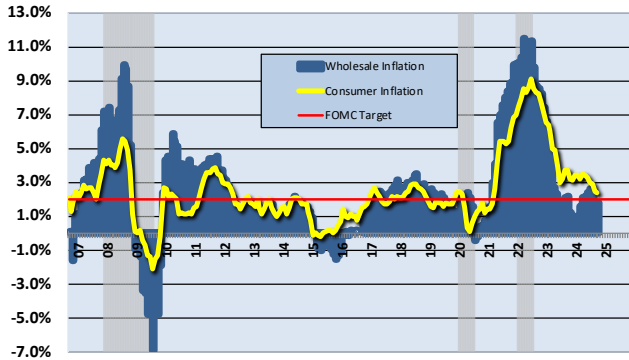




INFLATION ENVIRONMENT

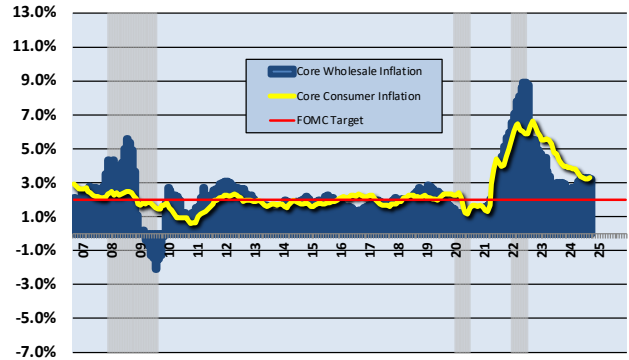
INFLATION PROFILE

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							
	2019	2020	2021	2022	2023	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Wholesale Inflation													
Overall Wholesale Inflation	2.2%	0.8%	9.8%	6.6%	1.1%	1.6%	2.0%	2.3%	2.5%	2.9%	2.3%	1.9%	1.8%
Core Wholesale Inflation	2.2%	1.1%	7.0%	4.7%	2.7%	2.8%	2.9%	3.2%	3.4%	3.2%	3.4%	3.3%	3.2%
Consumer Inflation													
Overall Consumer Inflation	1.9%	1.4%	7.0%	6.5%	3.4%	3.2%	3.5%	3.4%	3.3%	3.0%	2.9%	2.5%	2.4%
Food	1.6%	3.9%	6.3%	10.4%	2.7%	2.2%	2.2%	2.2%	2.1%	2.2%	2.2%	2.1%	2.3%
- Food at Home	0.6%	3.9%	6.5%	11.8%	1.3%	1.0%	1.2%	1.1%	1.0%	1.1%	1.1%	0.9%	1.3%
- Food Away from Home	2.8%	3.9%	6.0%	8.3%	5.2%	4.5%	4.2%	4.1%	4.0%	4.1%	4.1%	4.0%	3.9%
Energy	-0.3%	-7.0%	29.3%	7.3%	-2.0%	-1.9%	2.1%	2.6%	3.7%	1.0%	1.1%	-4.0%	-6.8%
- Gasoline	-2.1%	-15.2%	49.6%	-1.5%	-1.9%	-3.9%	1.3%	1.2%	2.2%	-2.5%	-2.2%	-10.3%	-15.2%
Core Consumer Inflation	2.2%	1.6%	5.5%	5.7%	3.9%	3.8%	3.8%	3.6%	3.4%	3.3%	3.2%	3.2%	3.3%
- New Vehicles	-0.3%	2.0%	11.8%	5.9%	1.0%	0.4%	-0.1%	-0.4%	-0.8%	-0.9%	-1.0%	-1.2%	-1.3%
- Used Vehicles	1.4%	10.0%	37.3%	-8.8%	-1.3%	-1.8%	-2.2%	-6.9%	-9.3%	-10.1%	-10.9%	-10.4%	-5.1%
- Apparel	-0.1%	-3.9%	5.8%	2.9%	1.0%	0.0%	0.4%	1.3%	0.8%	0.8%	0.2%	0.3%	1.8%
- Medical care	-0.5%	-2.5%	0.4%	3.2%	4.7%	2.9%	2.5%	2.5%	3.1%	3.1%	2.8%	2.0%	1.6%

INFLATION REPORT AND CUSTSTRATEGY

(October 2024) ... U.S. consumer prices are increasing at a 2.4% annualized pace in September - while core consumer inflation, which excludes commodity-driven food and energy prices, increased 3.3%. Overall inflation has been impacted by a 2.3% increase in food costs, fueled by a 3.9% increase in prices for food eaten away from home and 1.3% increase in grocery prices. Also impacting consumer inflation is a -6.8% decrease in energy prices, that was driven by a -15.2% decrease in gasoline prices.

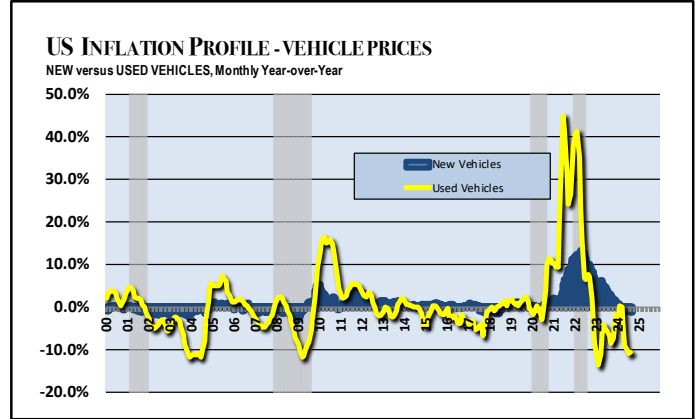
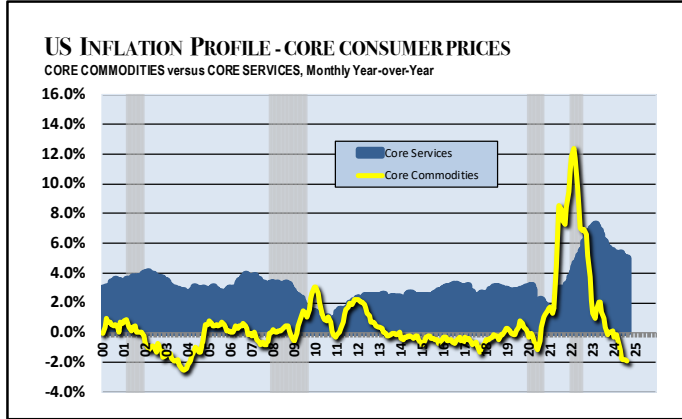
Wholesale inflation increased at a 1.8% annualized pace. This is a welcome adjustment in that producers' lower prices seem to be passed on to the consumers during a period of time that real economic growth barely exists. Still, it continues to adversely impact producers' earnings and future hiring and advances in manufacturing. This endangers future growth potential as well. Core producer prices have increased by 3.2%

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 the FOMC will be closely monitoring the pace of consumer inflation and employment as to retain a strong stance regarding how to position their overnight benchmark rate. This would keep a downward exposure on cash and short-term yields but most likely will not impact consumer loan rates. Any decision by the FOMC to trim benchmark rates will most likely be window dressing for the first 50 basis points, then any additional cut would be adversely absorbed into future economic growth and spark another upward trend in inflation.



CONSUMER PRICE INFLATION



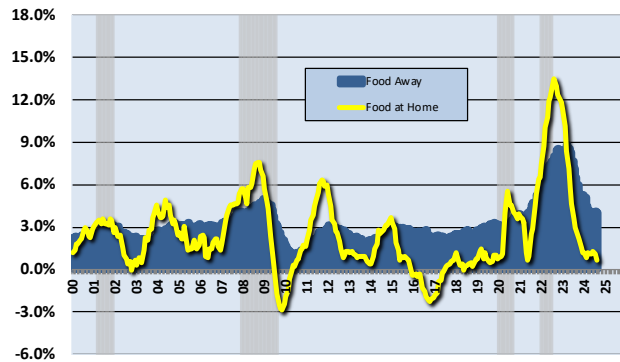
	Annual Rates					Monthly Year-over-Year							
	2019	2020	2021	2022	2023	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
OVERALL CONSUMER INFLATION	1.9%	1.4%	7.0%	6.5%	3.4%	3.2%	3.5%	3.4%	3.3%	3.0%	2.9%	2.5%	2.4%
Food Prices	1.6%	3.9%	6.3%	10.4%	2.7%	2.2%	2.2%	2.2%	2.1%	2.2%	2.2%	2.1%	2.3%
Energy Prices	-0.3%	-7.0%	29.3%	7.3%	-2.0%	-1.9%	2.1%	2.6%	3.7%	1.0%	1.1%	-4.0%	-6.8%
Core Consumer Prices	2.2%	1.6%	5.5%	5.7%	3.9%	3.8%	3.8%	3.6%	3.4%	3.3%	3.2%	3.2%	3.3%
CORE COMMODITIES	0.1%	1.7%	10.7%	2.1%	0.2%	-0.3%	-0.7%	-1.3%	-1.5%	-1.8%	3.2%	-1.9%	-1.0%
Household furnishing	0.3%	2.9%	40.0%	7.3%	-0.9%	-2.3%	-2.7%	-2.8%	-2.5%	-2.5%	-1.9%	-2.6%	-2.2%
Furniture and bedding	1.2%	2.2%	13.8%	4.7%	-4.3%	-3.7%	-3.8%	-3.8%	-3.7%	-4.6%	-5.2%	-5.1%	-2.3%
Appliances	0.2%	6.2%	6.0%	1.1%	-4.0%	-5.2%	-6.3%	-5.6%	-4.9%	-3.6%	-3.3%	-3.2%	-2.6%
Tools	0.9%	3.7%	7.2%	10.6%	0.9%	-3.0%	-3.7%	-4.1%	-3.3%	-1.3%	-1.9%	-3.4%	-4.5%
Housekeeping supplies	0.4%	4.9%	2.1%	11.6%	2.8%	1.3%	0.1%	-0.5%	-0.1%	0.0%	0.1%	1.1%	0.4%
Apparel	-1.2%	-3.9%	5.8%	2.9%	1.0%	0.0%	0.4%	1.3%	0.8%	0.8%	0.2%	3.0%	1.8%
Men's and boy's	-1.9%	-3.2%	7.8%	2.2%	1.3%	2.7%	1.0%	2.2%	2.6%	0.8%	0.0%	0.4%	0.7%
Women's and girl's	-2.2%	-5.9%	4.4%	4.1%	0.6%	-1.5%	-0.1%	1.3%	0.2%	0.8%	0.1%	1.2%	2.8%
Jewelry	0.1%	1.1%	7.2%	5.0%	2.2%	-3.8%	-3.3%	-1.0%	-1.0%	2.5%	0.6%	-0.5%	5.8%
Transportation	-0.1%	5.0%	21.8%	-0.9%	0.0%	-0.3%	-0.8%	-2.7%	-3.9%	-4.2%	-4.5%	-4.4%	-2.3%
New vehicles	0.1%	2.0%	11.8%	5.9%	1.0%	0.4%	-0.1%	-0.4%	-0.8%	-0.9%	-1.0%	-1.2%	-1.3%
Used vehicles	-0.7%	10.0%	37.3%	-8.8%	-1.3%	-1.8%	-2.2%	-6.9%	-9.3%	-10.1%	-10.9%	-10.4%	-5.1%
Motor vehicle parts	1.8%	0.4%	11.3%	9.9%	-1.2%	-0.5%	-0.8%	-1.5%	-1.1%	-1.0%	-0.3%	0.5%	1.9%
Medical care	2.5%	-2.5%	0.4%	3.2%	4.7%	2.9%	2.5%	2.5%	3.1%	3.1%	2.8%	2.0%	1.6%
Medicinal drugs	2.5%	-2.1%	0.2%	2.8%	4.1%	2.9%	2.5%	2.6%	3.4%	3.3%	2.9%	2.1%	1.7%
Recreational	-0.9%	-0.2%	3.3%	4.1%	-1.2%	-1.3%	-1.9%	-2.2%	-2.3%	-1.6%	-1.1%	-0.9%	-1.5%
Video and audio	-9.7%	-0.8%	-0.1%	-7.5%	-6.5%	-3.6%	-3.9%	-5.0%	-4.4%	-4.0%	-2.9%	-2.5%	-2.8%
Pets and pet products	3.1%	-1.8%	2.7%	12.6%	3.1%	1.7%	1.3%	-0.5%	-1.5%	-0.2%	-0.1%	0.7%	-0.3%
Sporting goods	0.1%	2.5%	6.3%	3.5%	-2.5%	-1.8%	-2.2%	-1.1%	-0.3%	-0.8%	-1.8%	-1.9%	-2.3%
Educational and communications	-6.0%	-2.5%	0.2%	-10.1%	-7.2%	-5.6%	-6.2%	-6.0%	-7.4%	-7.7%	-6.2%	-5.9%	-6.9%
Books and supplies	-2.0%	0.7%	-0.4%	5.4%	-3.6%	-3.5%	-3.0%	-0.8%	-0.6%	-1.1%	-2.8%	-5.8%	2.9%
Information technology	-7.3%	-3.3%	0.3%	-11.8%	-7.6%	-5.9%	-6.6%	-6.6%	8.1%	-8.5%	-6.7%	-6.5%	-7.9%
CORE SERVICES	3.0%	1.6%	3.7%	7.0%	5.3%	5.0%	5.4%	5.3%	5.3%	5.1%	4.9%	4.9%	4.7%
Shelter	3.2%	1.8%	4.1%	7.5%	6.2%	5.7%	5.7%	5.5%	5.4%	5.2%	5.1%	5.2%	4.9%
Rent and lodging	3.3%	1.9%	4.2%	7.6%	6.2%	5.8%	5.7%	5.6%	5.3%	5.2%	5.1%	5.2%	4.9%
Water, sewer, trash	2.2%	3.6%	3.5%	4.9%	5.2%	5.3%	5.3%	5.3%	4.8%	4.6%	4.5%	4.2%	4.8%
Household operations	3.5%	4.1%	9.4%	3.7%	5.2%	9.9%	10.9%	4.7%	4.8%	4.9%	6.9%	7.2%	7.3%
Other services													
Medical care services	5.1%	2.8%	2.5%	4.1%	-0.5%	1.1%	2.1%	2.7%	3.1%	3.3%	3.3%	3.2%	3.6%
Transportation services	0.6%	-3.5%	4.2%	14.6%	9.7%	9.9%	10.7%	11.2%	10.5%	9.5%	8.8%	7.9%	8.5%
Education and communications	2.0%	2.3%	1.7%	2.4%	1.3%	1.5%	1.4%	1.6%	2.0%	2.3%	2.2%	2.3%	2.3%
Other personal services	1.8%	2.9%	4.3%	5.5%	6.4%	5.1%	5.4%	4.9%	4.1%	4.8%	5.1%	4.6%	4.1%



FOOD & ENERGY INFLATION

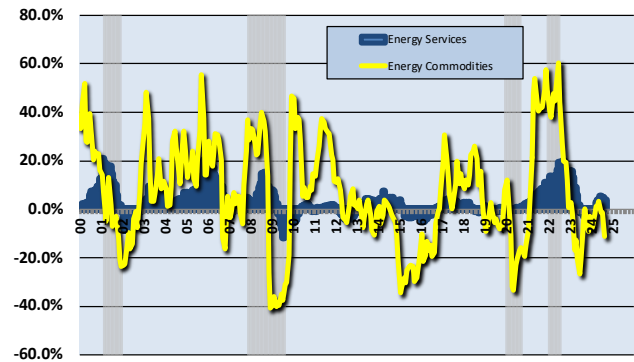
US INFLATION PROFILE - FOOD PRICES

FOOD-AT HOME versus FOOD AWAY, Monthly Year-over-Year



US INFLATION PROFILE - ENERGY PRICES

ENERGY COMMODITIES versus ENERGY SERVICES, Monthly Year-over-Year



	Annual Rates					Monthly Year-over-Year							
	2019	2020	2021	2022	2022	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FOOD PRICES	1.6%	3.9%	6.3%	10.4%	2.7%	2.2%	2.2%	2.2%	2.1%	2.2%	2.2%	2.1%	2.3%
Food at Home	0.6%	3.9%	6.5%	11.8%	1.3%	1.0%	1.2%	1.1%	1.0%	1.1%	1.1%	0.9%	1.3%
Cereal and bakery	1.7%	0.3%	3.2%	16.1%	2.6%	1.7%	0.2%	0.6%	0.7%	0.5%	0.0%	-0.3%	0.1%
Cereal	0.2%	-0.3%	3.5%	15.6%	0.4%	0.7%	-1.3%	0.6%	0.1%	-1.2%	-1.6%	-1.0%	-0.6%
Bakery	2.4%	0.5%	3.0%	16.3%	3.6%	2.1%	0.9%	0.6%	1.0%	1.3%	1.5%	0.1%	0.5%
Meats, poultry, fish and eggs	-0.4%	2.3%	4.6%	7.7%	-0.1%	-0.5%	1.3%	1.0%	2.4%	2.6%	3.0%	3.2%	3.9%
Meats	-0.9%	3.6%	5.2%	4.5%	3.6%	1.1%	3.4%	3.4%	3.6%	2.1%	1.9%	2.8%	2.5%
Poultry	-1.4%	1.7%	4.3%	12.2%	1.2%	0.2%	2.1%	0.9%	1.2%	0.3%	0.9%	0.9%	0.5%
Fish	3.2%	0.0%	5.0%	5.0%	-1.4%	-3.9%	-2.6%	-2.1%	-1.0%	-1.0%	-1.6%	-2.3%	-1.3%
Eggs	-2.2%	-3.0%	-1.5%	59.9%	-23.8%	-17.0%	-6.8%	-9.0%	3.0%	10.2%	19.1%	28.1%	39.6%
Dairy and related products	-0.1%	2.4%	4.4%	15.3%	-1.3%	-1.8%	-1.9%	-1.3%	-1.0%	-0.1%	-0.2%	0.4%	0.5%
Milk	-1.2%	5.1%	6.0%	12.5%	1.8%	-2.5%	-1.6%	-1.2%	-2.1%	-1.0%	1.2%	2.0%	0.8%
Cheese	-0.4%	3.1%	3.8%	12.8%	-3.3%	-2.8%	-3.1%	-3.3%	-3.4%	-2.1%	-2.3%	-1.7%	-0.5%
Ice Cream	1.2%	0.0%	4.0%	15.0%	2.8%	-0.4%	-1.9%	1.9%	1.0%	2.1%	-0.9%	1.4%	0.1%
Fruits and vegetables	1.6%	-1.3%	3.2%	8.4%	-0.5%	0.8%	2.0%	1.7%	0.6%	-0.5%	-0.2%	-0.2%	0.7%
Fresh fruits	-0.7%	-2.4%	1.4%	3.4%	3.6%	0.2%	1.5%	0.5%	-0.2%	-1.7%	-1.2%	-0.6%	1.6%
Fresh vegetables	4.6%	-1.8%	4.2%	9.8%	-4.8%	1.3%	3.0%	2.3%	0.8%	-0.3%	0.4%	-0.4%	0.2%
Beverages (non-alcoholic)	1.4%	1.0%	4.4%	12.6%	2.6%	2.3%	2.4%	2.3%	1.3%	1.5%	1.9%	1.3%	1.3%
Juices and soda	2.5%	1.9%	5.2%	12.2%	3.6%	3.4%	3.6%	3.3%	2.0%	2.1%	2.5%	1.8%	1.7%
Coffee and tea	-1.2%	-1.2%	2.4%	13.8%	-1.6%	-0.3%	-0.7%	-2.0%	-2.5%	-1.6%	-0.4%	0.1%	0.2%
Other food at home	0.2%	0.3%	3.9%	13.9%	2.8%	2.3%	1.4%	1.4%	1.0%	1.6%	0.9%	0.4%	0.4%
Food Away from Home	2.8%	3.9%	6.0%	8.3%	5.2%	4.5%	4.2%	4.1%	4.0%	4.1%	4.1%	4.0%	3.9%
Full service meals	2.8%	3.3%	3.0%	8.2%	4.5%	3.8%	3.2%	3.4%	3.5%	3.9%	3.8%	3.8%	3.9%
Limited service meals and snacks	2.7%	3.0%	6.0%	6.6%	5.9%	5.2%	5.0%	4.8%	4.5%	4.3%	4.3%	4.3%	4.1%
ENERGY PRICES	-0.3%	-7.0%	29.3%	7.3%	-2.0%	-1.9%	2.1%	2.6%	3.7%	1.0%	1.1%	-4.0%	-6.8%
Energy commodities	-1.8%	7.4%	-15.2%	0.4%	-2.9%	-4.2%	0.9%	1.1%	2.2%	-2.2%	-2.0%	-10.1%	-15.3%
Fuel Oil	1.9%	4.6%	-20.0%	26.0%	-14.7%	-4.3%	-3.1%	-0.5%	3.6%	0.8%	-0.3%	-12.1%	-13.2%
Gasoline	-2.1%	7.9%	-15.6%	-1.5%	-1.9%	-3.9%	1.3%	1.2%	2.2%	-2.5%	-2.2%	-10.3%	-15.3%
Energy services	1.4%	-1.2%	2.6%	15.6%	-1.1%	0.5%	3.1%	3.6%	4.7%	4.3%	4.2%	3.1%	3.4%
Electricity	1.1%	-0.4%	2.2%	14.3%	3.3%	3.6%	5.0%	5.1%	5.9%	4.4%	4.9%	3.9%	3.7%
Gas utility	2.3%	3.5%	4.1%	19.3%	-13.8%	-8.8%	-3.2%	-1.9%	0.2%	3.7%	1.5%	-0.1%	2.0%