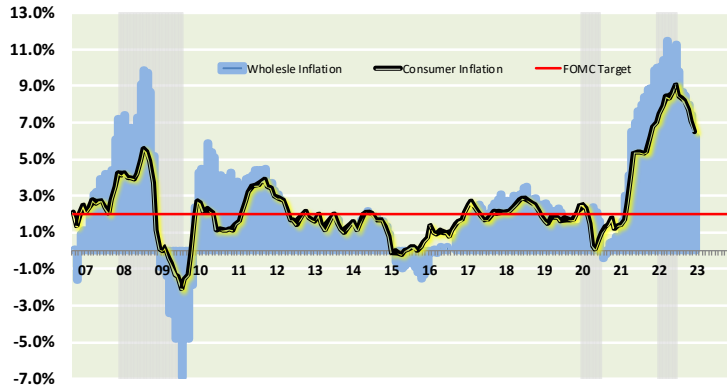




INFLATION ENVIRONMENT

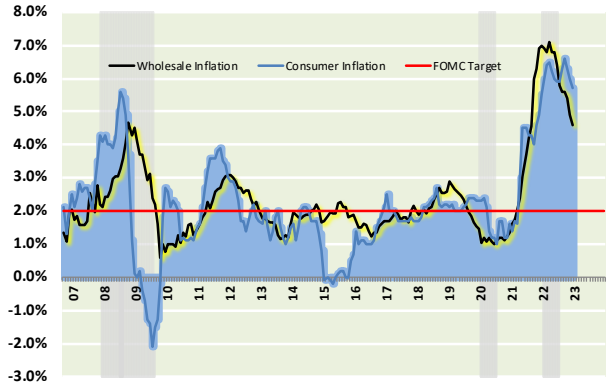
INFLATION PROFILE

WHOLESALE versus CONSUMER INFLATION, Monthly Year-over-Year



CORE INFLATION PROFILE

EXCLUDING FOOD & ENERGY COMMODITIES, Monthly Year-over-Year



	Annual Rates					Monthly Year-over-Year							
	2017	2018	2019	2020	2021	May'22	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Wholesale Inflation													
Overall Wholesale Inflation	2.6%	2.2%	2.2%	0.8%	9.8%	10.8%	11.3%	9.8%	8.7%	8.5%	8.0%	7.4%	6.2%
Core Wholesale Inflation	2.3%	2.2%	2.2%	1.1%	7.0%	6.8%	6.4%	5.8%	5.6%	5.6%	5.4%	4.9%	4.6%
Consumer Inflation													
Overall Consumer Inflation	2.1%	1.9%	1.9%	1.4%	7.0%	8.6%	9.1%	8.5%	8.3%	8.2%	7.7%	7.1%	6.5%
Food	1.6%	1.6%	1.6%	3.9%	6.3%	10.1%	10.4%	10.9%	11.4%	11.2%	10.9%	10.6%	10.4%
- Food at Home	0.9%	0.6%	0.6%	3.9%	6.5%	11.9%	12.2%	13.1%	13.5%	13.0%	12.4%	12.0%	11.8%
- Food Away from Home	2.5%	2.8%	2.8%	3.9%	6.0%	7.4%	7.7%	7.6%	8.0%	8.5%	8.6%	8.5%	8.3%
Energy	6.9%	-0.3%	-0.3%	-7.0%	29.3%	34.6%	41.6%	32.9%	23.8%	19.8%	17.6%	13.1%	7.3%
- Gasoline	10.7%	-2.1%	-2.1%	-15.2%	49.6%	48.7%	59.9%	44.0%	25.6%	18.2%	17.5%	10.1%	-1.5%
Core Consumer Inflation	1.8%	2.2%	2.2%	1.6%	5.5%	6.0%	5.9%	5.9%	6.3%	6.6%	6.3%	6.0%	5.7%
- New Vehicles	-0.5%	-0.3%	-0.3%	2.0%	11.8%	12.6%	11.4%	10.4%	10.1%	9.4%	8.4%	7.2%	5.9%
- Used Vehicles	-1.0%	1.4%	1.4%	10.0%	37.3%	16.1%	7.1%	6.6%	7.8%	7.2%	2.0%	-3.3%	-8.8%
- Apparel	-1.6%	-0.1%	-0.1%	-3.9%	5.8%	5.0%	5.2%	5.1%	5.1%	5.5%	10.0%	3.6%	2.9%
- Medical care	2.3%	-0.5%	-0.5%	-2.5%	0.4%	2.4%	3.2%	3.7%	4.1%	3.7%	3.1%	3.1%	3.2%

INFLATION REPORT AND CUSTODY

(January 2023) ... U.S. consumer prices are increasing at a 6.5% annualized pace - while core consumer inflation, which excludes commodity-driven food and energy prices, is increasing 5.7%. Overall inflation has been impacted by a 10.4% increase in food costs, fueled by a 11.8% increase in grocery prices and 8.3% increase in prices for food eaten away from home. Also impacting consumer inflation is a 7.3% increase in energy prices, despite a -1.5% decline in gasoline prices.

Wholesale inflation increased at a 6.2% pace in December. This demonstrates producers', unlike in the past, have been able to pass on more of their higher costs to the consumer - something they have been unable to for decades. Still, it continues to adversely impact producers' earnings and future hiring and advances in manufacturing. This endangers future growth potential.

Strategically... A certain level of inflation is needed in a growing economy to increase the value of goods and services produced - contributing to the nation's GDP growth profile. However, the nation's GDP is being significantly diluted by the prevailing inflation rate thus resulting in a net growth rate that is insufficient to create a sustained pace of recovery needed to put the country on a strong path.

We continue to note that, at this pace of inflation, the FOMC will be forced to aggressively increase their overnight benchmark rate. This would positively increase yields on cash but most likely will not impact consumer loan rates.