

HOW TODAY'S ECONOMY COMPARES TO LAST FIVE RISING RATE ENVIRONMENTS

As the Federal Reserve struggles with monetary policy and it associated benchmark overnight interest rate to regulate the economy's pace of growth and the associated rate of inflation, it does so in an environment that could be vastly different than in times past. In some cases, those differences are so great that it brings more clarity to the challenges the FOMC faces.

In the most recent rate environment, the FOMC has increased their benchmark overnight funds rate target to a range of 0.08 to 5.25 percent - a 517 basis point increase since the beginning of the prevailing rising interest rate cycle that began in March 2020.

In their statement, Federal Reserve policymakers stated, "Tighter credit conditions for households and businesses are likely to weigh on economic activity, hiring, and inflation. The extent of these effects remains uncertain. The Committee remains highly attentive to inflation risks. In assessing the appropriate stance of monetary policy, the Committee will continue to monitor the implications of incoming information for the economic outlook."

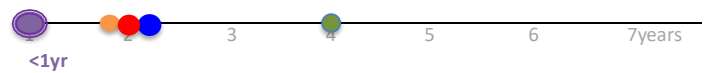
Many of these financial and economic variables are shown to the right. There are few past environments that resemble today's challenges - Low growth, high inflation, low unemployment but low participation rate - in a relatively short cycle.

Despite a clear indication of its vibrancy, Meridian's US Recession Index indicates the economy continues to teeter around a contracted economy as it nears the end of the current cycle.

The level of consumer spending - two-thirds of the nation's gross domestic product - remains very volatile, and - with elevated inflation - although lower - continues to be trending below levels needed to sustain the type of recovery needed. High inflation is diluting any wage growth, and as a result, consumers' purchasing power is being diluted.

ECONOMIC RECOVERY

The current recovery is less than 1 year in duration - the shortest of the past 5 rising rate environments



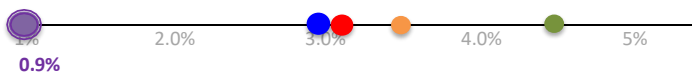
INCREASE IN FOMC FUNDS RATE TARGET

The current increase in the target rate is its largest.



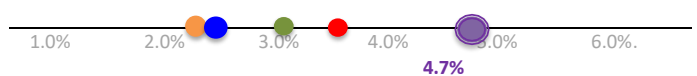
GDP GROWTH

The pace of the recovery, while improving, is growing more slowly.



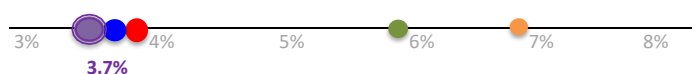
INFLATION

The Fed's gauge of overall inflation remains well above its 2.0% target.



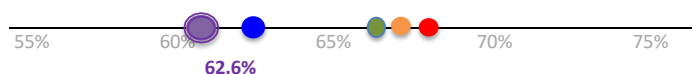
UNEMPLOYMENT

Joblessness is lower than all 5 past rising rate environments.



LABOR PARTICIPATION RATE

The percentage of the US population making up the labor force has fallen.



EARNINGS

All despite average wages rising the most than all past 5 rising rate environments.

