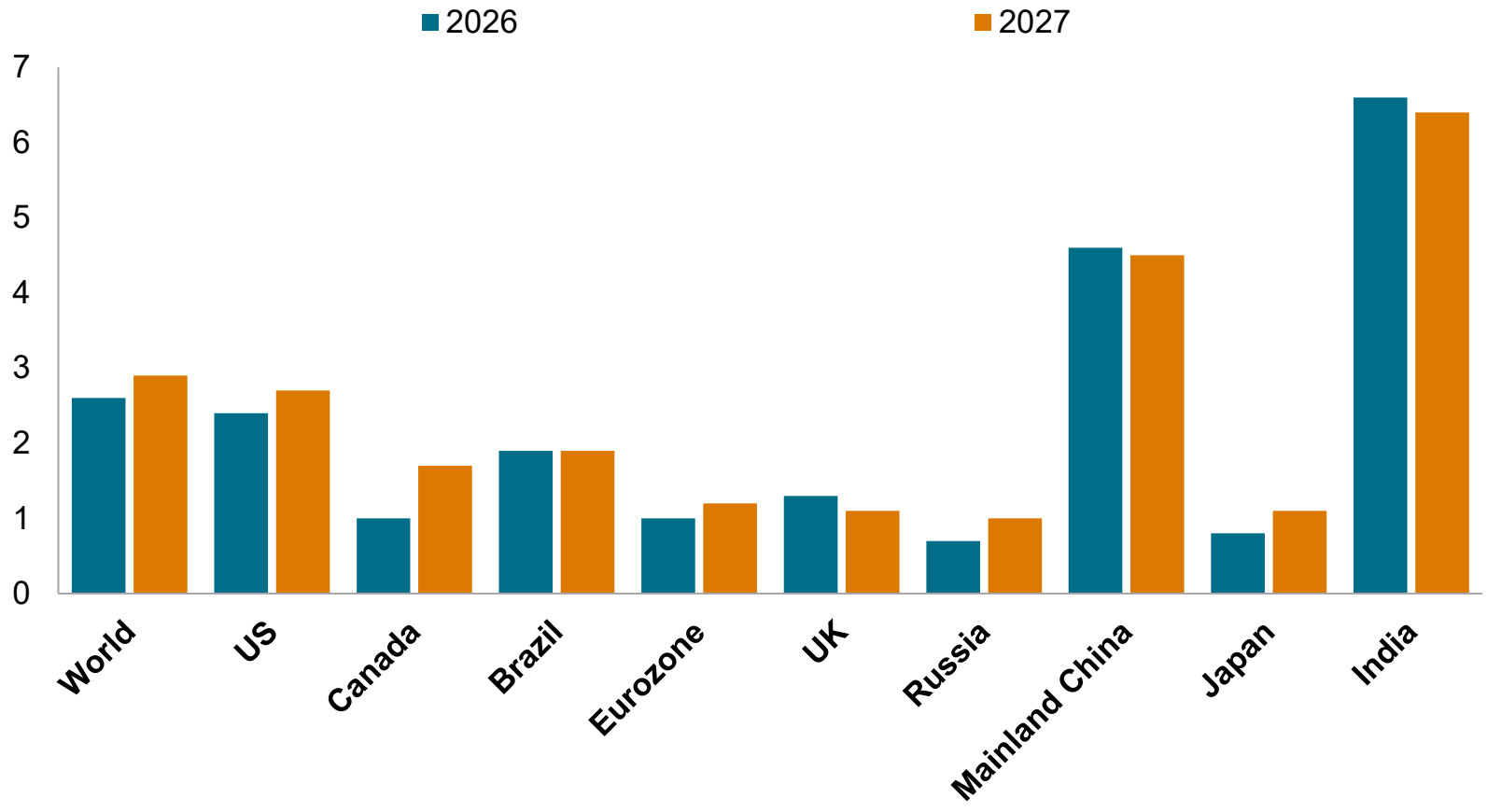
Copyright notice and disclaimer

Copyright © 2026 by S&P Global Market Intelligence, a division of S&P Global Inc. All rights reserved.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.

Overall 2027 world economic growth slightly higher, although uneven

Real GDP forecasts (%, YOY)



As of October 2026.

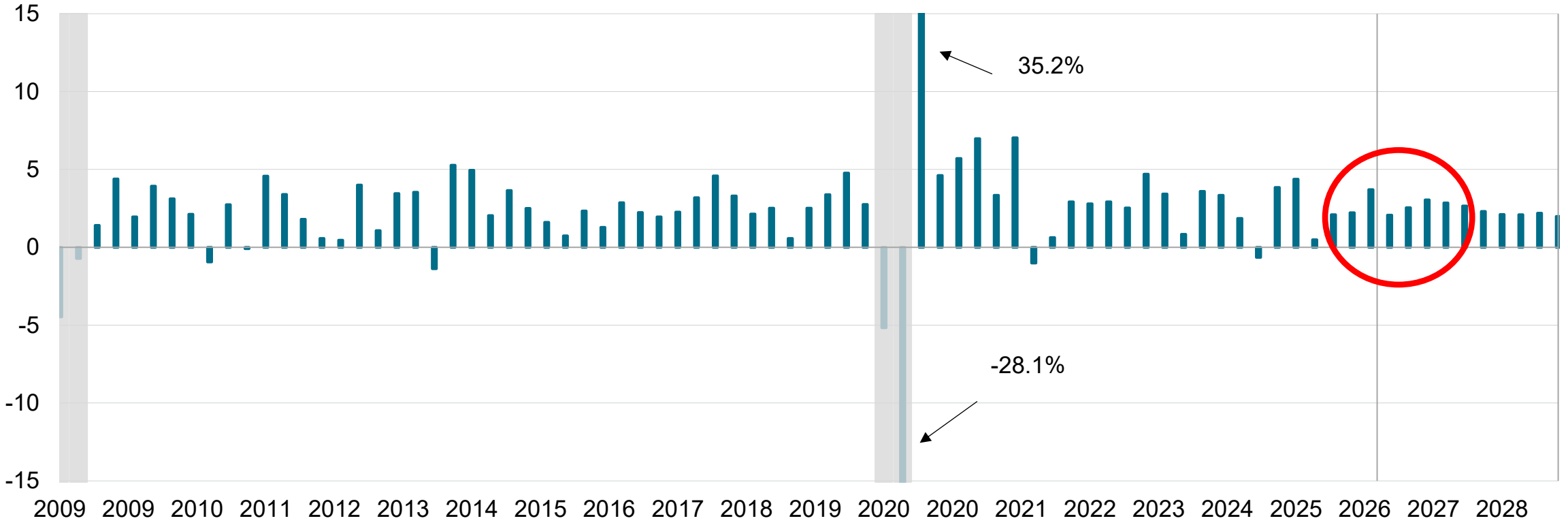
Source: S&P Global Market Intelligence.

Confidential. © 2026 S&P Global®. All rights reserved.

US real GDP growth forecasted to increase from 2.4% in 2026 to 2.7% in 2027

Real GDP growth

Annual percent change, quarter by quarter



Data compiled Sep. 23, 2026.

Sources: Bureau of Economic Analysis, S&P Global Market Intelligence.

© 2026 S&P Global.

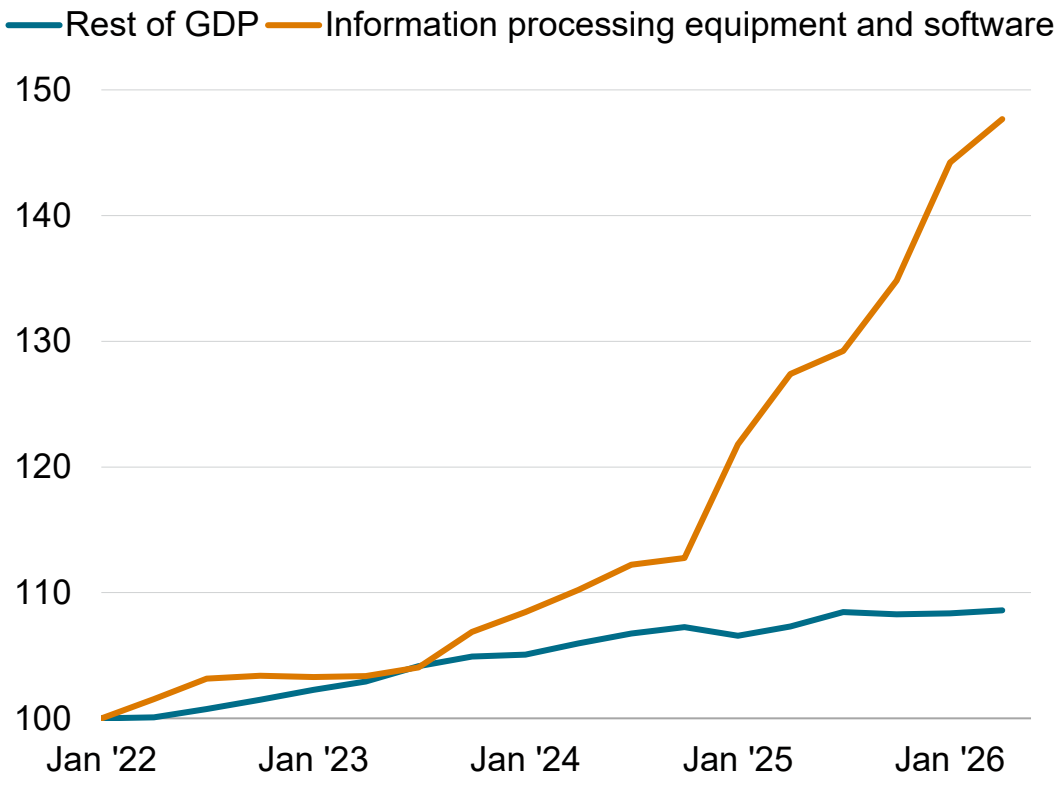
Confidential. © 2026 S&P Global®. All rights reserved.

AI-related spending is a now a key factor in US economic and trade growth

Exceptionally strong AI-related US investment spending continues including data center construction activity

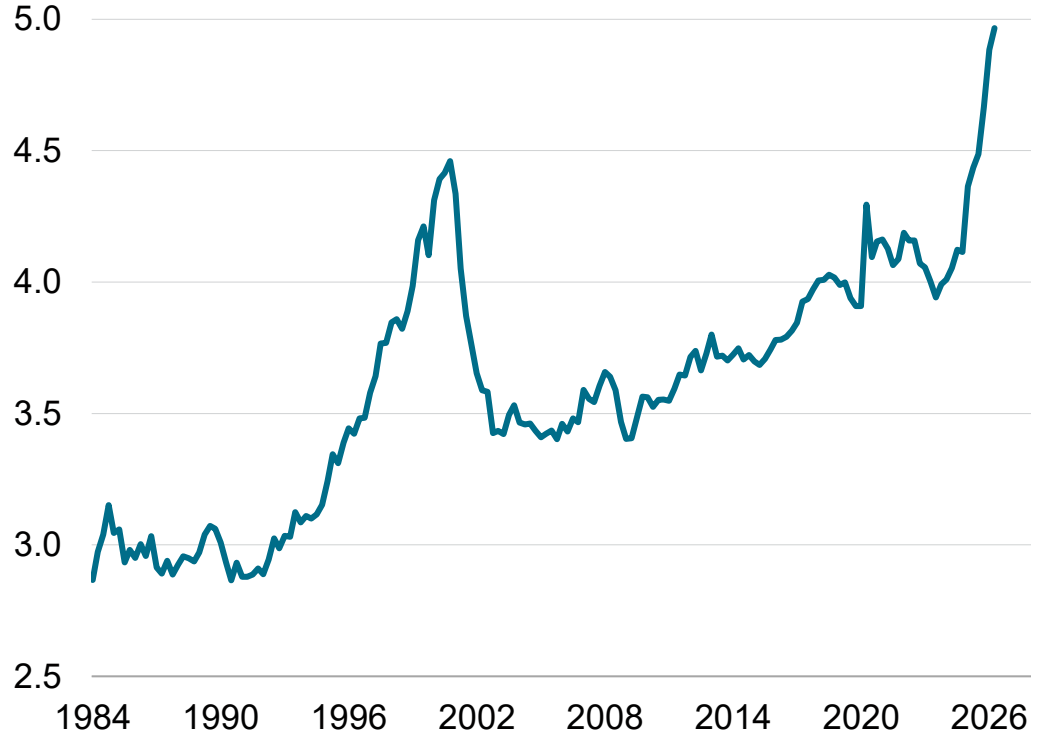
Outperformance of US AI-related spending

Real, rebased (Q1 2022=100)



AI-related spending rising as a share of US GDP

US private investment in information processing equipment and software (% GDP, nominal)



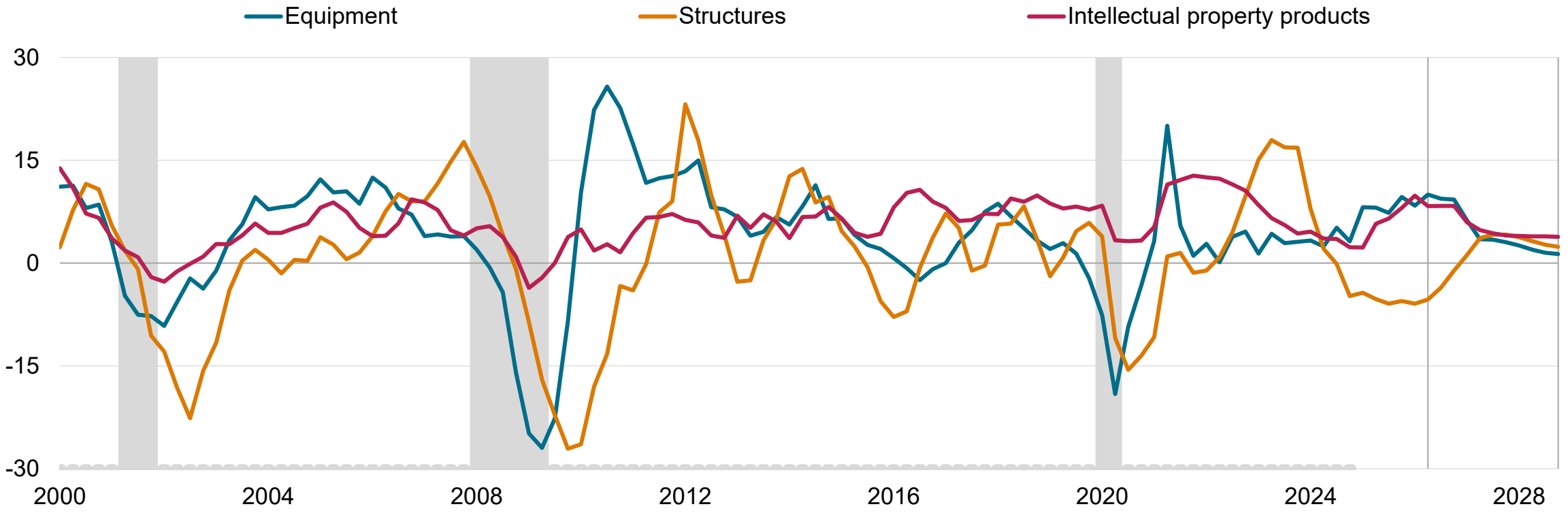
As of the second quarter of 2026.
Source: S&P Global Market Intelligence.

Confidential. © 2026 S&P Global®. All rights reserved.

Business equipment, IP capital and structure spending growth boosted by tax policy & AI spending converges in 2027 towards 4% - 5% growth

Real business fixed investment

Year-over-year percent change



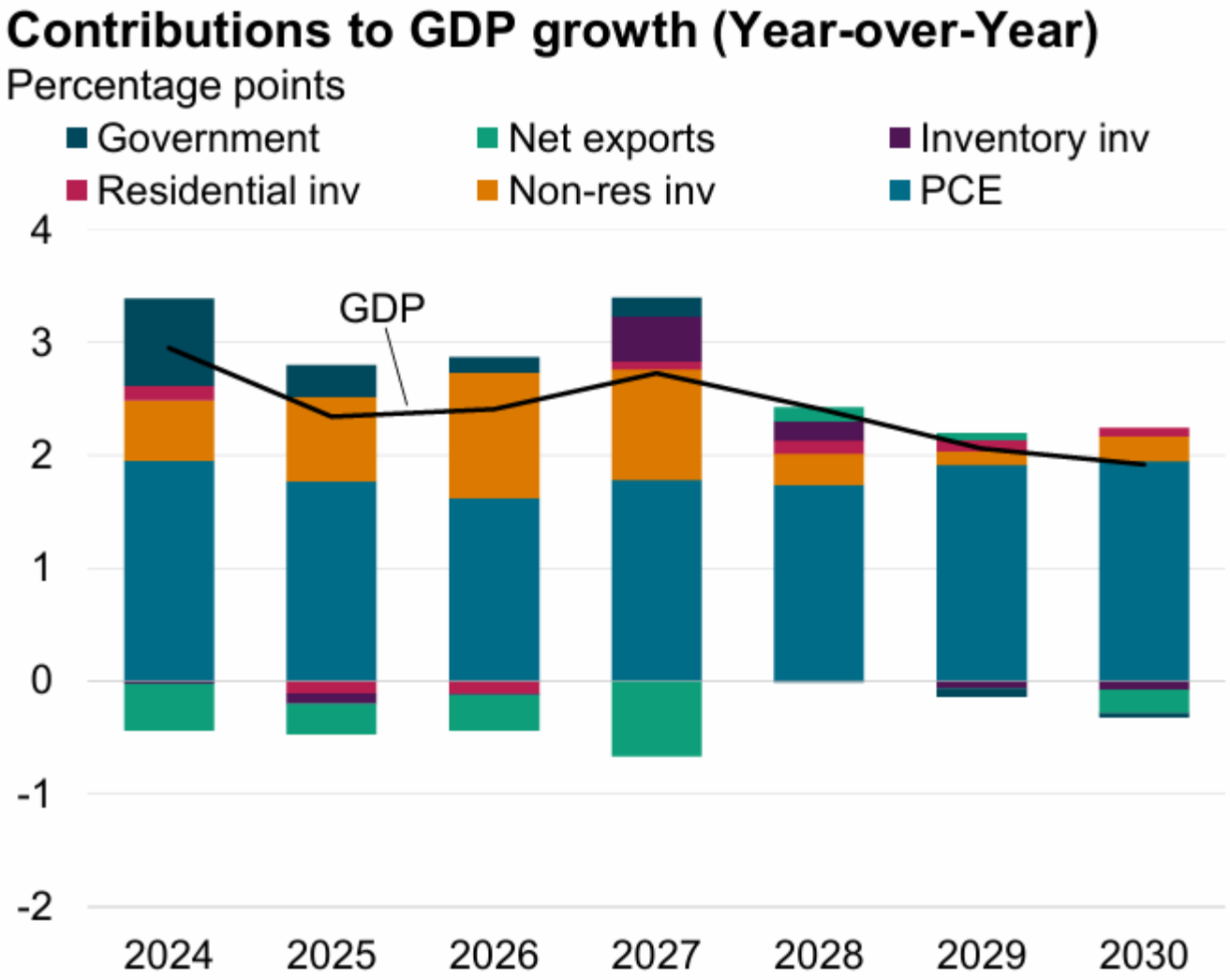
Data compiled Aug. 26, 2026.

Sources: Bureau of Economic Analysis, S&P Global Market Intelligence.

© 2026 S&P Global.

Confidential. © 2026 S&P Global®. All rights reserved.

AI investment growth reducing the consumption share of US GDP growth



As of Oct. 7, 2026.

Sources: S&P Global Market Intelligence; BEA.

© 2026 S&P Global.

Confidential. © 2026 S&P Global®. All rights reserved.

Oil price spike 2026 in perspective

Prices are below 2022 and 2026 peaks despite recent rebound; real prices well below historic highs

Nominal crude oil prices

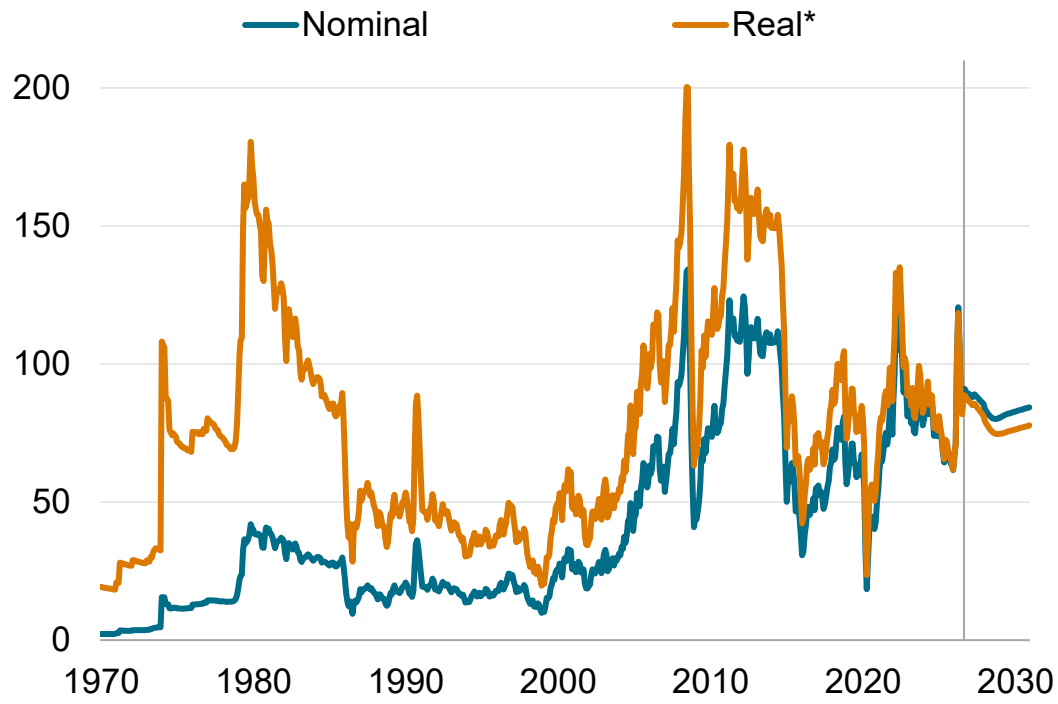
Spot Brent crude oil price, US$/barrel



As of Sept. 15, 2026.
Source: S&P Global Market Intelligence.

Real crude oil prices

Dated Brent crude oil price, US$/barrel, monthly



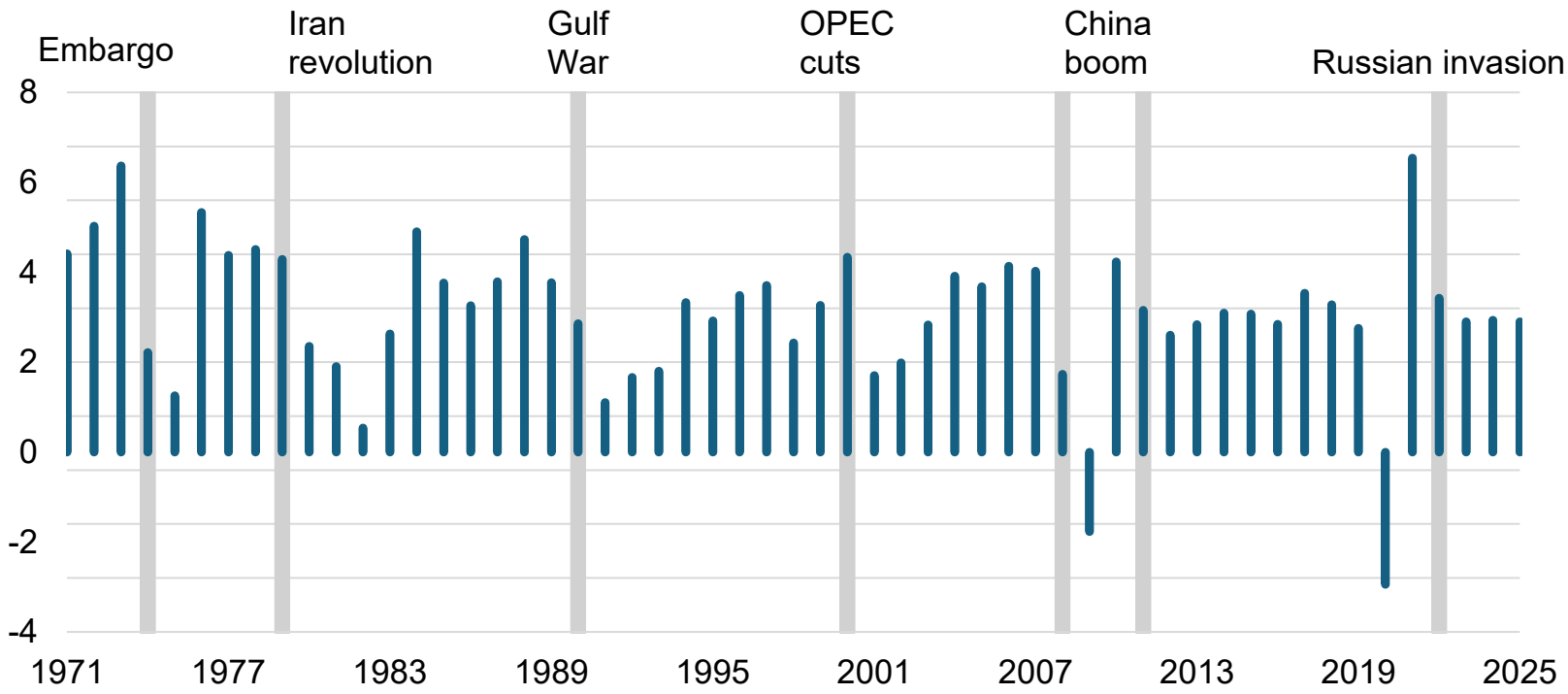
As of October 2026.
* Deflated by the US consumer price index (January 2026=100).
Source: S&P Global Market Intelligence.

Confidential. © 2026 S&P Global®. All rights reserved.

Previous major oil supply shocks have led to much weaker global growth

Global growth and prior oil price shocks

Global real GDP growth (annual, %)



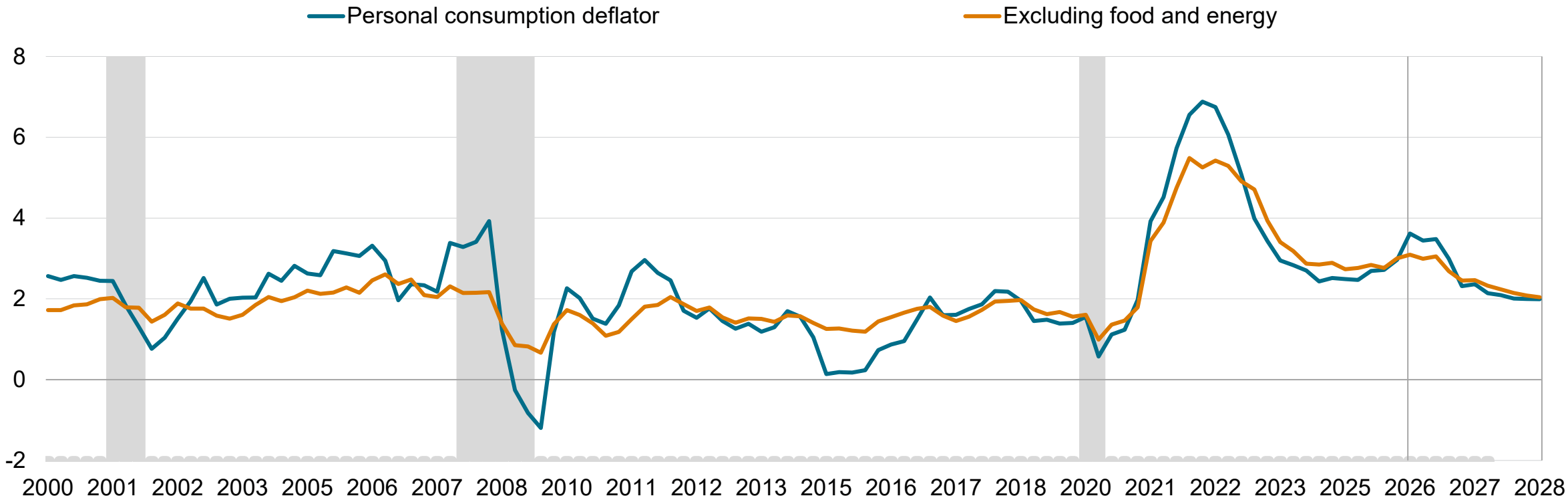
As of October 2026.
Shaded areas indicate crude oil shocks, two quarters before and four quarters after price peaks.
Source: S&P Global Market Intelligence.

Confidential. © 2026 S&P Global®. All rights reserved.

US price inflation forecasted to slow starting in 2027 from 2026 jump

Personal consumption deflators

Year-over-year percent change



Data compiled Oct. 23, 2026.

Sources: Bureau of Economic Analysis, S&P Global Market Intelligence.

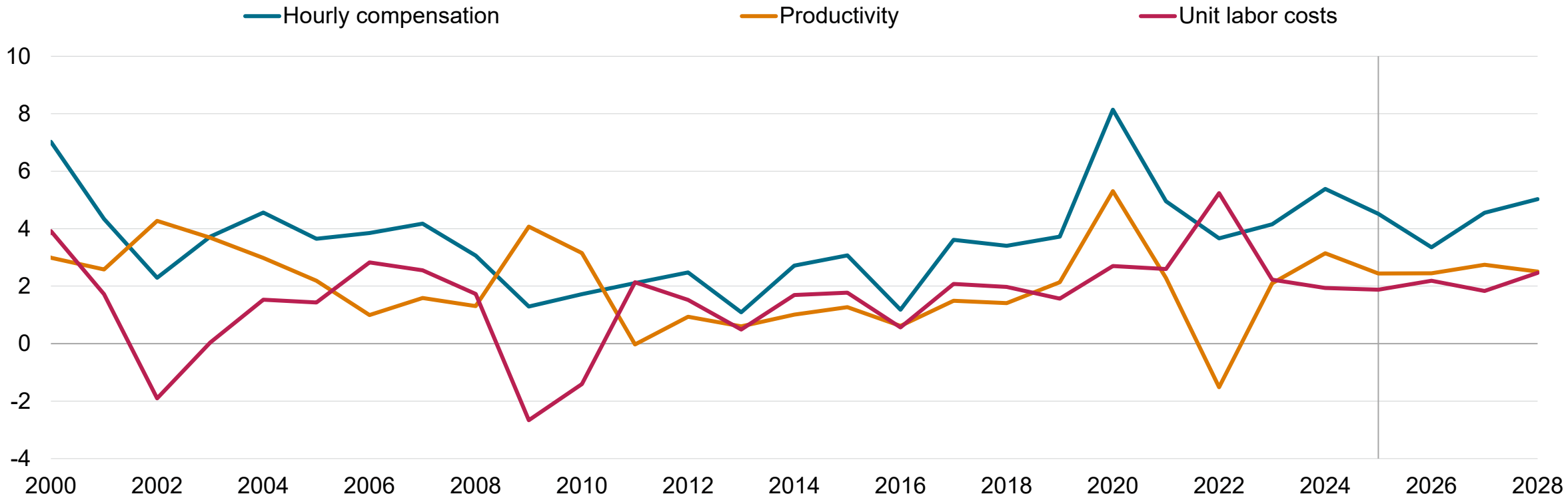
© 2026 S&P Global.

Confidential. © 2026 S&P Global®. All rights reserved.

US labor productivity and hourly compensation grow faster in 2027

Private nonfarm sector

Annual percent change



Data compiled Oct. 23, 2026.

Sources: Bureau of Labor Statistics, S&P Global Market Intelligence.

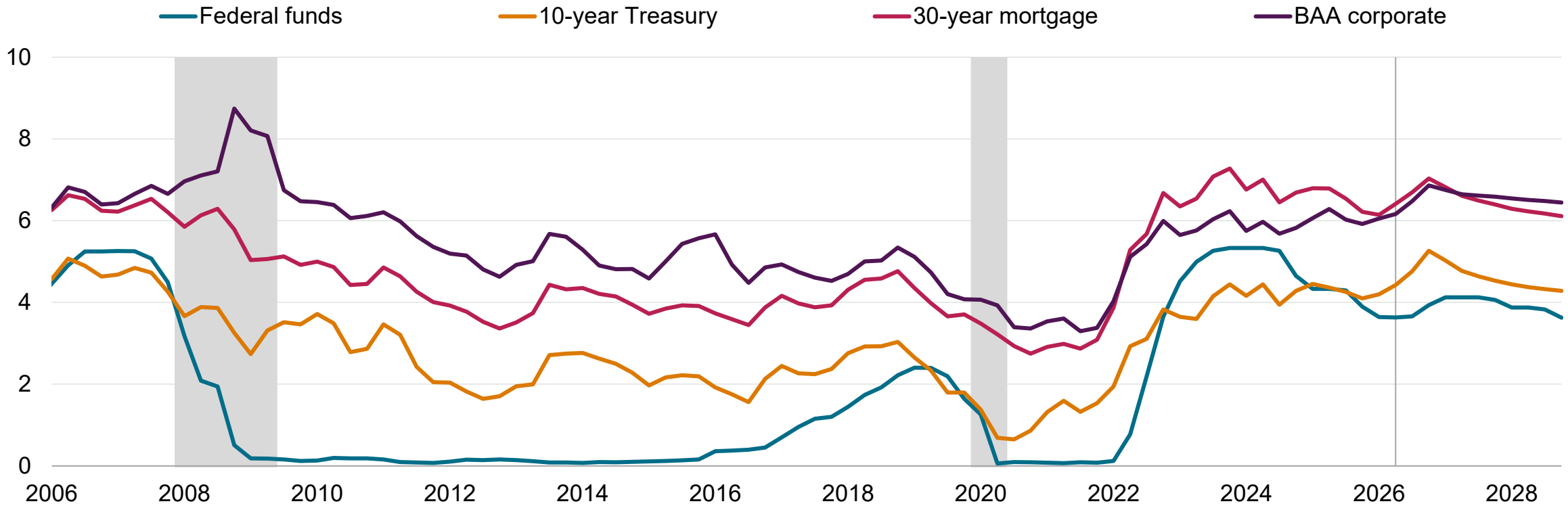
© 2026 S&P Global.

Confidential. © 2026 S&P Global®. All rights reserved.

Fighting inflation, the Federal Reserve Board is expected to increase the federal funds rate again in their December 2026 meeting

Interest rates

Percent



Data compiled Oct. 23, 2026.

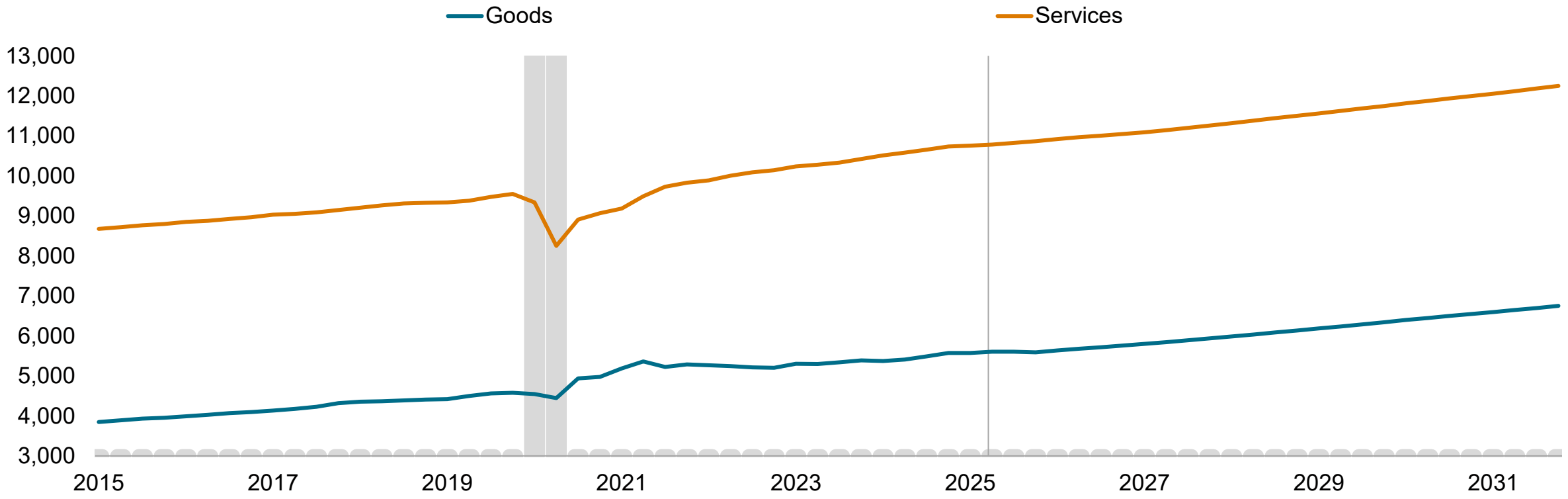
Sources: Federal Reserve, S&P Global Market Intelligence.

© 2026 S&P Global.

The US economy is consumption-driven: 67% of GDP in 2025. US consumer goods spending (24% of GDP) is much less than for services

Real US consumer spending

Billions of 2017 dollars



Data compiled Oct. 18, 2025.

Sources: Bureau of Economic Analysis, S&P Global Market Intelligence.

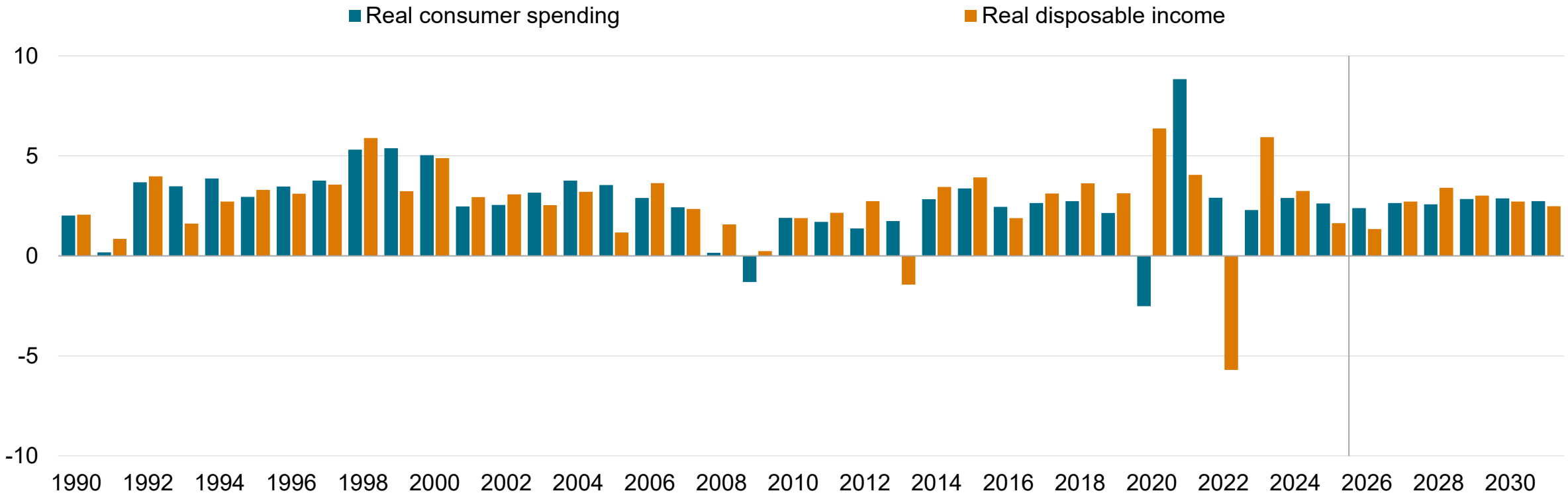
© 2025 S&P Global.

Confidential. © 2026 S&P Global®. All rights reserved.

Real disposable income and consumer spending see higher growth in 2027

Real consumer spending and disposable income

Percent change from a year earlier



Data compiled Oct. 23, 2026.

Sources: Bureau of Economic Analysis, S&P Global Market Intelligence.

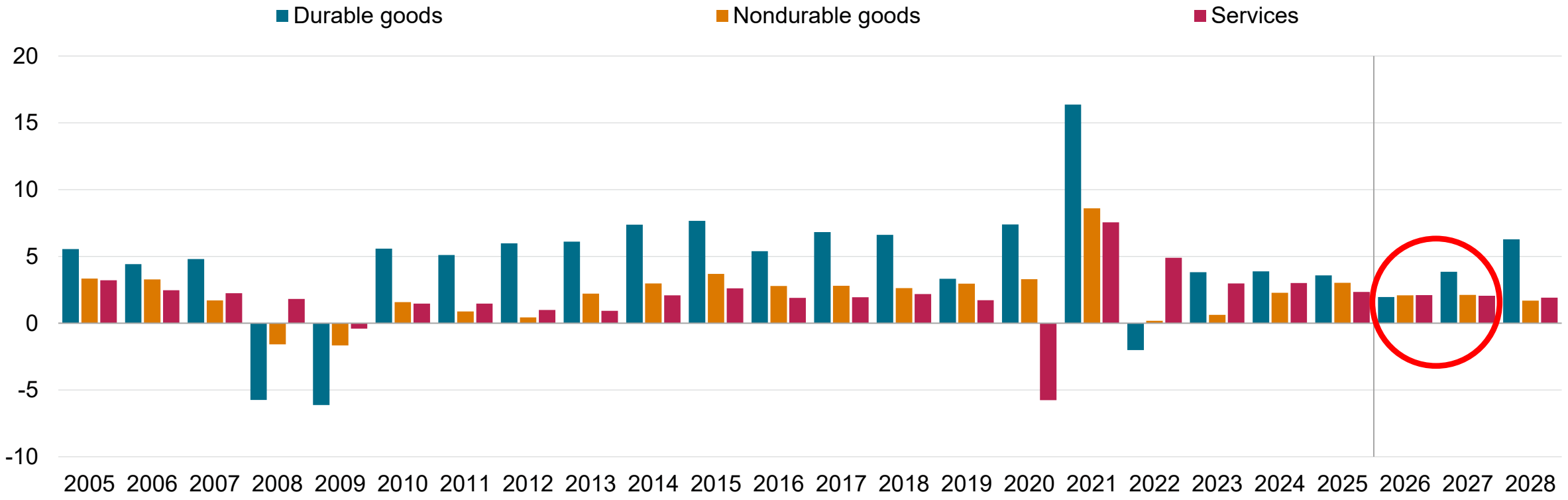
© 2026 S&P Global.

Confidential. © 2026 S&P Global®. All rights reserved.

Consumer durable goods spending supports increased GDP growth in 2027
Despite poor US consumer sentiment, consumer spending has been resilient

Real consumer spending

Percent change



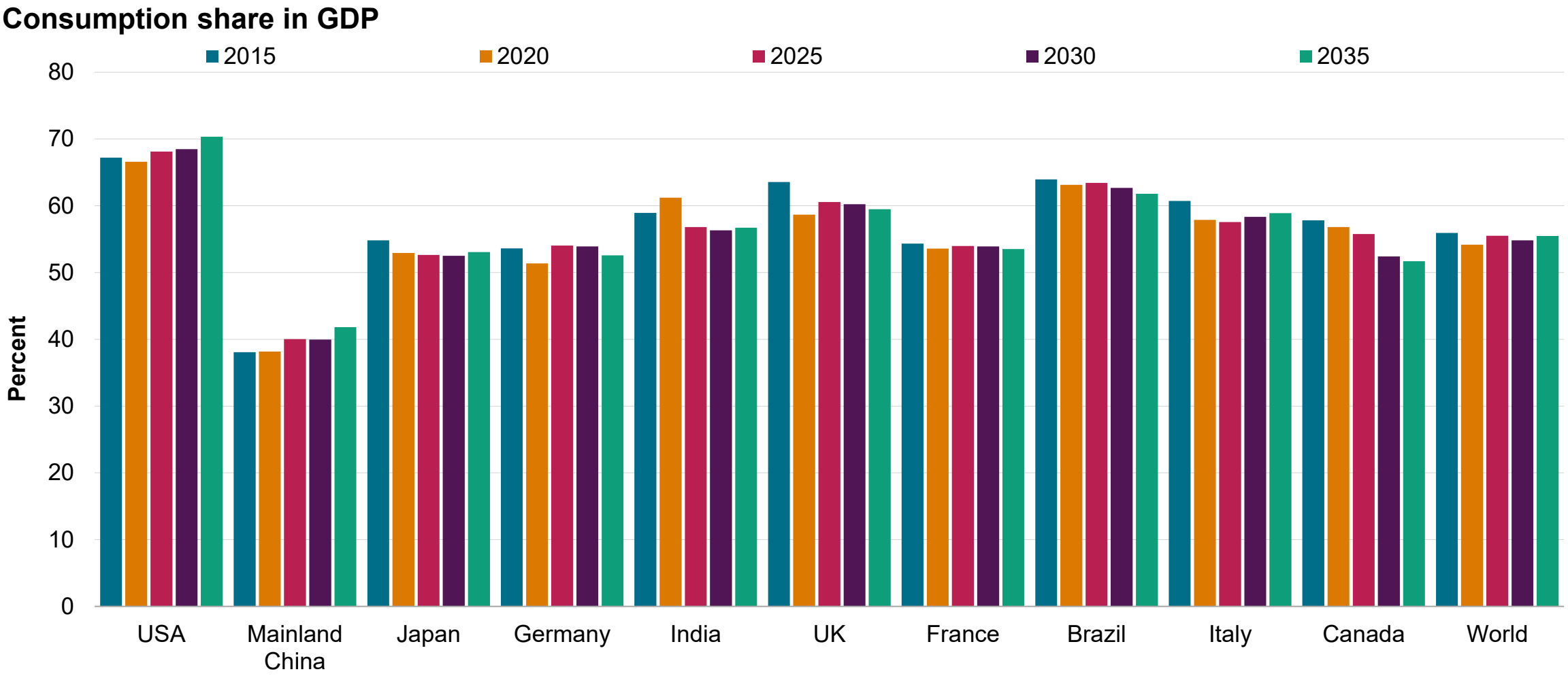
Data compiled Sep. 23, 2026.

Sources: Bureau of Economic Analysis, S&P Global Market Intelligence.

© 2026 S&P Global.

Confidential. © 2026 S&P Global®. All rights reserved.

US consumer spending share of GDP highest; Mainland China the lowest



Data compiled October 2026.
Source: S&P Global Market Intelligence.

Confidential. © 2026 S&P Global®. All rights reserved.

Manufacturer’s total orders up in 2026, although in real terms flat through the freight recession and despite 2026 strength in defense, metals & computers.

Manufacturers’ Total Orders

Billions of dollars, seasonally adjusted



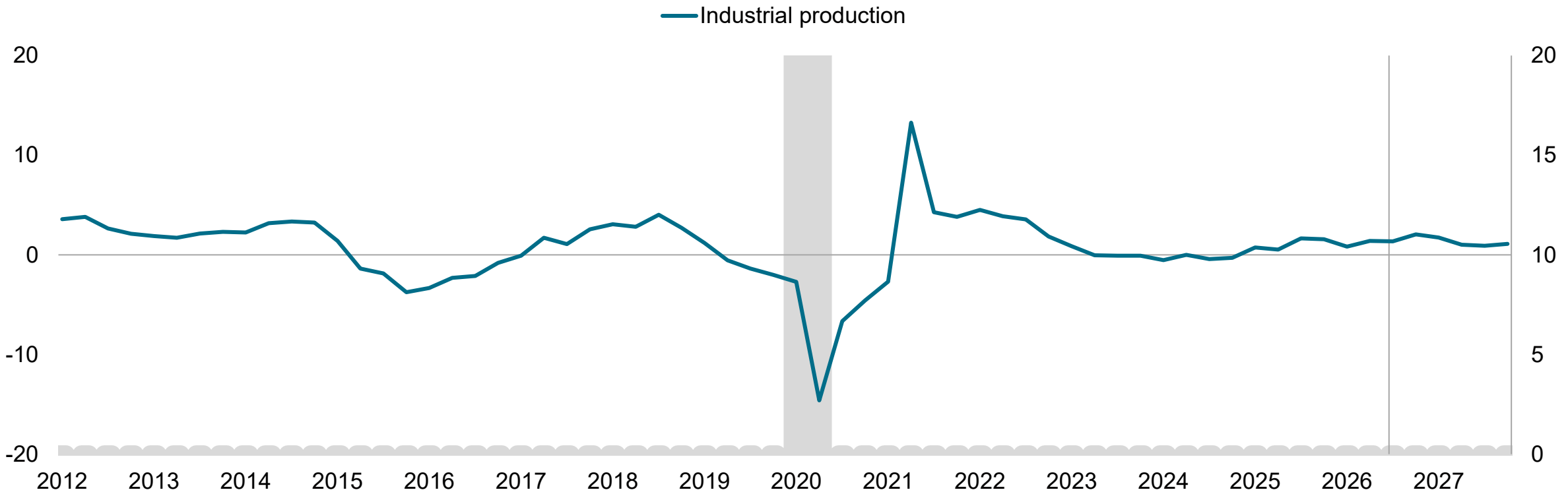
Data Accessed: Sept. 25, 2026.
Source: S&P Global Market Intelligence, US Census Bureau.

Confidential. © 2026 S&P Global®. All rights reserved.

Industrial production growth improving yet still under 2% growth in 2027

US industrial production

Year-over-year percent change



Data compiled Sep. 23, 2026.

Sources: Federal Reserve, S&P Global Market Intelligence.

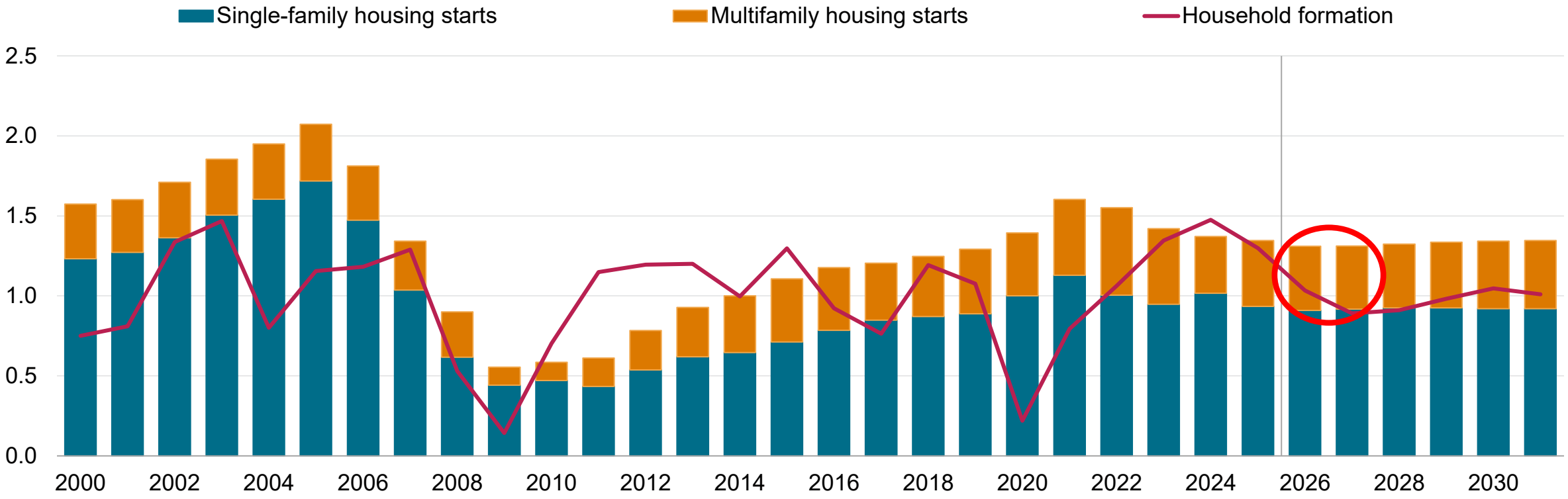
© 2026 S&P Global.

Confidential. © 2026 S&P Global®. All rights reserved.

No recovery in residential construction in 2027 with high mortgage rates

Housing starts and formation

Millions of units



Data compiled Aug. 26, 2026.

Sources: Bureau of the Census, S&P Global Market Intelligence.

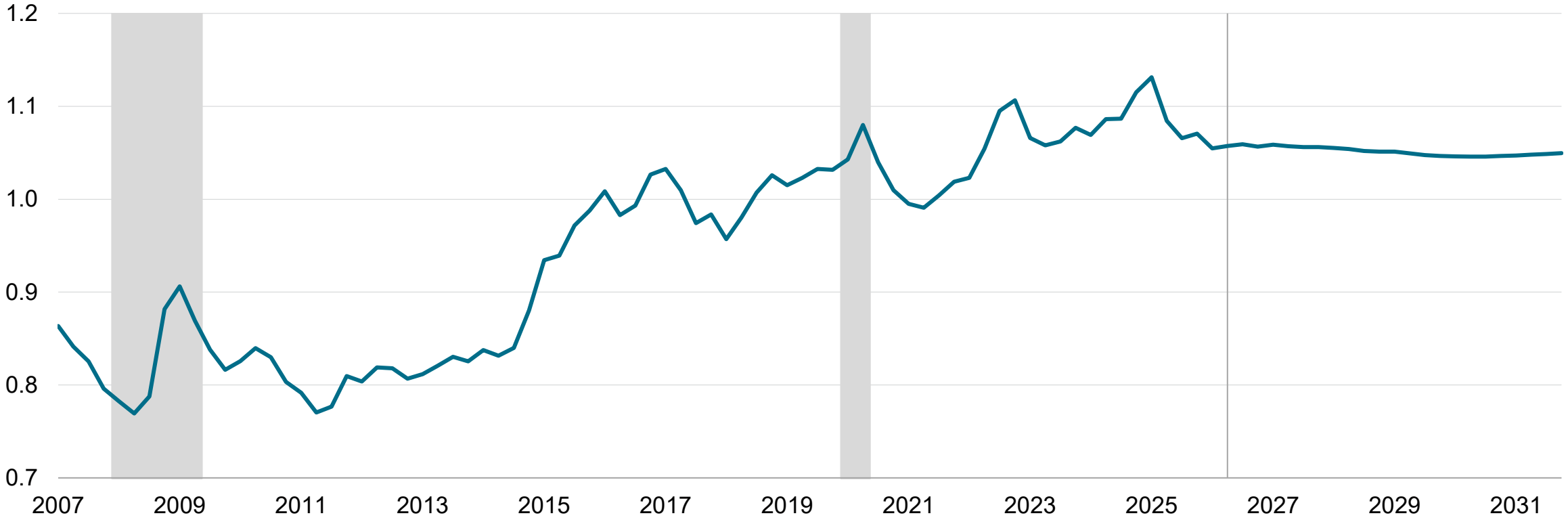
© 2026 S&P Global.

Confidential. © 2026 S&P Global®. All rights reserved.

The US dollar's trade-weighted exchange rate decline in 2026 has boosted US exports, yet AI-driven importing has increased the trade deficit

Broad nominal trade-weighted dollar exchange rate index

Index, 2017 = 1.0



Data compiled Oct. 23, 2026.

Sources: Federal Reserve, S&P Global Market Intelligence.

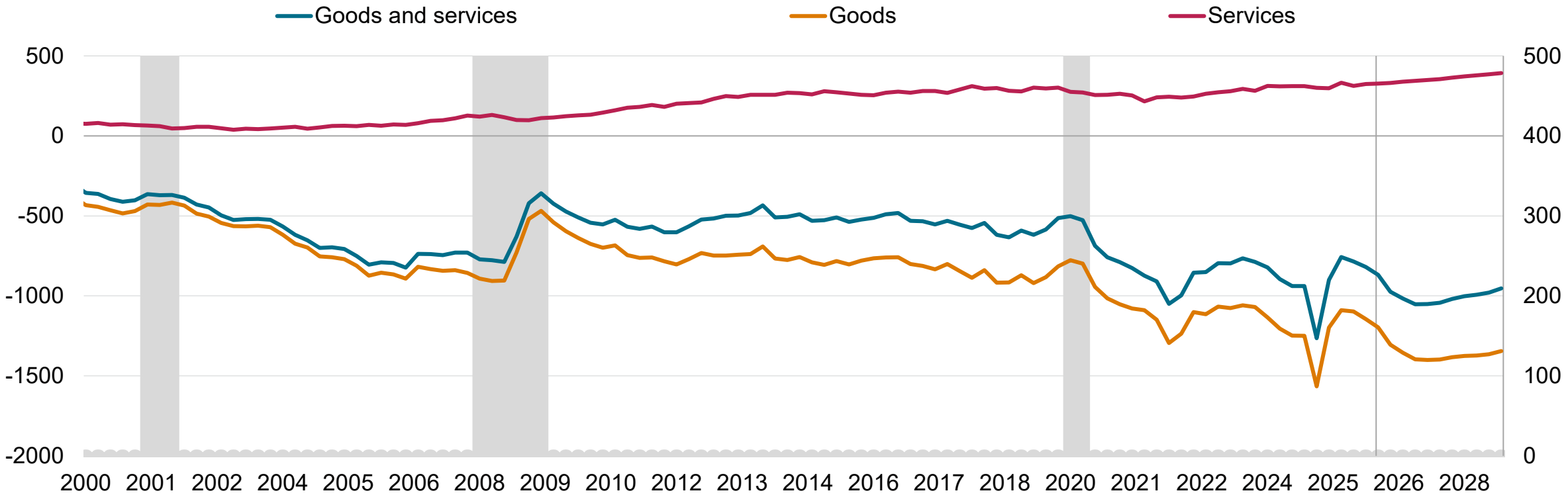
© 2026 S&P Global.

Confidential. © 2026 S&P Global®. All rights reserved.

With effective import tariffs little increased, the US merchandise trade deficit has grown again in 2026 despite the jump in value of US energy exports

US net exports, national income and product accounts

Billions of dollars, annual rate



Data compiled Aug. 26, 2026.

Sources: Bureau of Economic Analysis, S&P Global Market Intelligence.

© 2026 S&P Global.

Confidential. © 2026 S&P Global®. All rights reserved.

CONTACTS

Paul Bingham

Paul.Bingham@SPGlobal.com

Customer Care
+1 (877) 863 1306

CustomerCare@ihsmarkit.com

www.spglobal.com/marketintelligence