

The COBANK logo is displayed in a large, white, sans-serif font. The background of the slide features a stylized globe with a network of blue lines and dots, suggesting global connectivity and digital infrastructure. The globe is partially obscured by a dark blue rectangular area that contains the main title and subtitle.

COBANK[®]

Economic Update

Navigating Market Turbulence and
Impact on the Broadband Industry

Johnston, Lead Economist Digital Infrastructure
, 2025



Policy uncertainty is depressing economic activity



Widespread persistent tariffs have done more harm than good



Broadband industry is a rare bright spot

Agenda



Key economic
indicators and
consumer health

Tariff overview and
strategic economic
objectives

Broadband
industry impact

Agenda



The diagram consists of three overlapping circles arranged horizontally. The first circle on the left is light blue with a solid dark blue border and contains the text 'Key economic indicators and consumer health'. The middle circle is white with a solid green border and contains the text 'Tariff overview and strategic economic objectives'. The third circle on the right is white with a solid green border and contains the text 'Broadband industry impact'. Dashed lines represent the outlines of the circles that are partially obscured by the others.

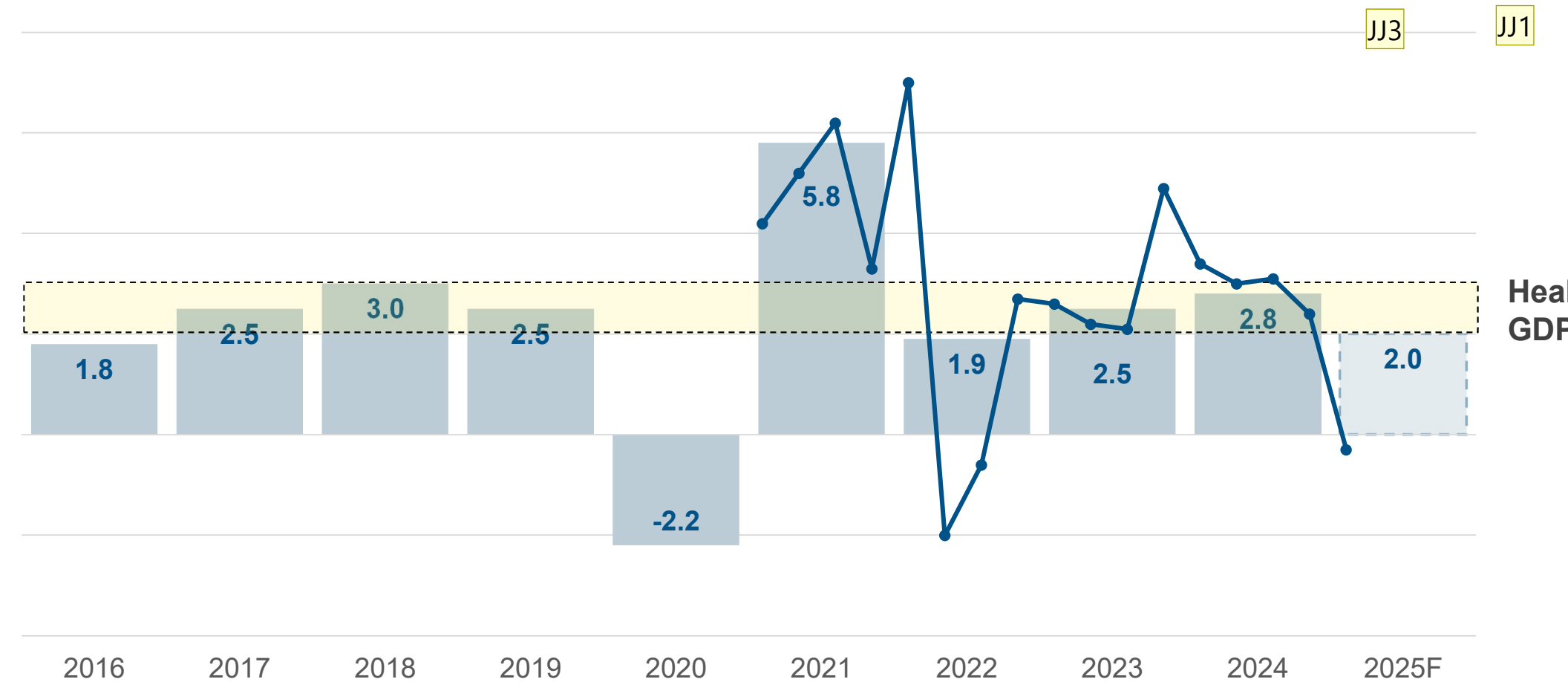
Key economic indicators and consumer health

Tariff overview and strategic economic objectives

Broadband industry impact

GDP results have been healthy despite aggressive rate increases

GDP percent

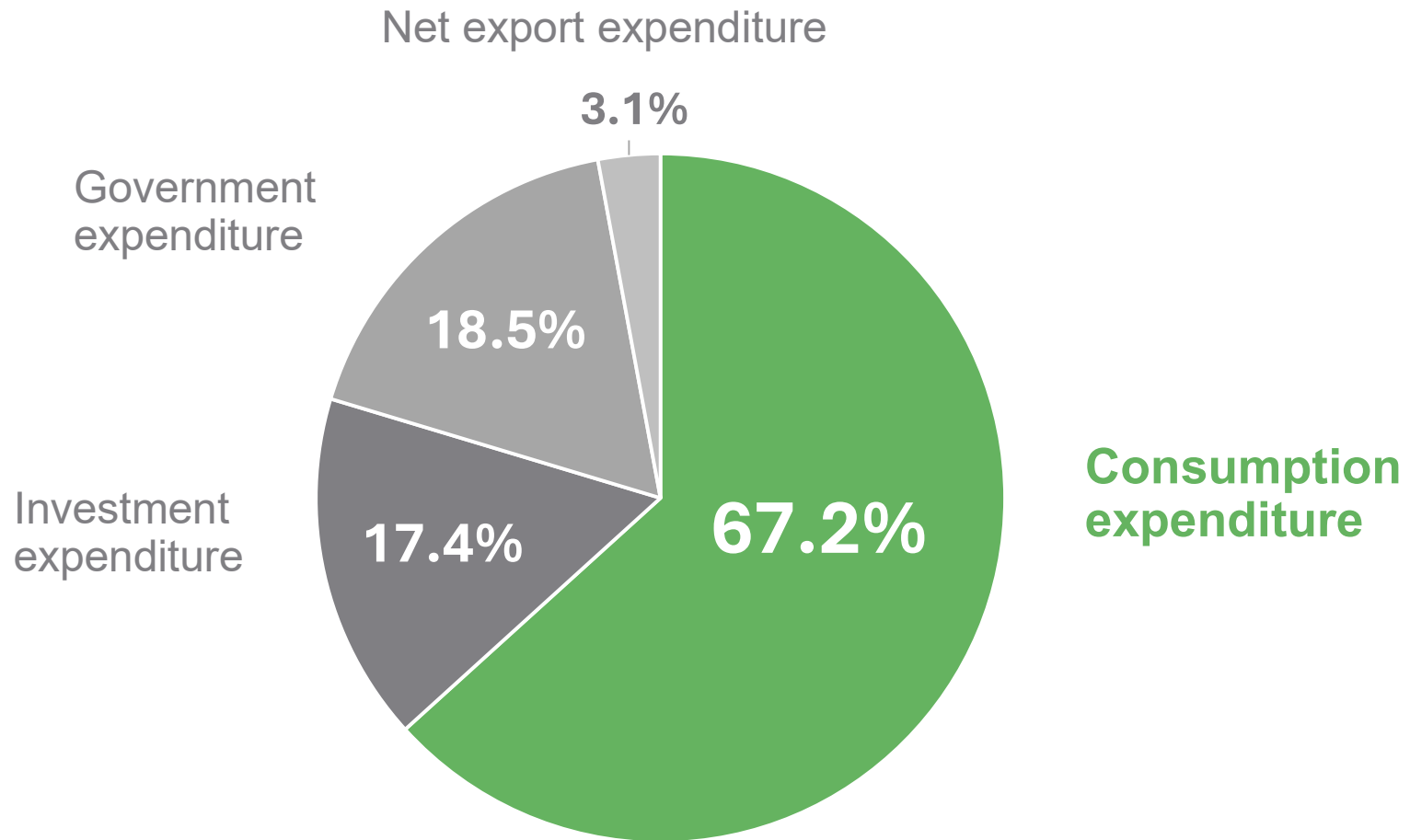


Slide 5

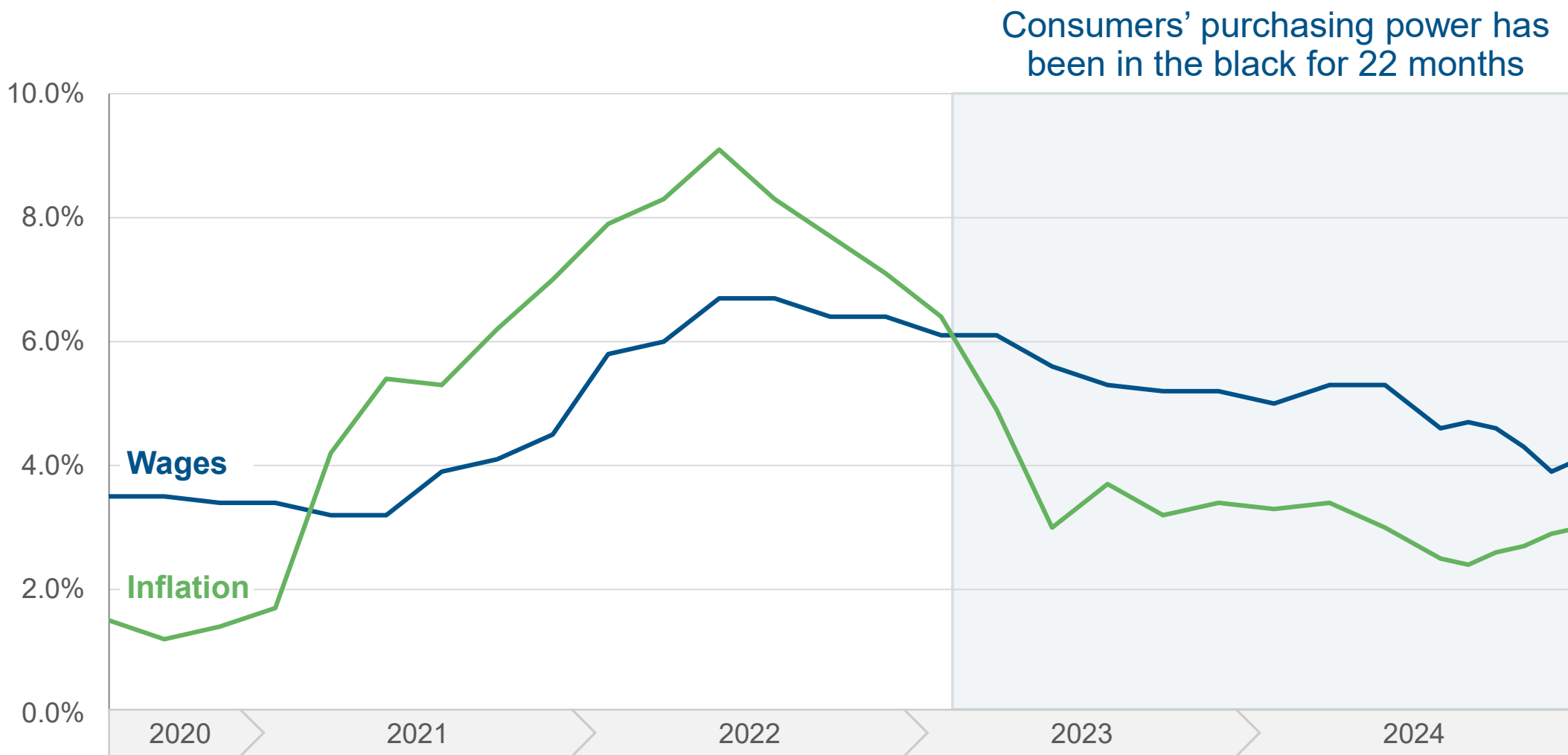
- JJ1** Q4 2024 GDP was 2.4
Johnston, Jeff, 2025-04-04T16:57:49.222
- JJ2** Q1 2025 forecast of .3%
Johnston, Jeff, 2025-04-04T16:59:39.130
- JJ3** 2025 GDP projections are 2%
Johnston, Jeff, 2025-04-04T17:08:09.653

The U.S. economy is considered a “consumption economy” driven by consumer spending

Components of GDP



Wages vs inflation (YoY % change)



**HELP
WANTED**

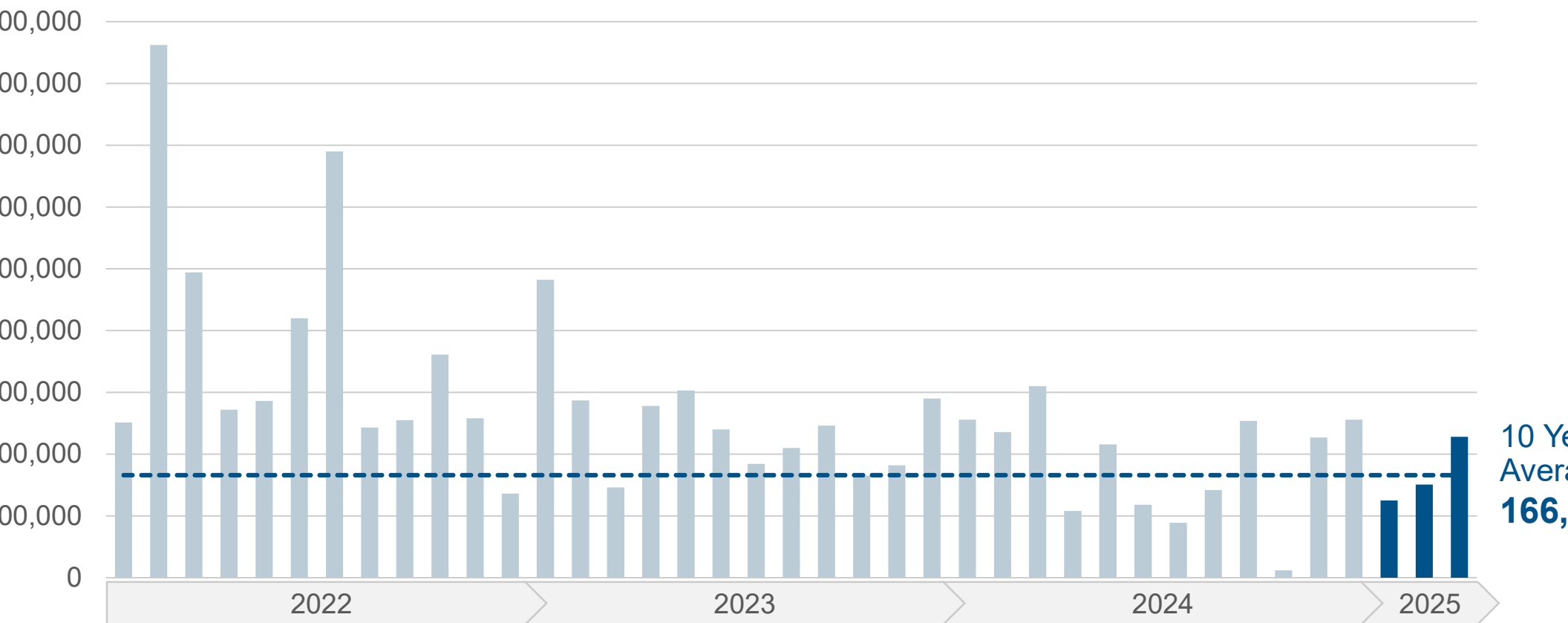
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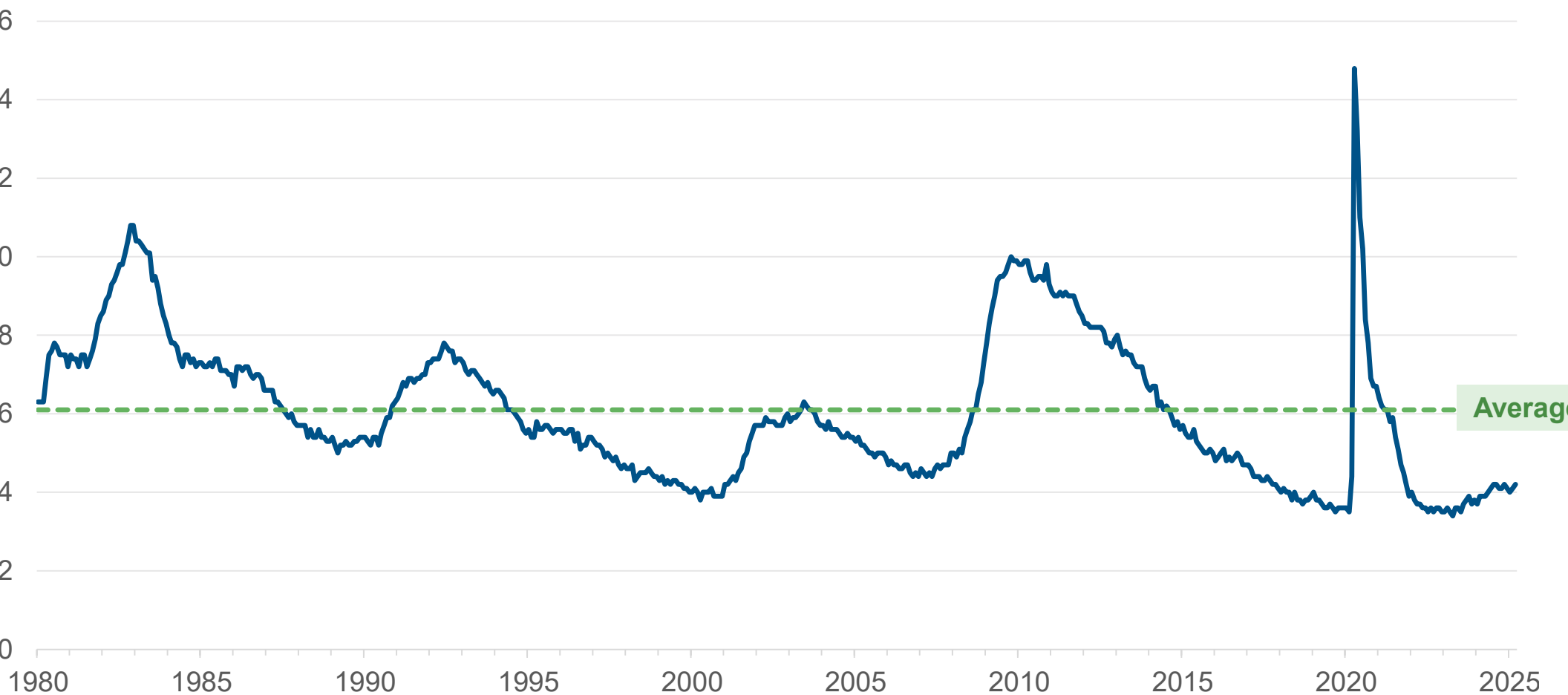
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Job growth is softening but remains healthy

Monthly job gains

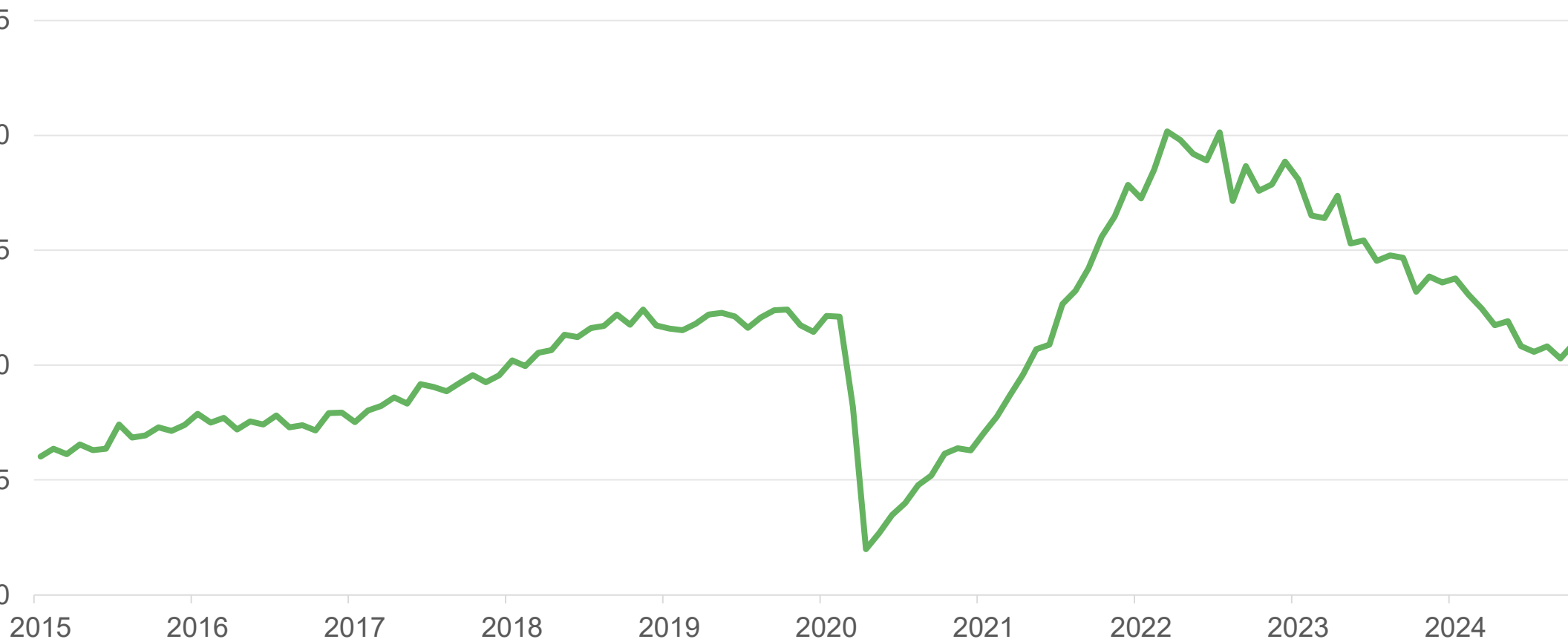


The unemployment rate remains well below its historical average despite the recent increase



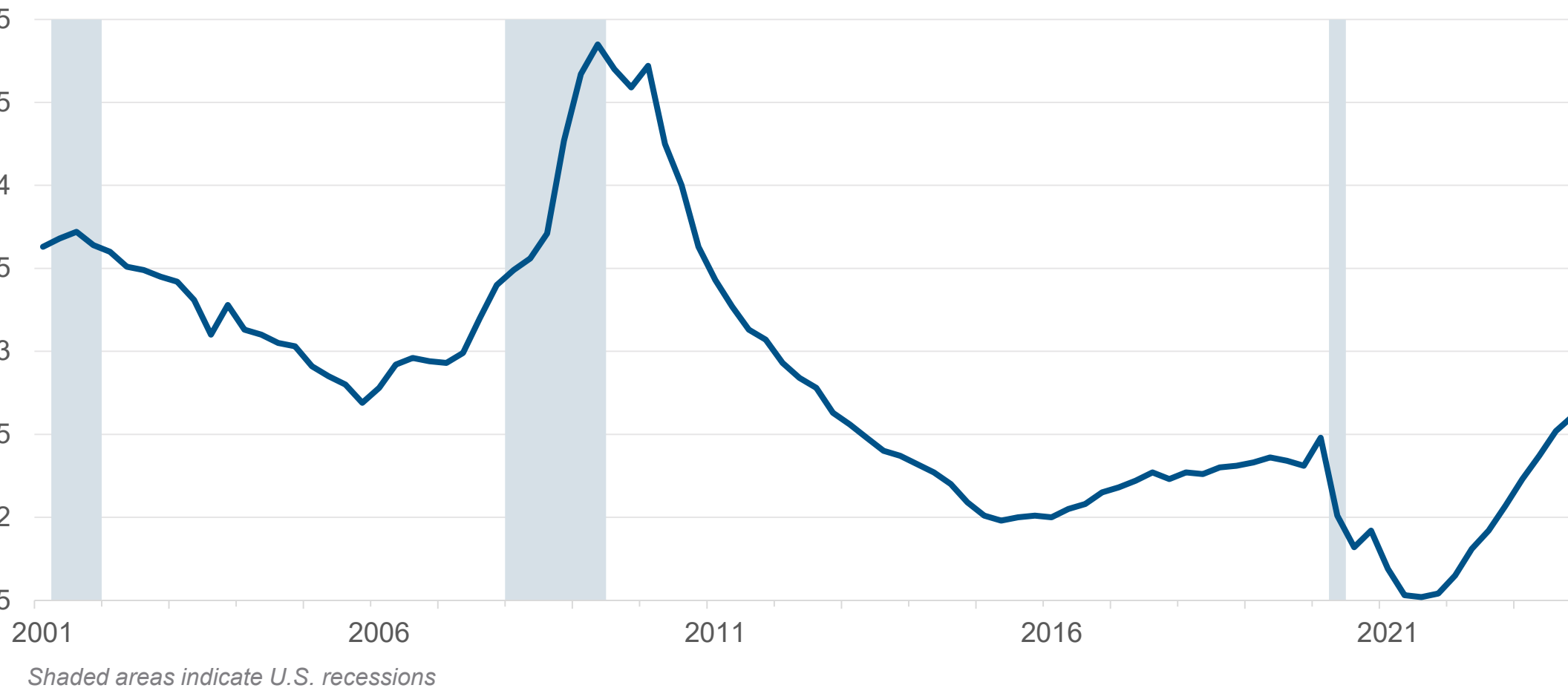
labor market back in balance

job openings per unemployed



Consumer delinquency rates

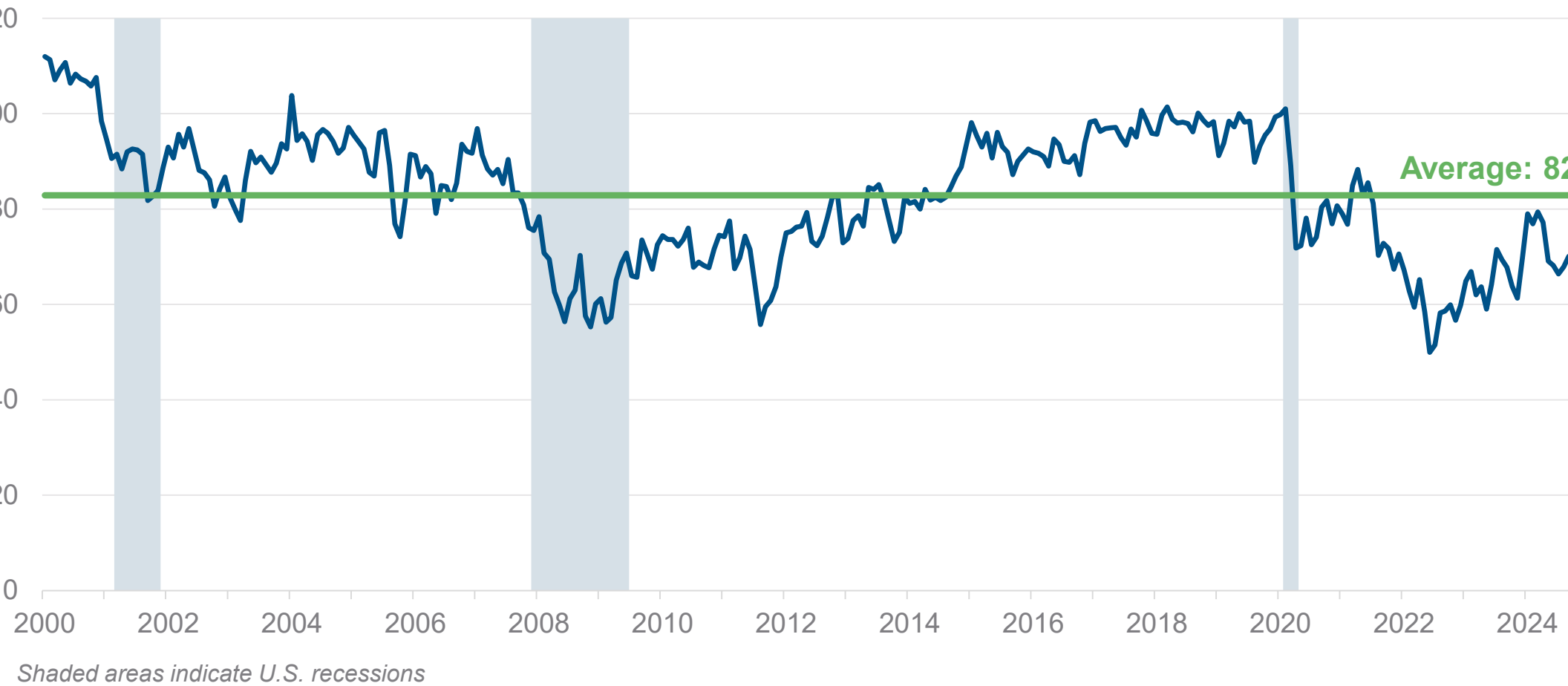
Delinquency rate on consumer loans, all commercial banks (percent)





Confidence levels remain below long-term averages

University of Michigan: consumer sentiment (index: 1966:Q1=100)



More lunches bought from restaurants in 2020 than in 20

Number of
lunches bought
down **3%** in 2024



Agenda



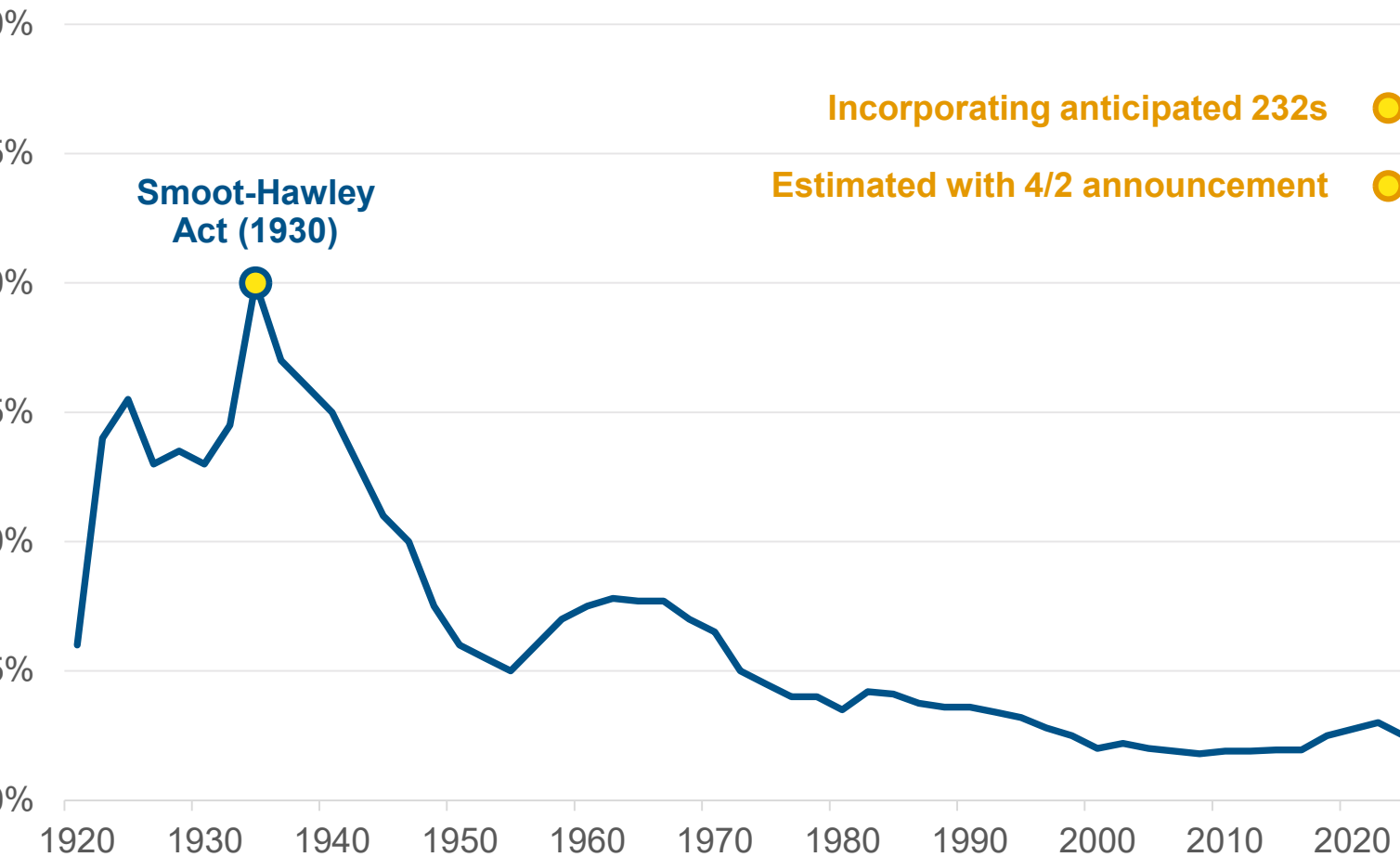
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Why all the fuss?

U.S. weighted average tariff rate (percent)



UNITED STATES SENATE

“It was on June 13, 1930, that the Senate passed the Smoot-Hawley Tariff Act, **among the most catastrophic acts in congressional history.**”

senate.gov

Tariff objectives

- 1 Boost federal tax revenue through increased tariff collections
- 2 Combat the flow of fentanyl into the U.S.
- 3 Respond to foreign tariffs with reciprocal trade measures
- 4 Shift more manufacturing to the U.S. by reducing dependence on foreign production

1

Boost federal tax revenue through increased tariff collections



Peter Navarro (counselor to the President) claimed tariffs will raise **\$6 trillion** over 10 years



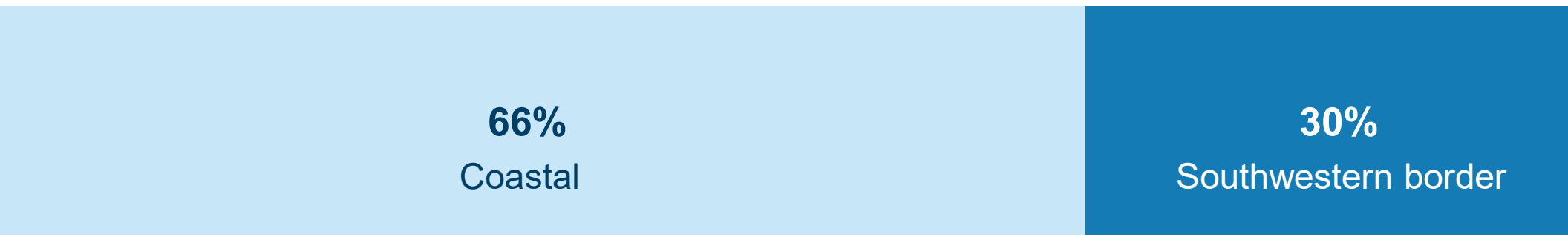
Average reduction in annual disposable income per household will be **\$3,789***



CBO estimates extending 2017 tax cuts will cost **\$4.6T**

2 Combat the flow of fentanyl into the U.S.

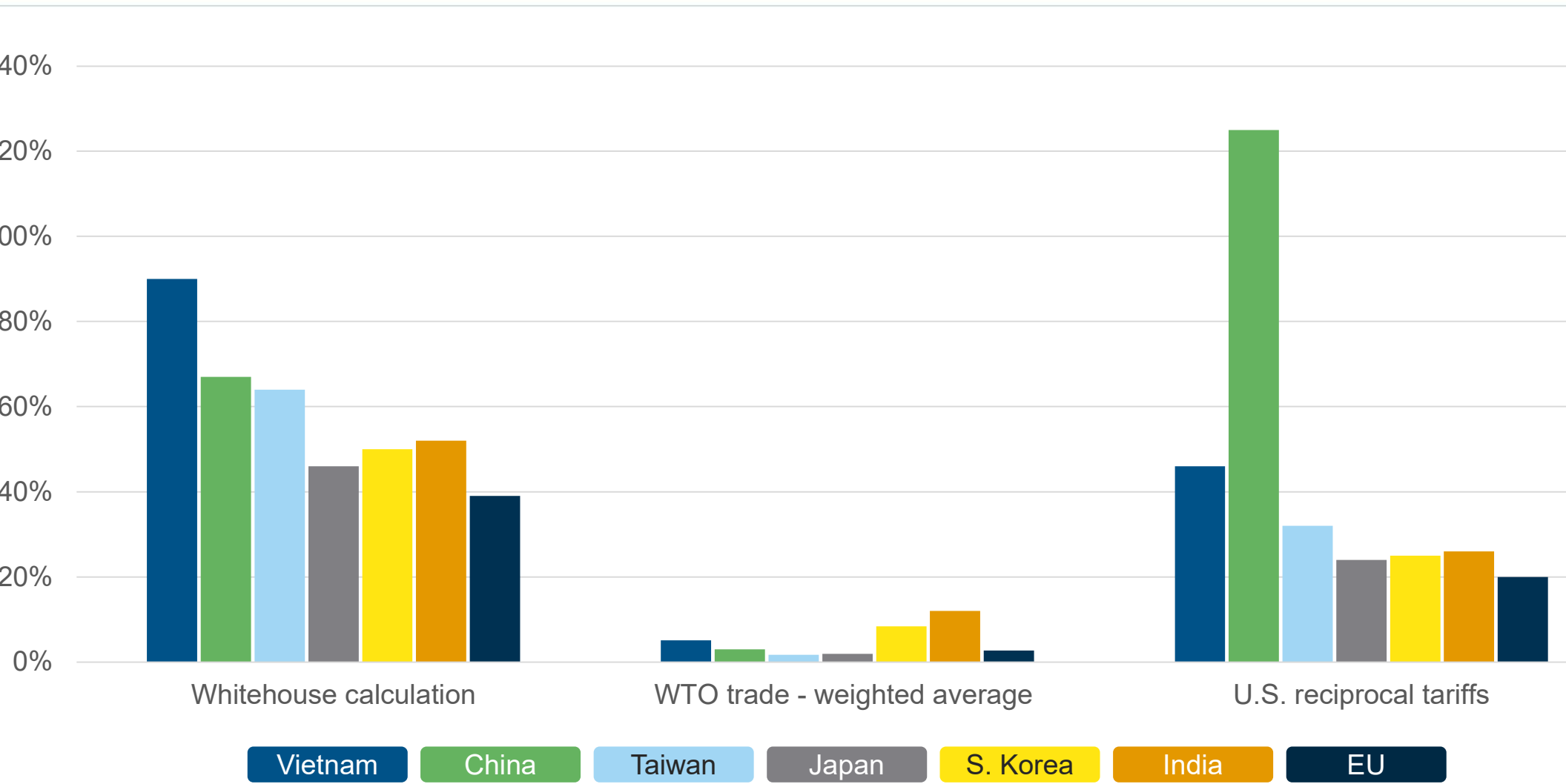
Fentanyl drug seizures, 2022-2025



Northern border

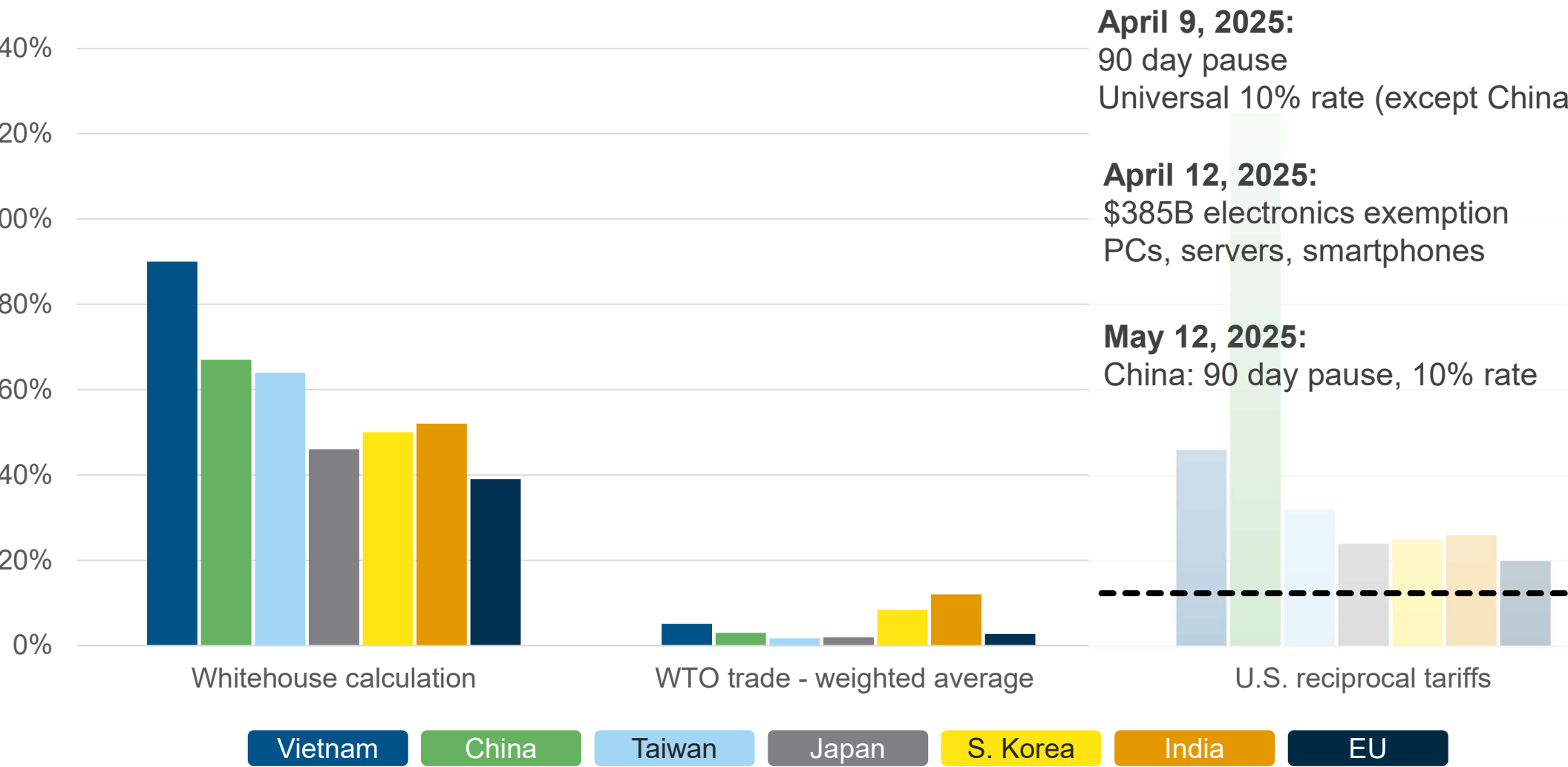
3

Respond to foreign tariffs with reciprocal trade measures



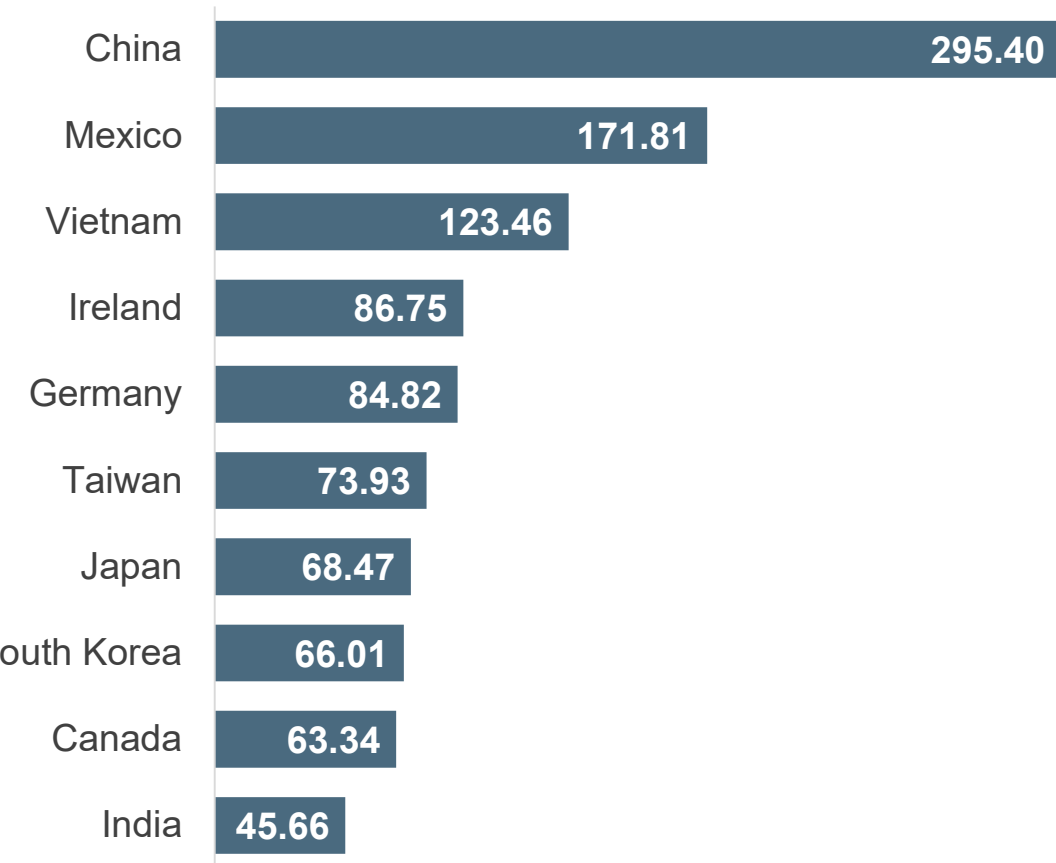
3

Respond to foreign tariffs with reciprocal trade measures

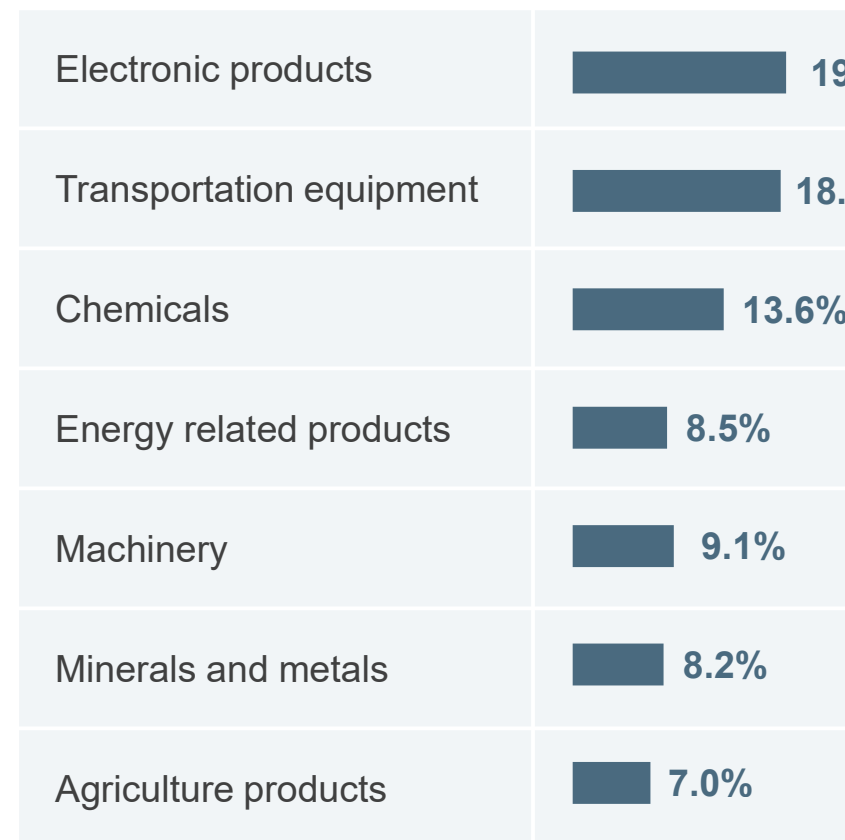


4 Shift more manufacturing to the U.S. by reducing dependence on foreign production

U.S. trade deficit (billion dollars)

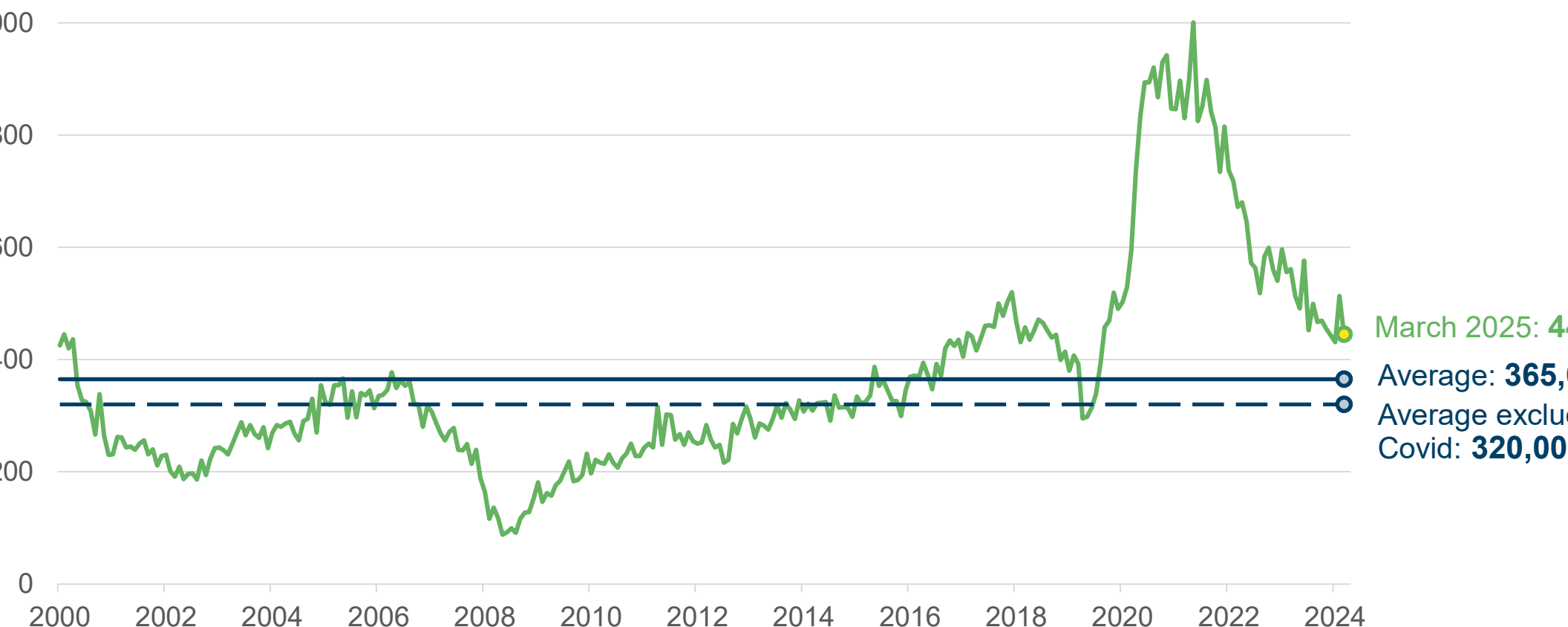


U.S. imports by sector, 2023



There are currently 449,000 open manufacturing jobs in the U.S.

Job openings, U.S. manufacturing (thousands)



Headwinds for U.S. manufacturing



Energy generation and transmission



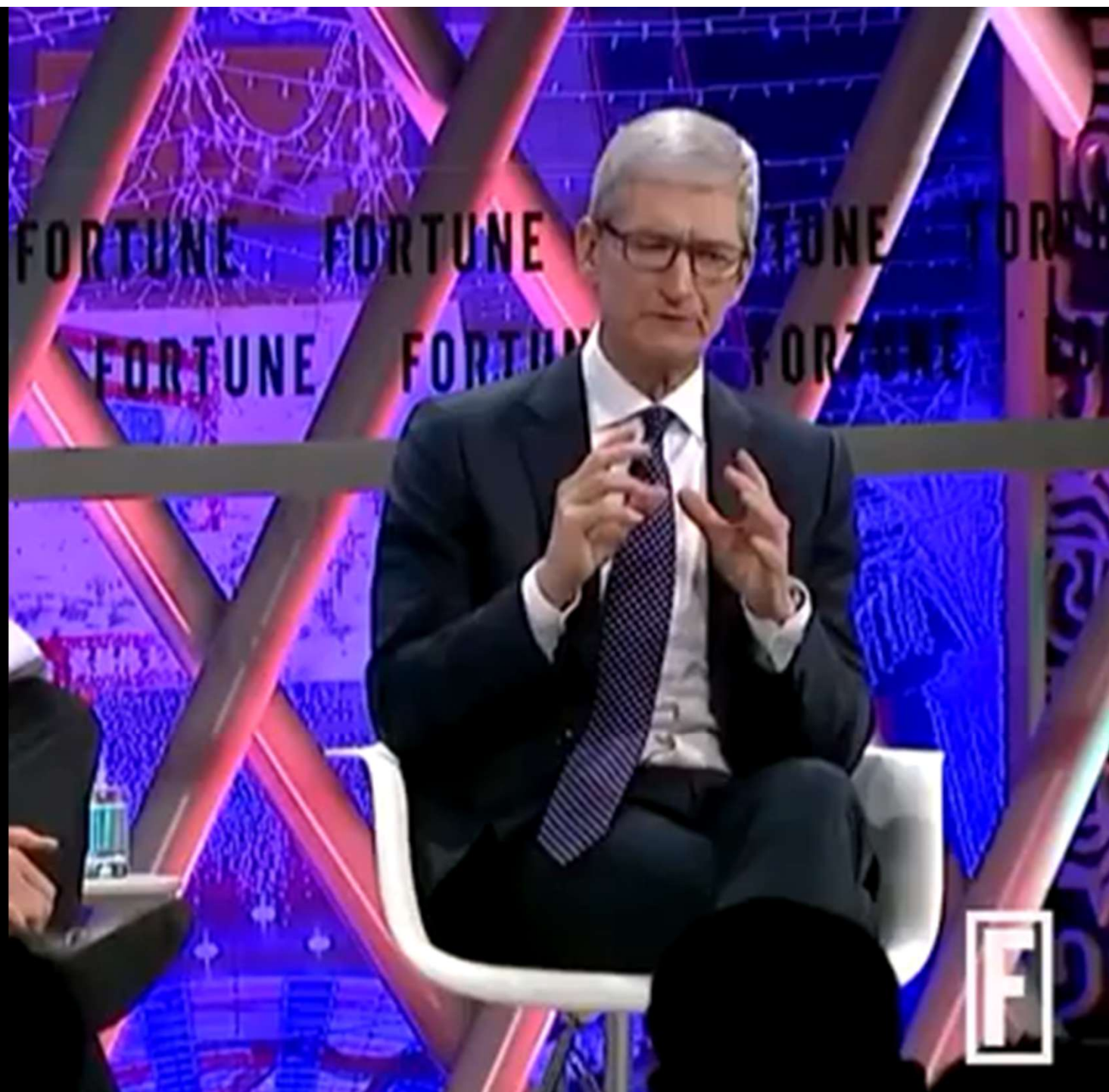
Business certainty, reliability and regulations



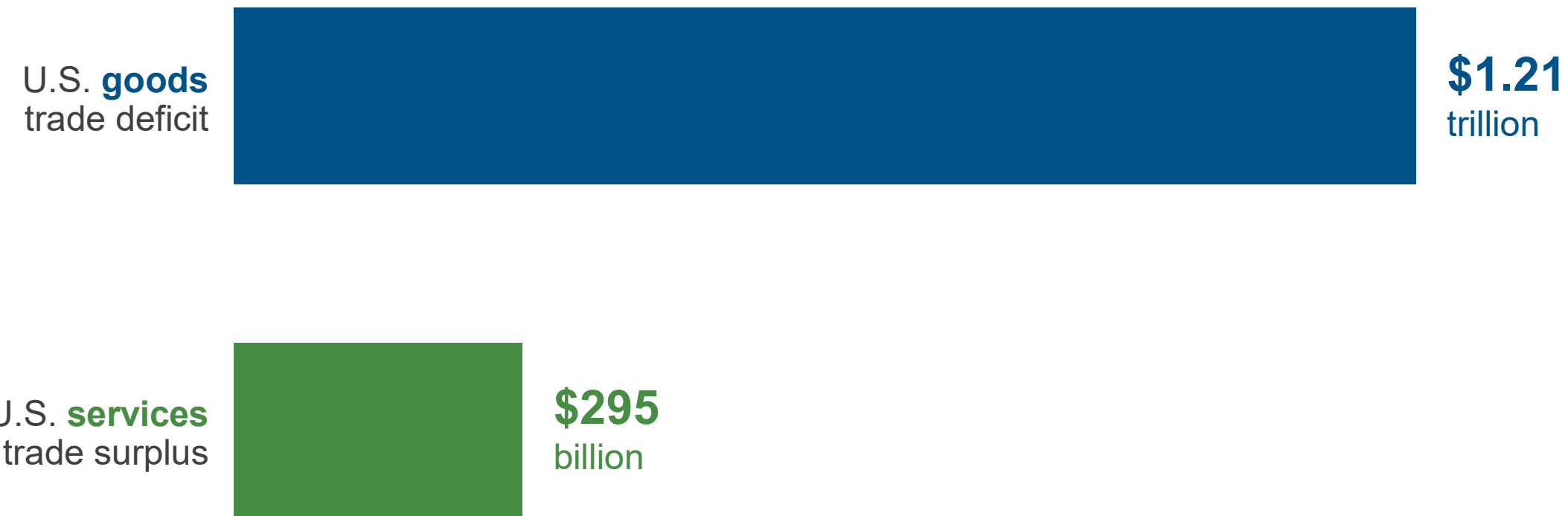
Component costs and sourcing



Michael Jordan was a bad baseball player



The United States has a services trade surplus



The United States has a services trade surplus



The United States has a services trade surplus





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Broadband industry



Broadband is a necessity for almost all U.S. consumers



Retail pricing has not seen inflationary pressure versus other products



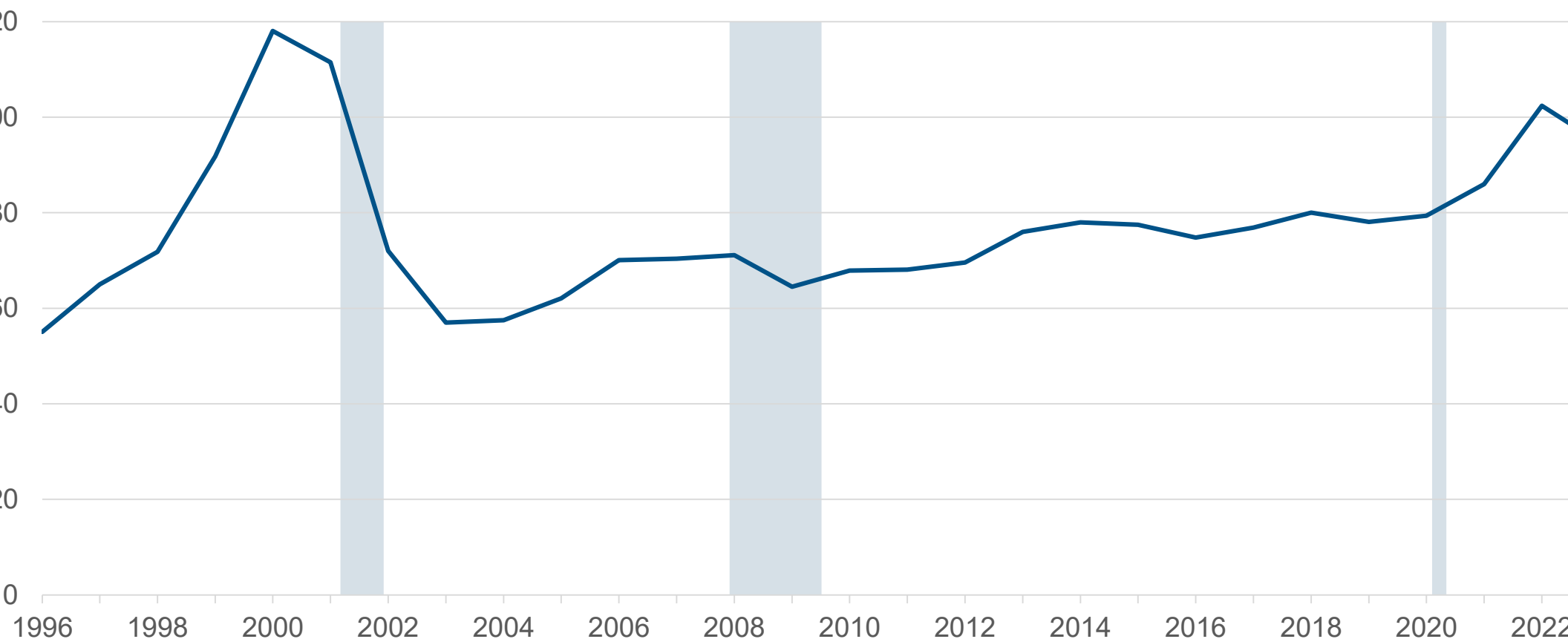
Broadband access represents a small percentage of household expenses



Generative AI and ongoing digitization of U.S. economy

Broadband Industry has proven resilient against past economic downturns

U.S. telecom broadband capex (billion dollars)



Shaded areas indicate U.S. recessions



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