

On the Economic, Business and Political Landscape

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2026 Economic Outlook
Port Wentworth Development Authority
December 17, 2025
Atlanta, GA



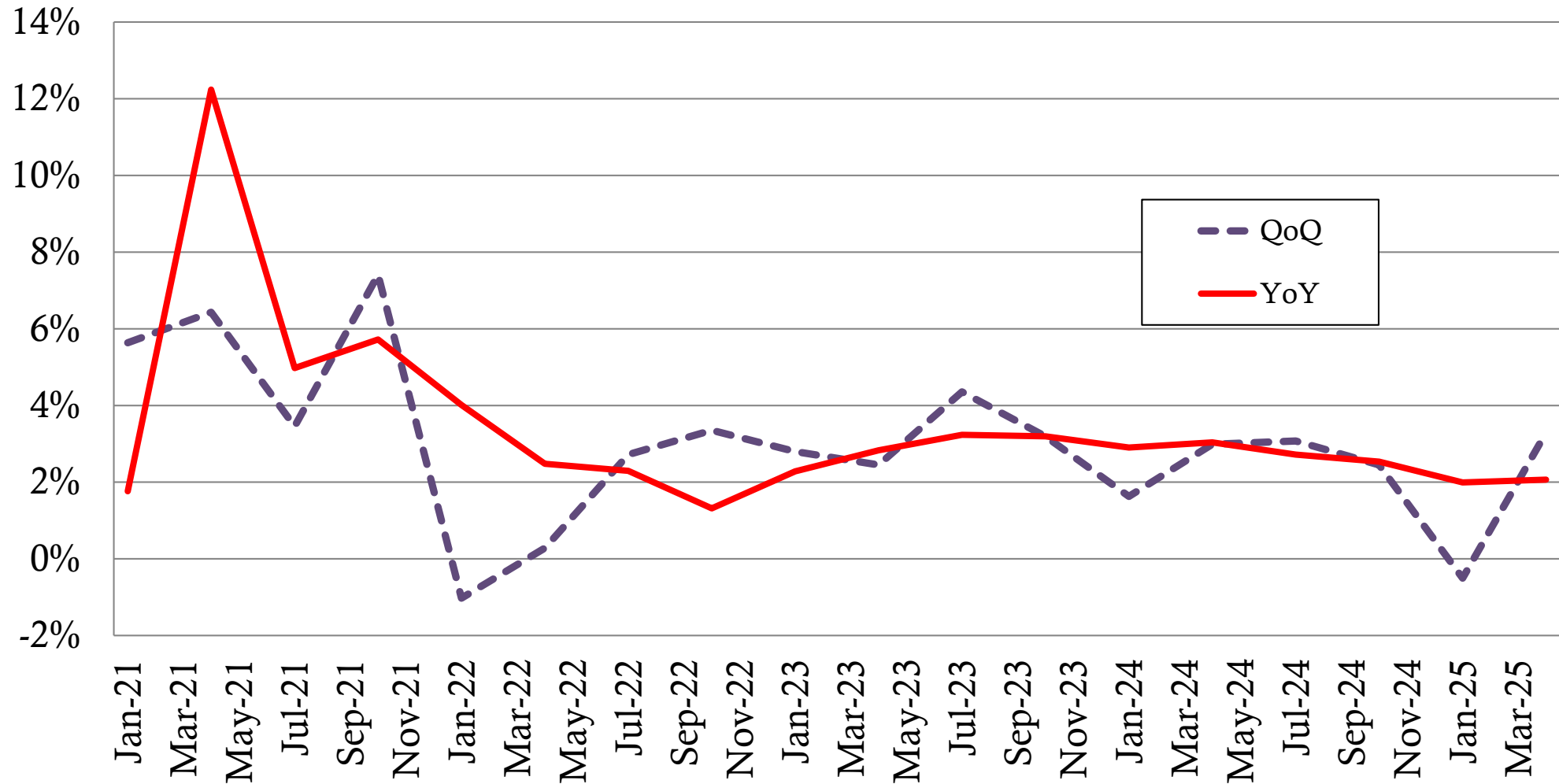
Topic #1:

In the post-Covid world, was the “recession talk” premature?



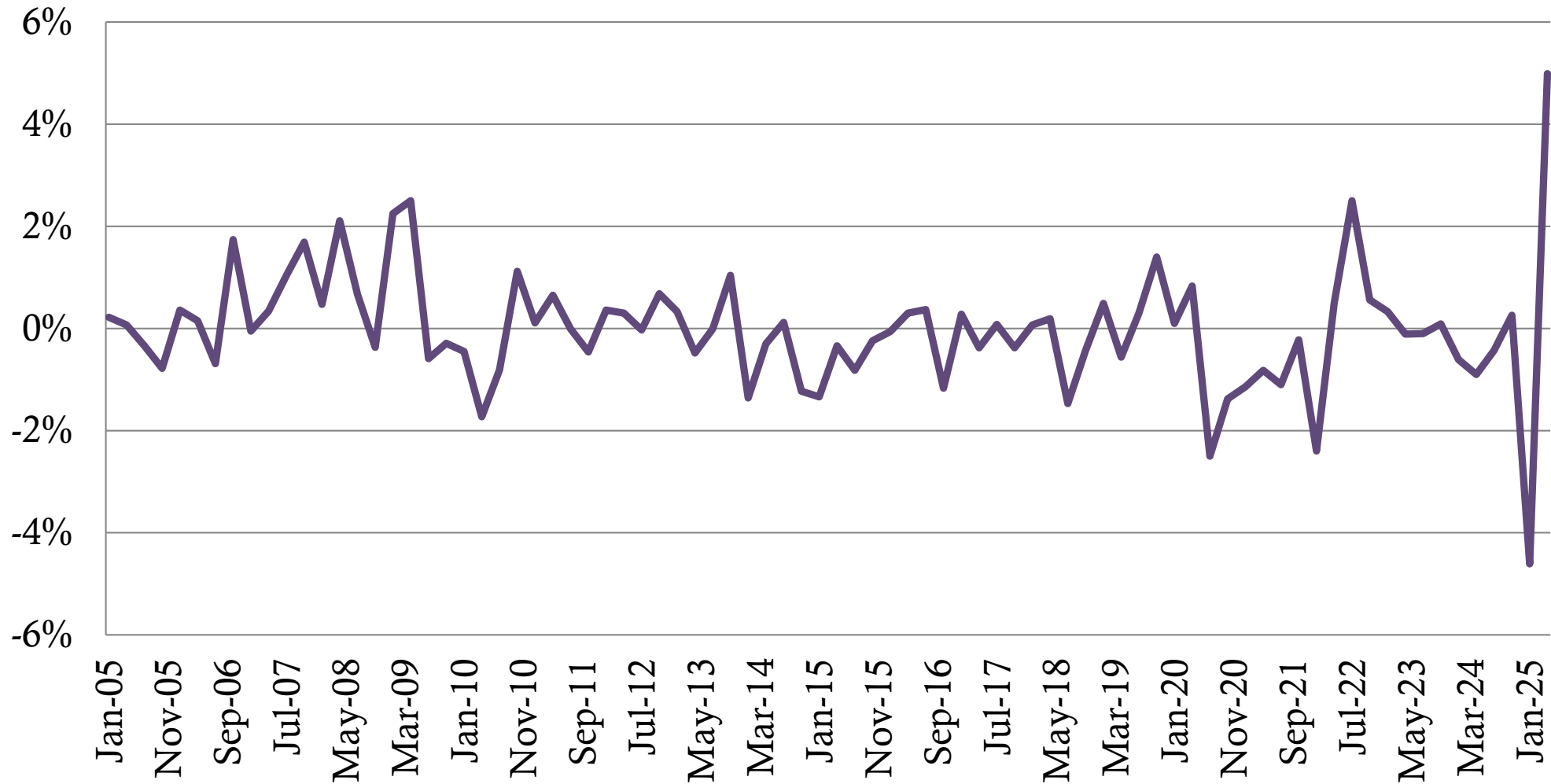
Gross Domestic Product

(source: Department of Commerce)



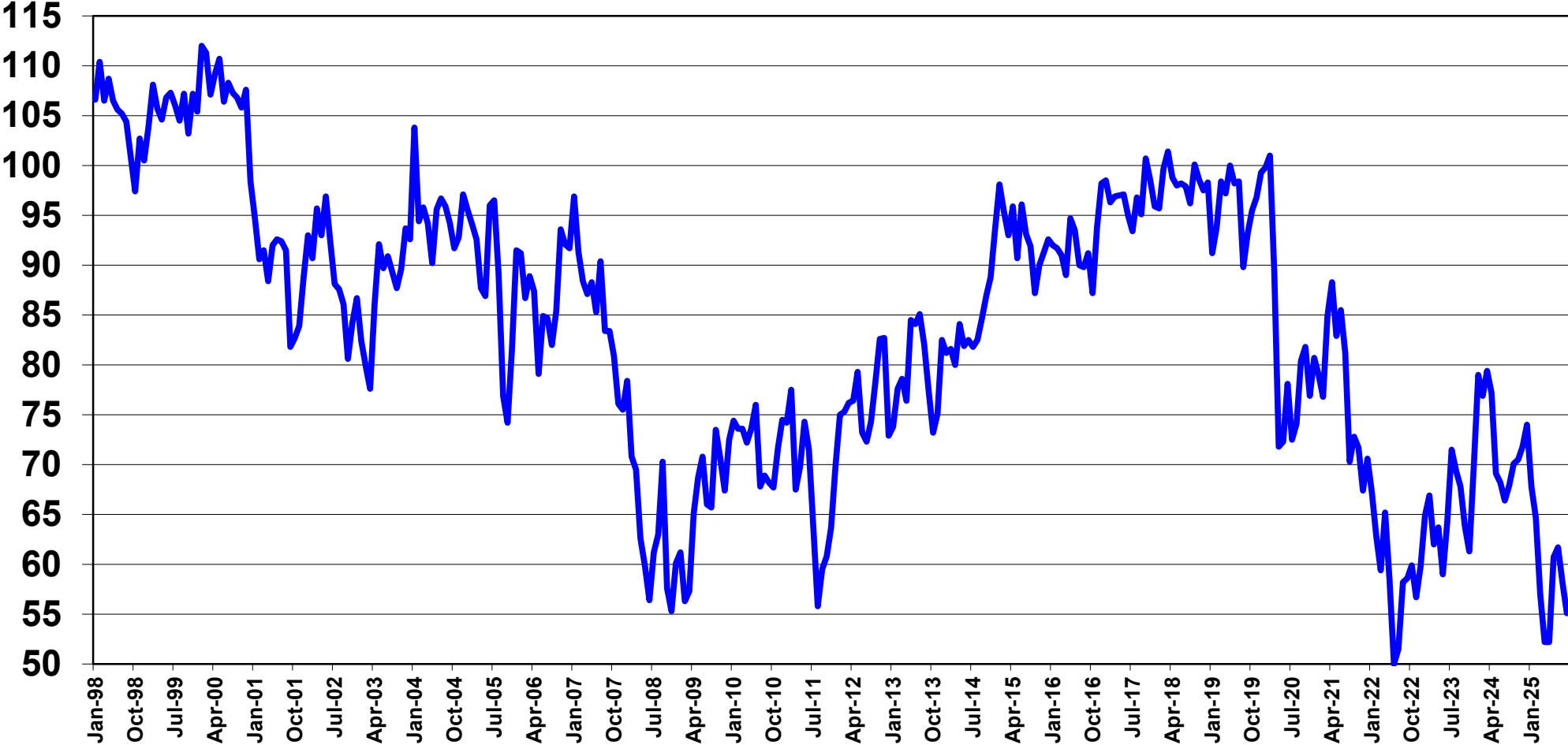
Gross Domestic Product: Contribution of Net Exports

(source: Department of Commerce)



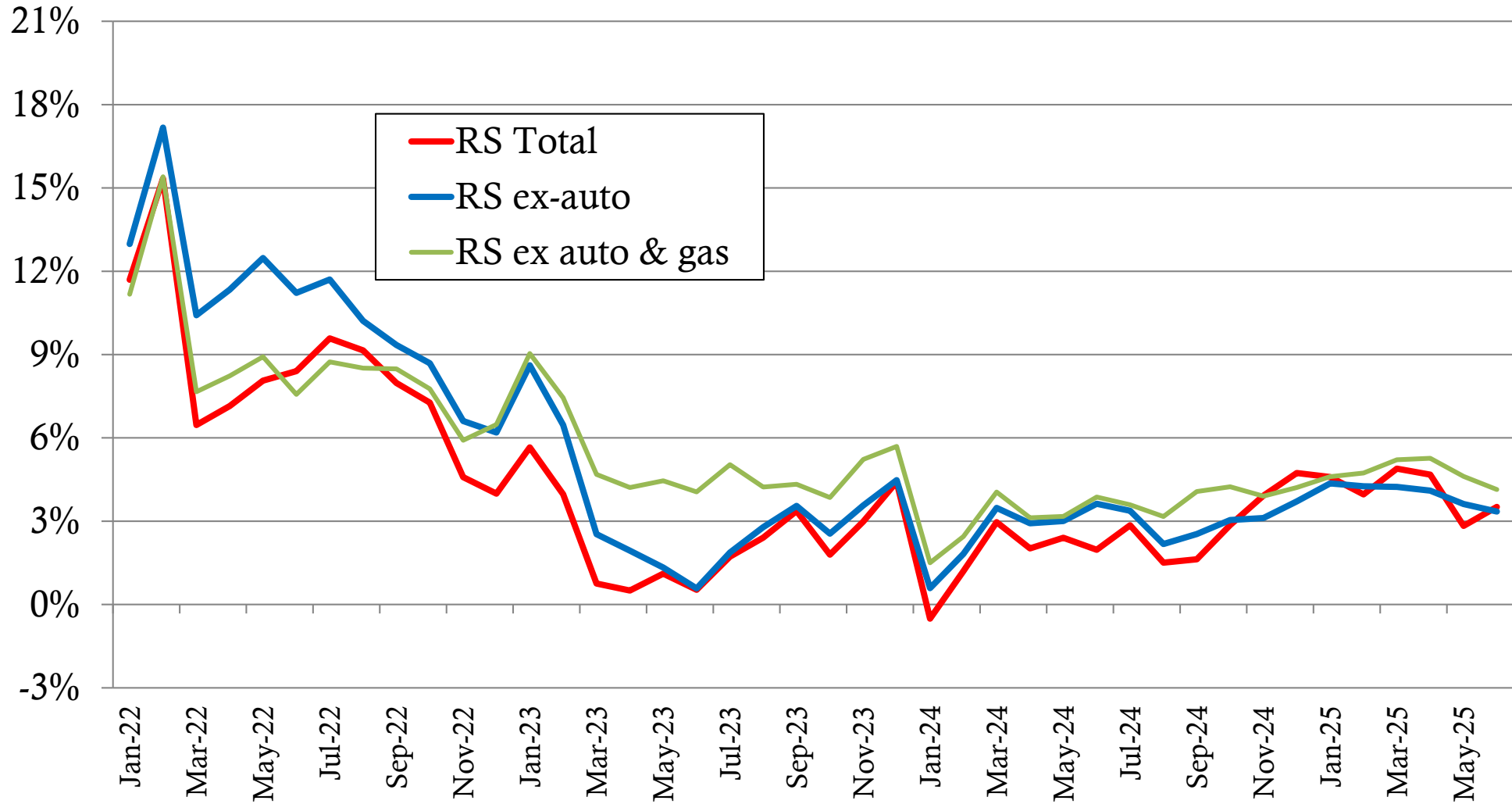
Consumer Sentiment

(source: University of Michigan, Survey Research Center)



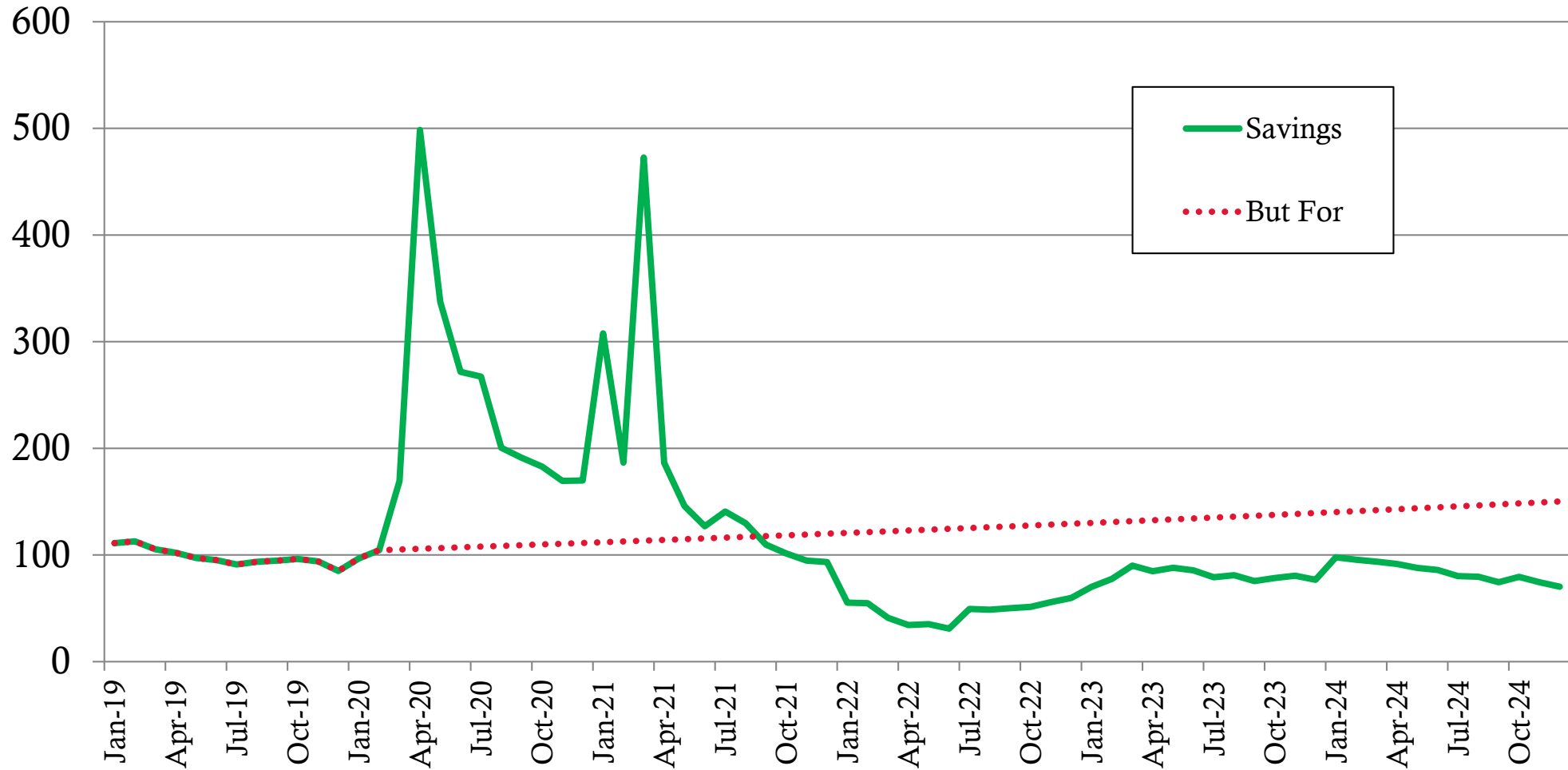
Retail Sales

(source: U.S. Bureau of the Census, annual rate of growth)



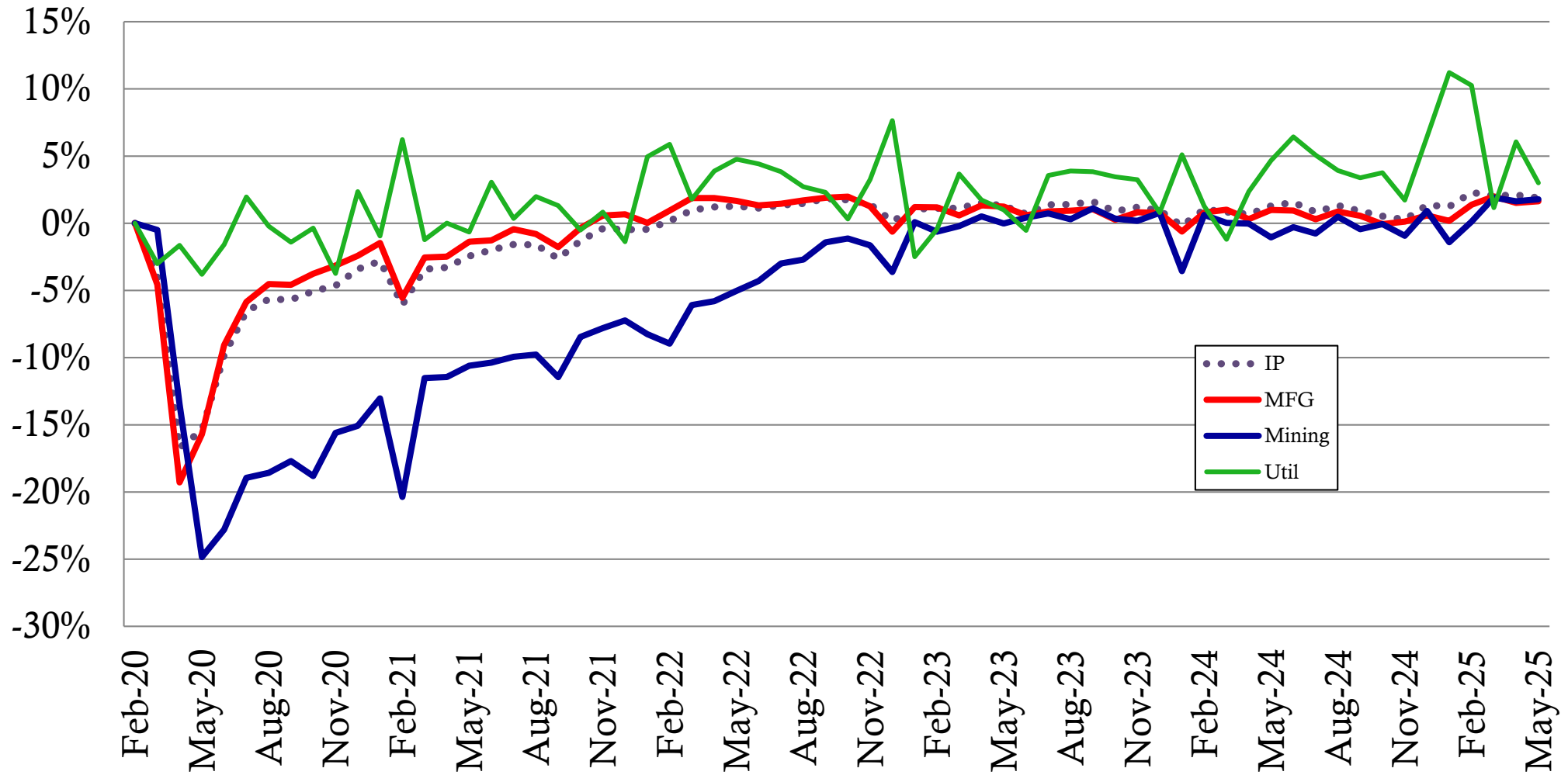
Personal Savings

(source: U.S. Bureau of the Census)



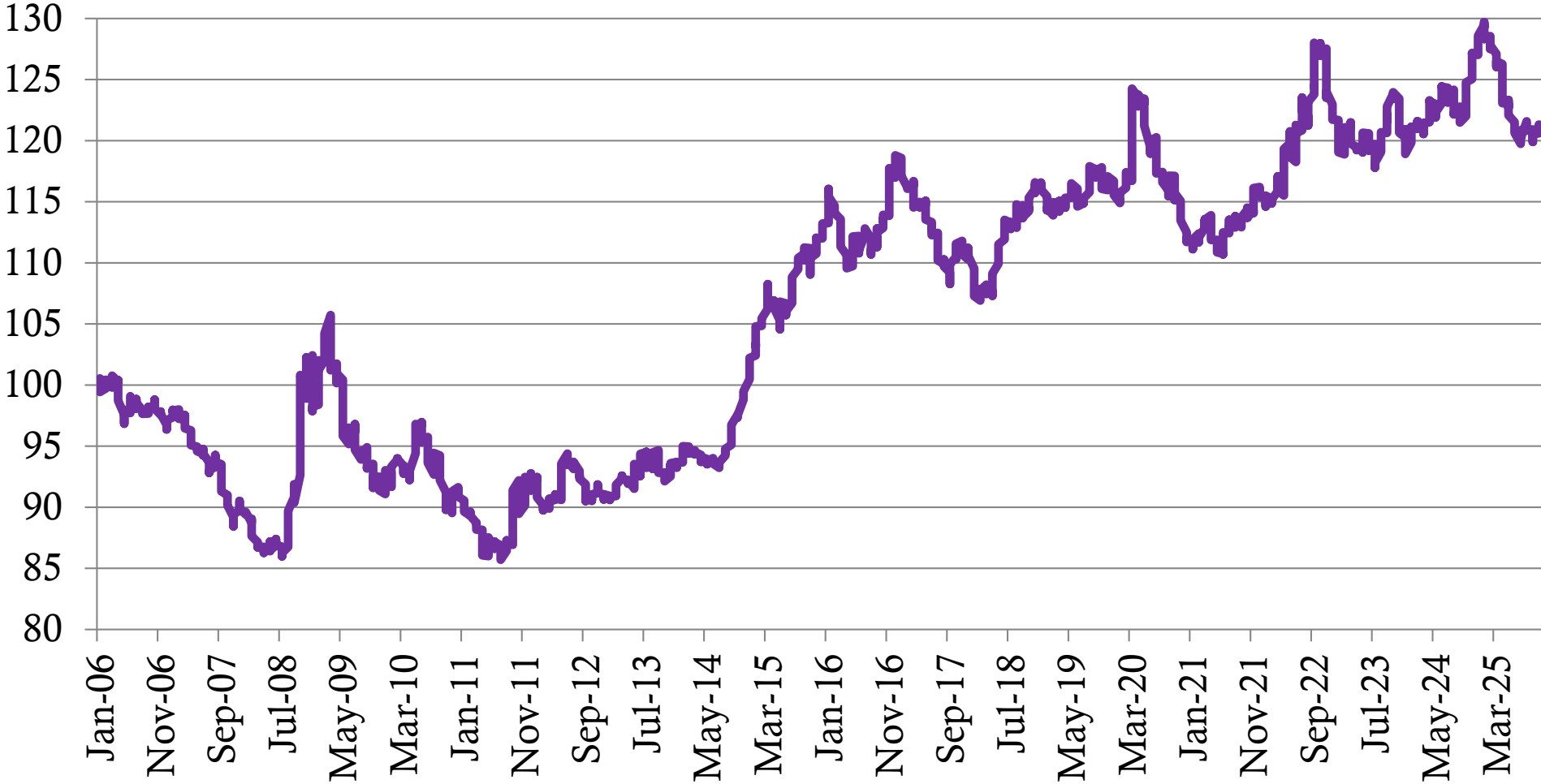
Industrial Production: From 2020 Peak

(source: Federal Reserve)



Foreign Exchange: Broad Dollar

(source: Board of Governors of Federal Reserve System)



Leading Economic Indicators

(source: Conference Board, 6 month change)



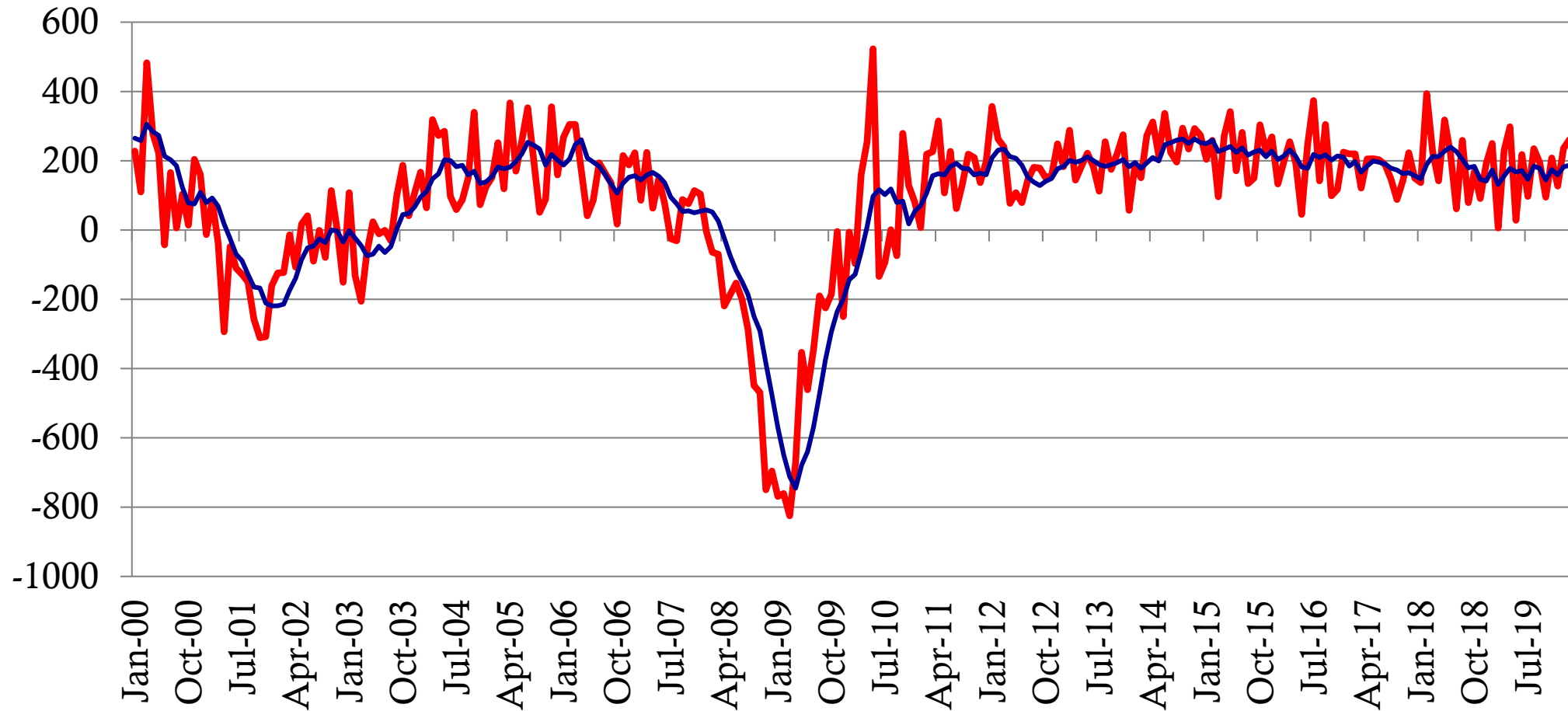
Topic #2:

Tight labor markets – Is the challenge easing?



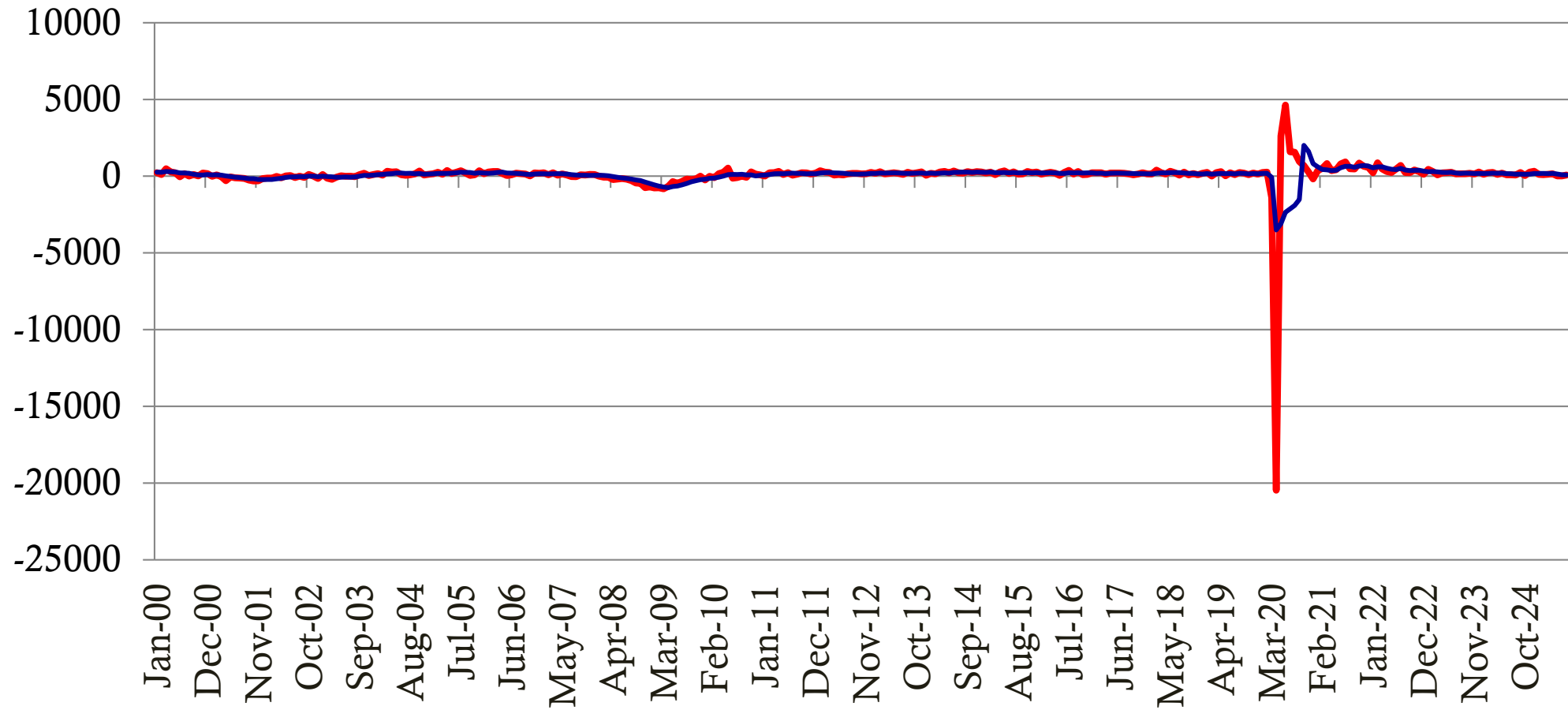
Change in Payroll Employment

(Source: Bureau of Labor Statistics)



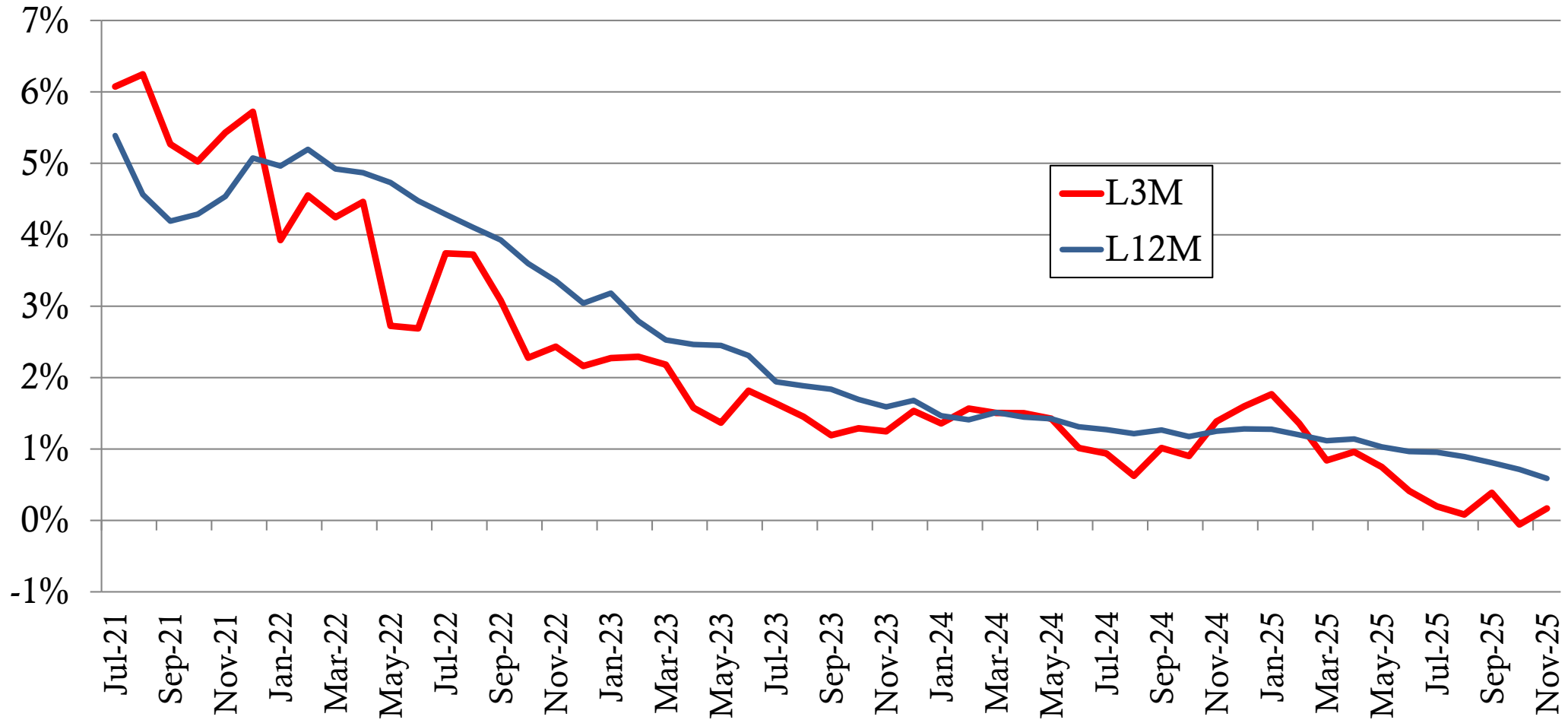
Change in Payroll Employment

(Source: Bureau of Labor Statistics)



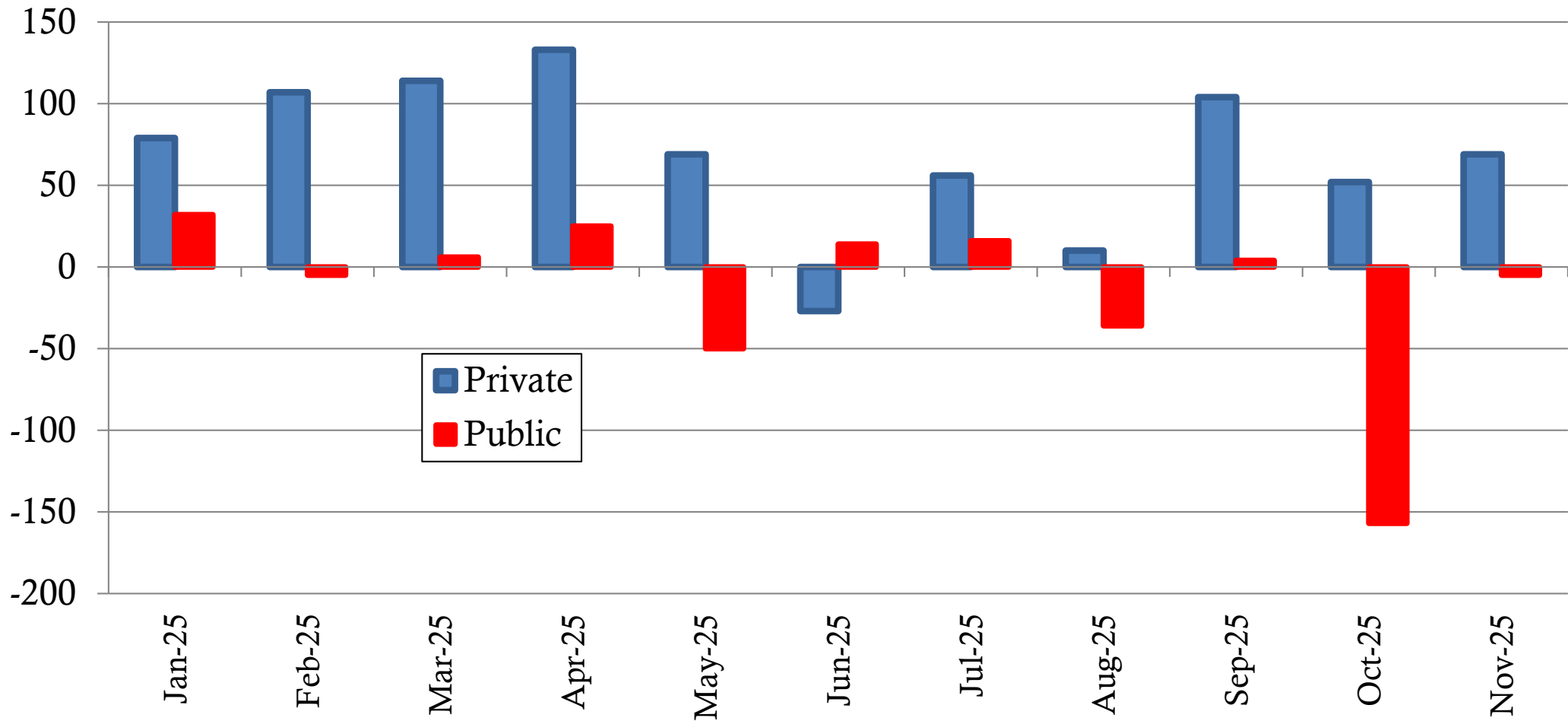
Payrolls Growth

(Source: Bureau of Labor Statistics; 3-month & 12-month growth rate)



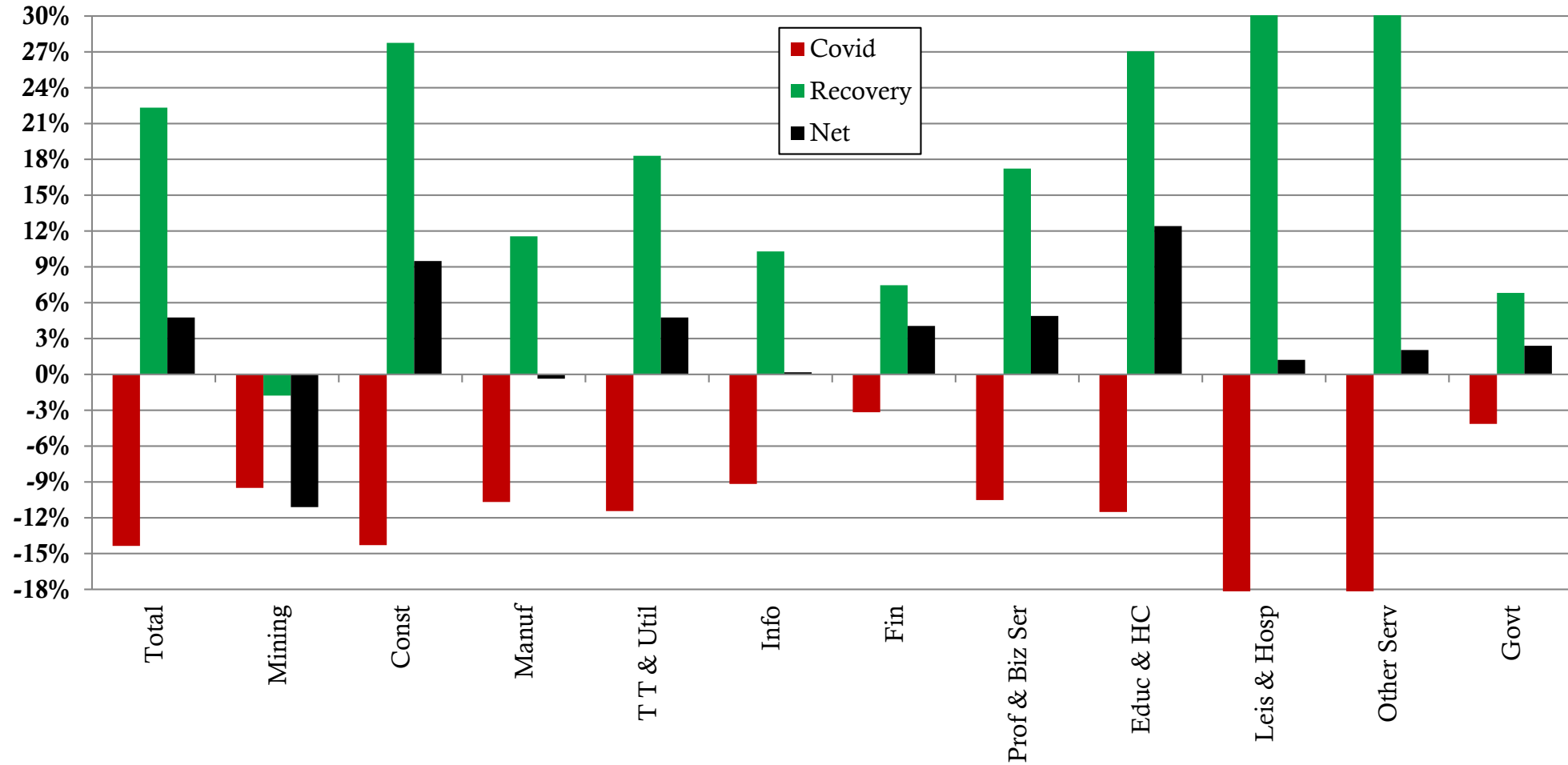
Payrolls Growth

(Source: Bureau of Labor Statistics; 3-month & 12-month growth rate)



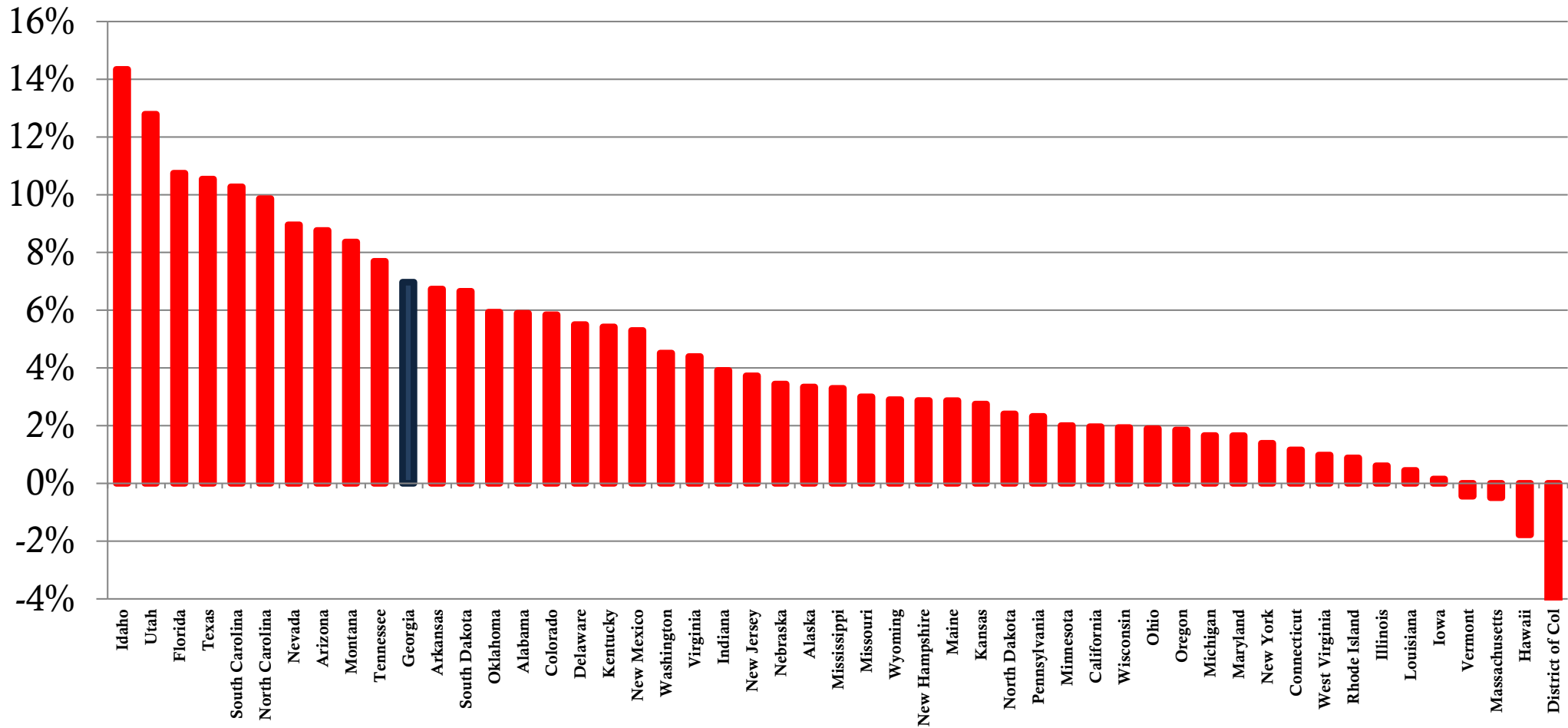
Employment: by Sectors

(source: Bureau of Labor Statistics, thru November 2025)



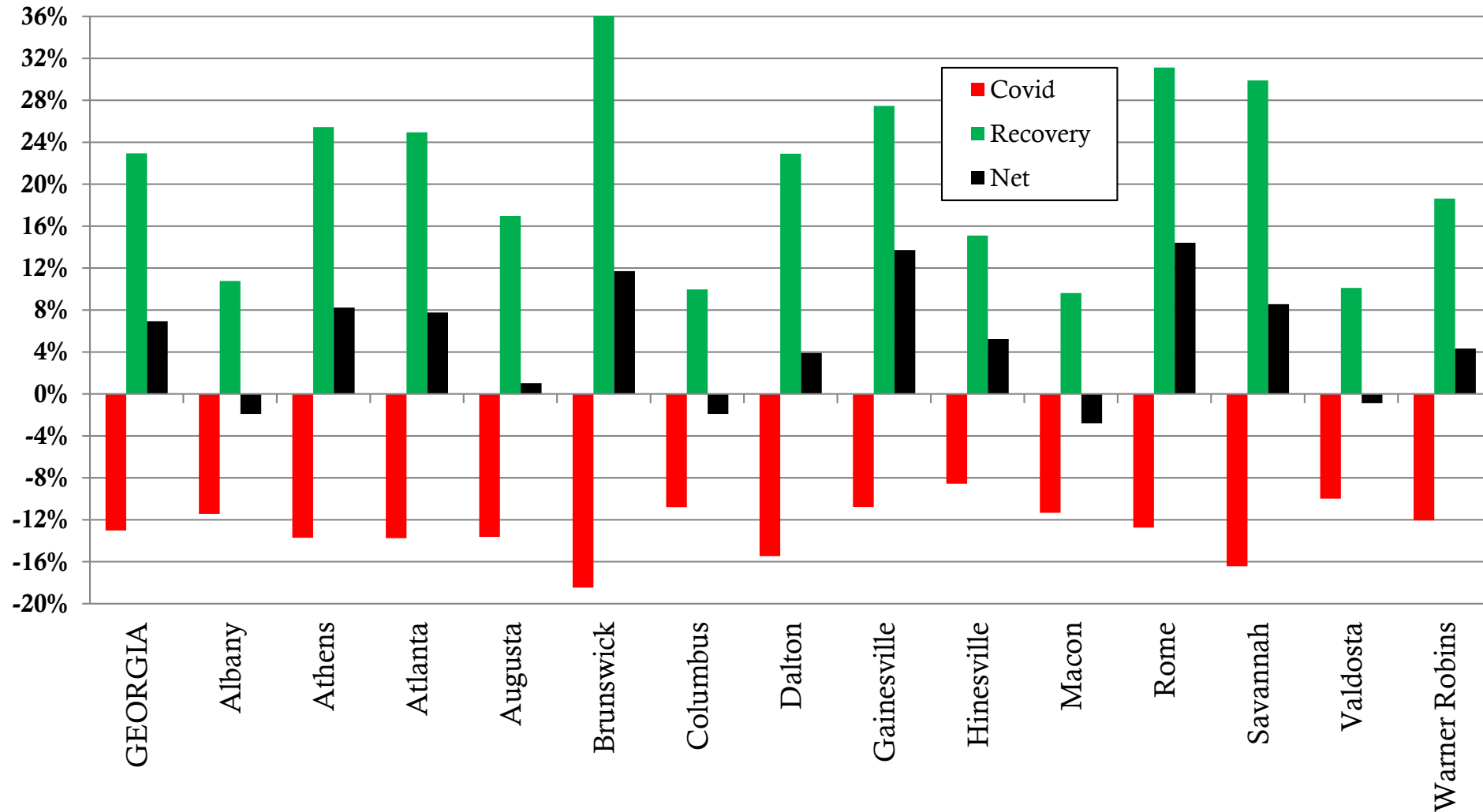
Recovery from Bottom

(Source: Bureau of Labor Statistics; through August 2025)



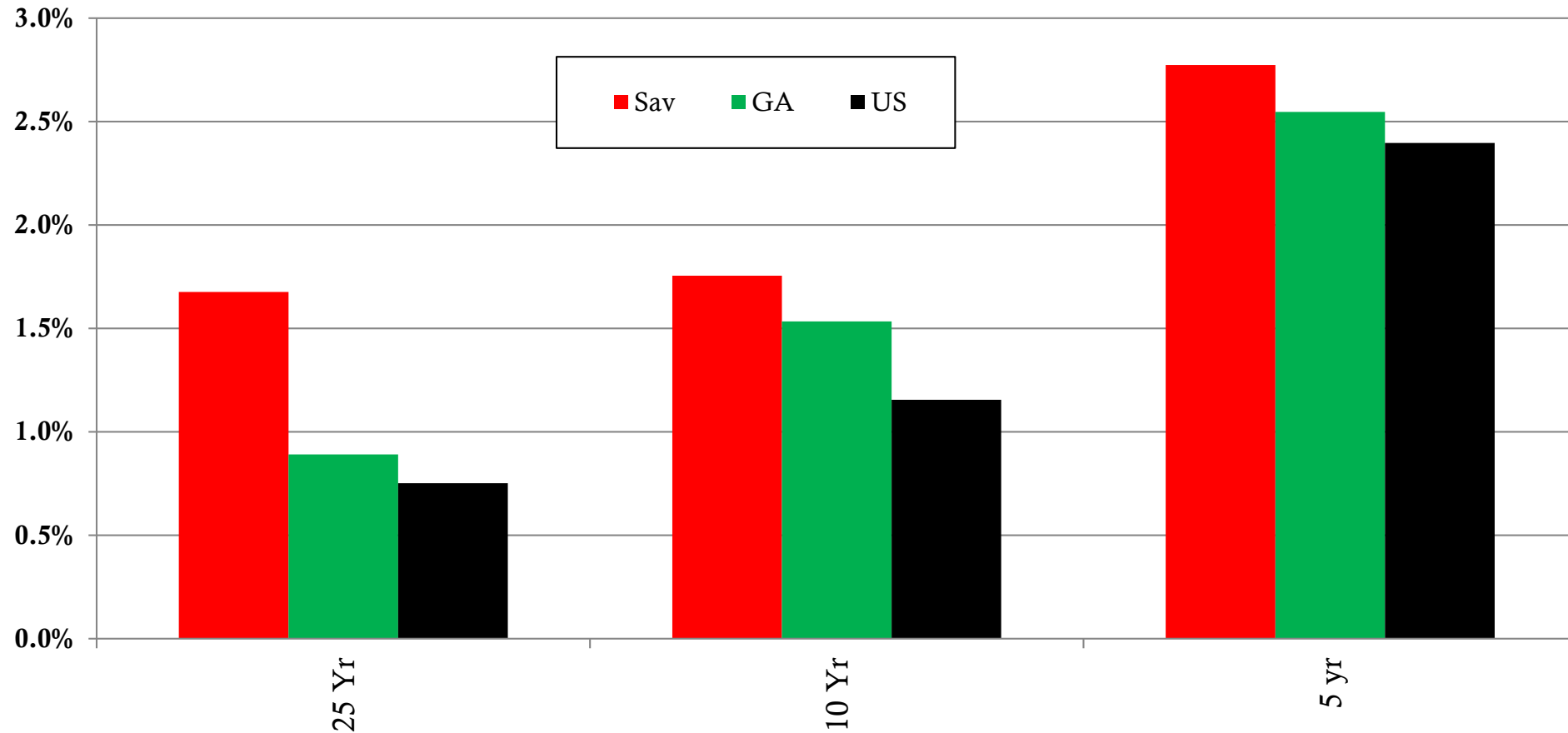
Employment: Georgia

(source: Bureau of Labor Statistics, thru September 2025)



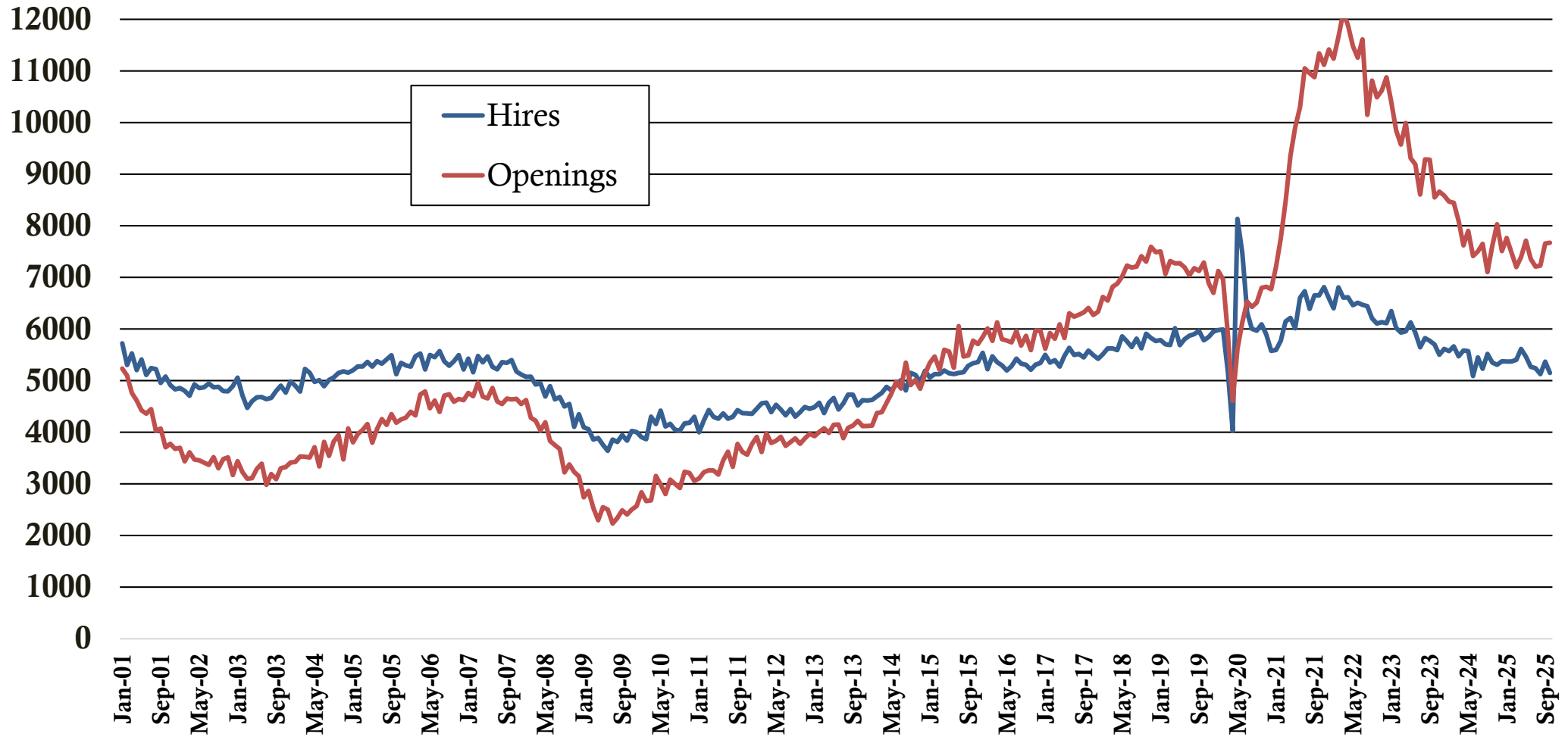
Employment Growth: SAV, GA & US

(source: Bureau of Labor Statistics, thru September 2025)



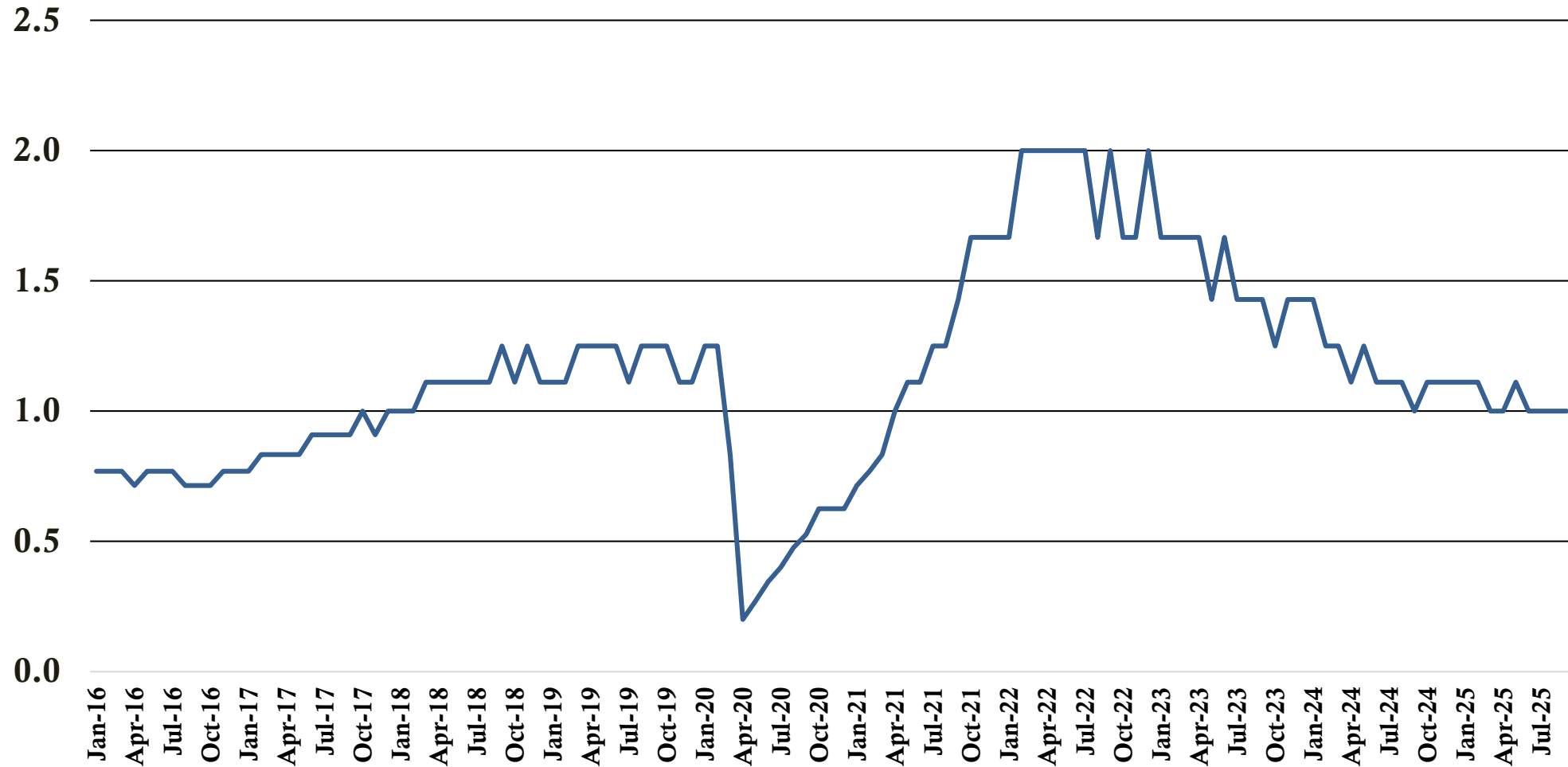
JOLTS: Openings & Hires

(Source: Bureau of Labor Statistics)



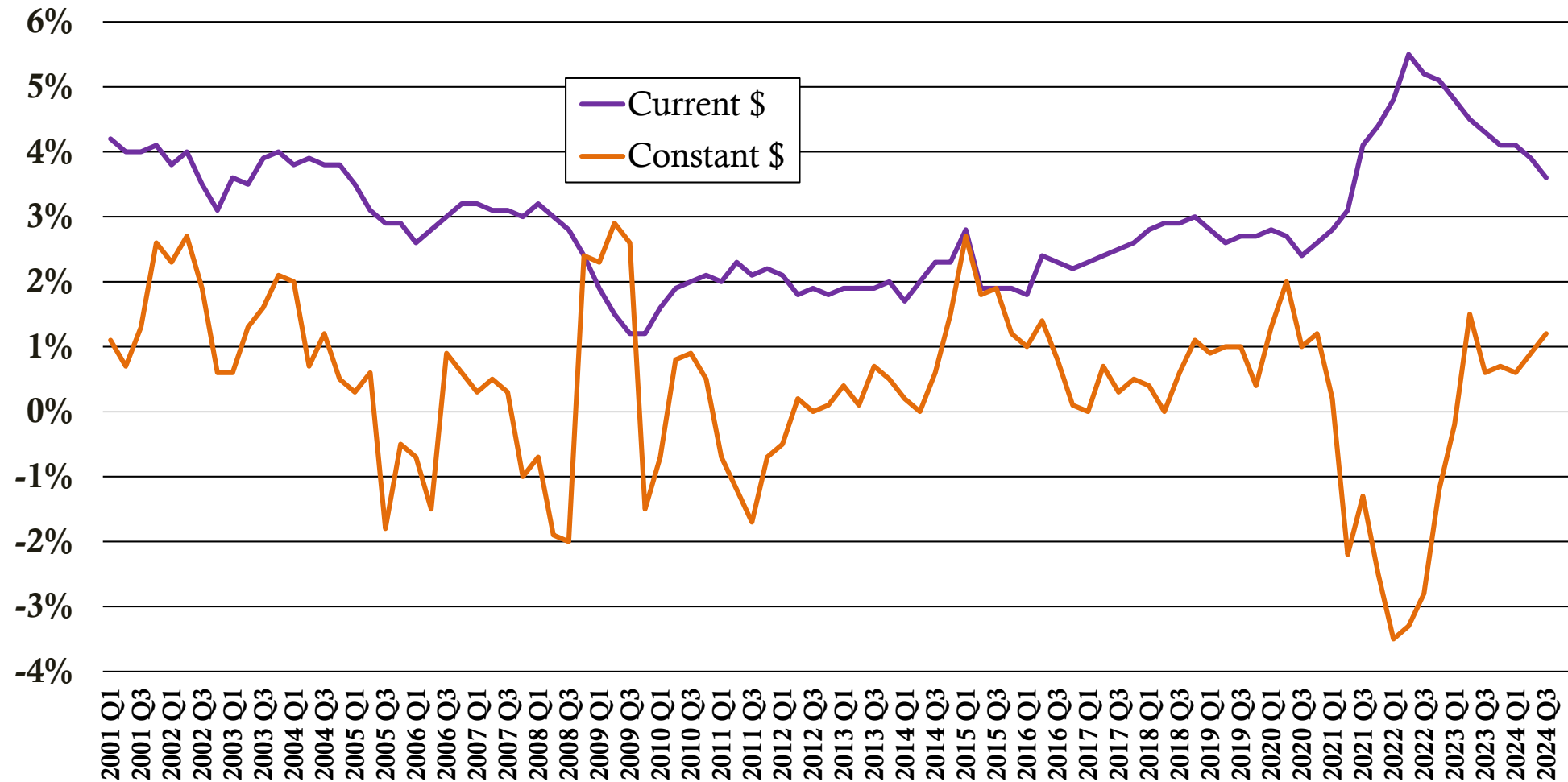
JOLTS: Openings/Unemployed

(Source: Bureau of Labor Statistics)



Employment Cost Index: Role of Inflation

(Source: Bureau of Labor Statistics)



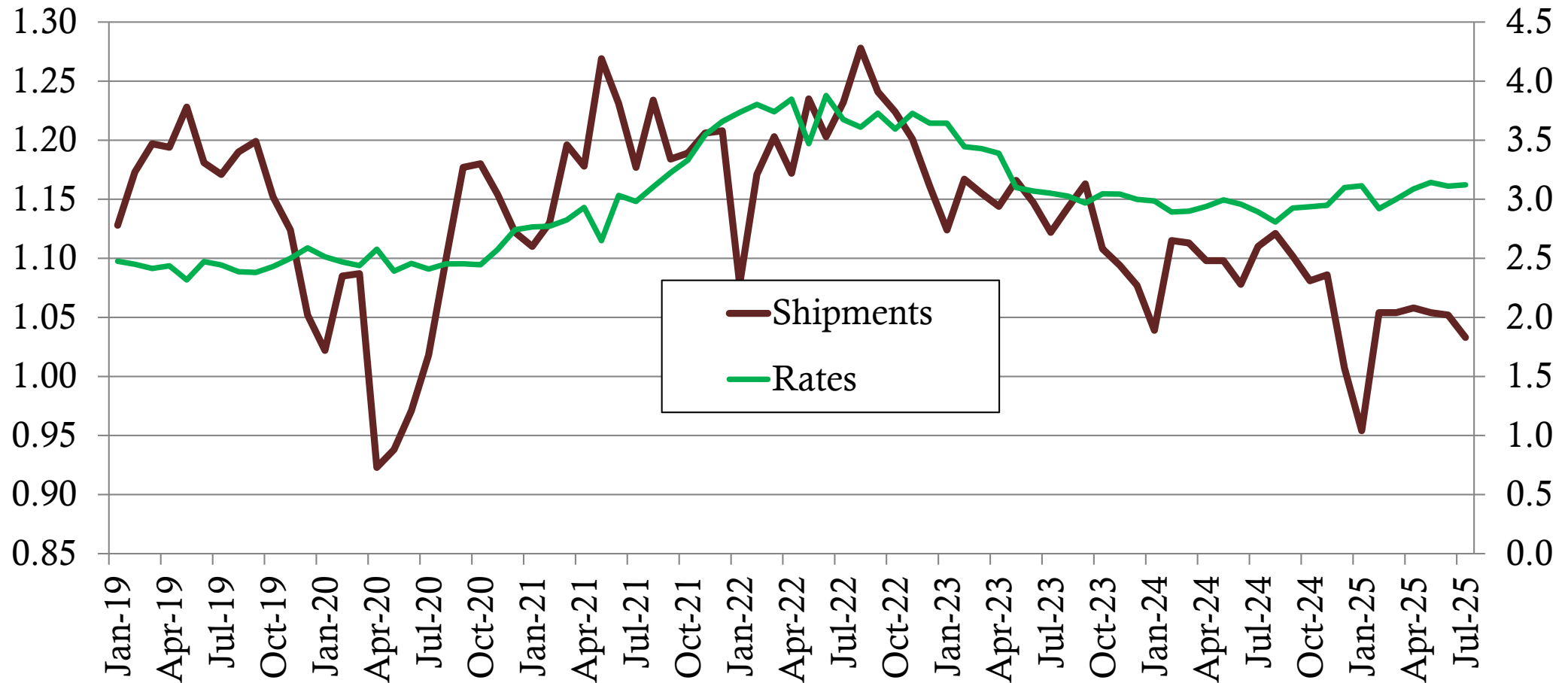
Topic #3:

Have global trade fears shifted from supply chain & labor to currency & tariffs?



Freight: Shipments & Rate

(source: Cass Freight Index, Seasonally Adjusted)



Global Supply Chain Pressure

(Source: Federal Reserve Bank of New York)



Basis of Tariffs

Congress has constitutional standing.

Section 232 (1962): certain circumstances allows the president to impose tariffs based on the recommendation from the Secretary of Commerce if "an article is being imported into the United States in such quantities or under such circumstances as to threaten or impair the national security.

Section 201 & 301 (1974): designed to eliminate unfair foreign trade practices that adversely affect U.S. trade and investment in both goods and services.

International Emergency Economic Powers Act of 1977



Impact of Tariffs

- ISM-PMI still contracting – lowest in 9 months. Imports in contraction for 5 months. Price still rising, but slower than in June.
- Manufacturers are slowing capital expenditures as they wait for more “clarity”
- IEEPA (77) finished oral argument on July 31; appellate court against Trump; SCOTUS next
- Domestic impact is product of
 - Tariff rate
 - Margin compression for producer
 - Change in FX
 - Percentage of final good subject to tariff
 - Ability of final consumer to substitute
- Level shifts versus untick in inflation.
 - Lags in system
 - Feedback on retaliatory tariffs

Open questions:

Will we build redundant supply chains or “reshore”

What does it mean for capital flows?



Topic #4:

Inflation returned, now falling toward the 2% target? Will it stick?



Inflation: Transitory or Persistent?

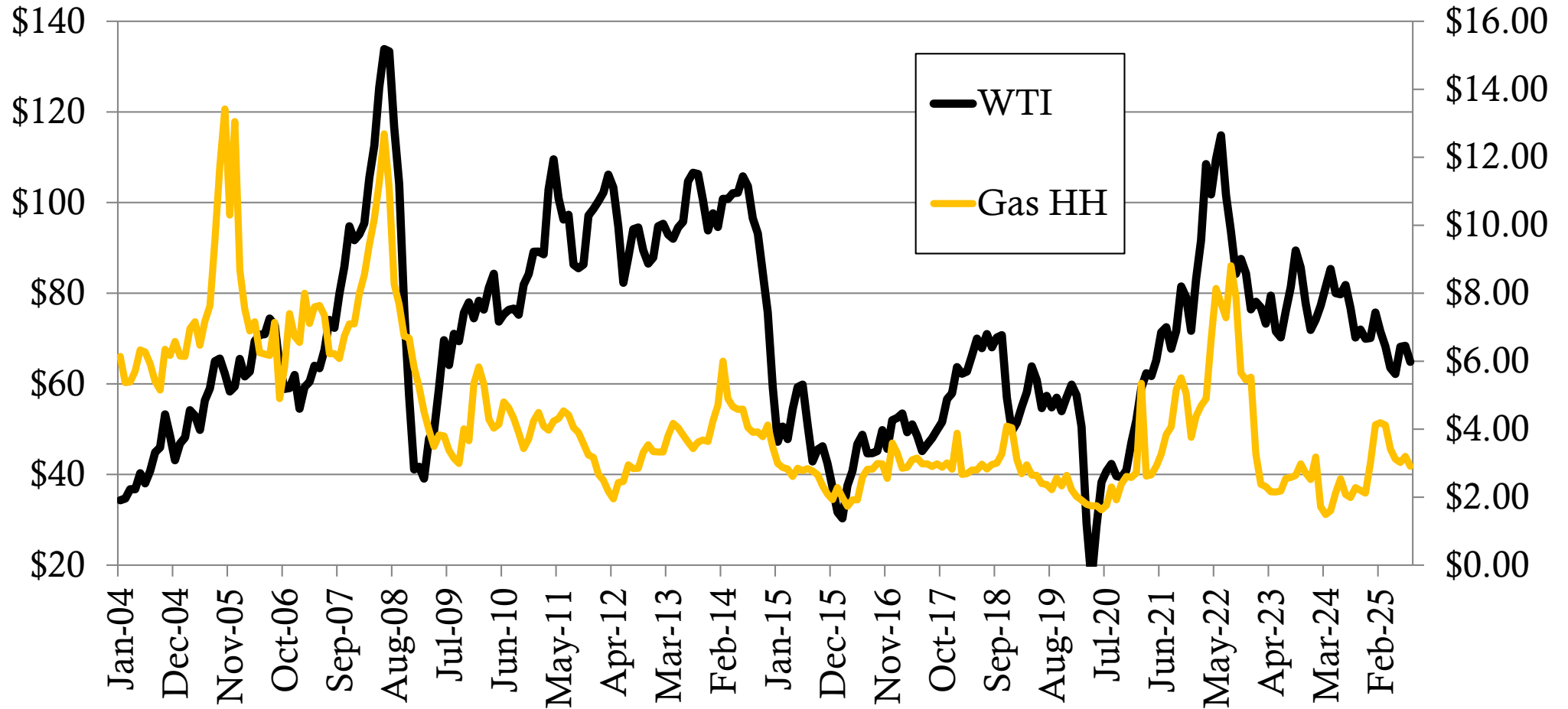
(source: Bureau of Labor Statistics)

- CPI up 0.3% in September – after being up 0.4% and 0.2% in two previous months. Overall CPI up 3.0% over last 12 months.
- Core CPI up 0.32% in September – after being up by 0.3% and 0.3% in two previous month. Core up 3.0% over last year.
- Energy component was up 1.5% in September. The energy component is now up 2.8% over the last 12 months.
- PCE up 2.8% for 12 months ending in September, core PCE up 2.8% over the same period.



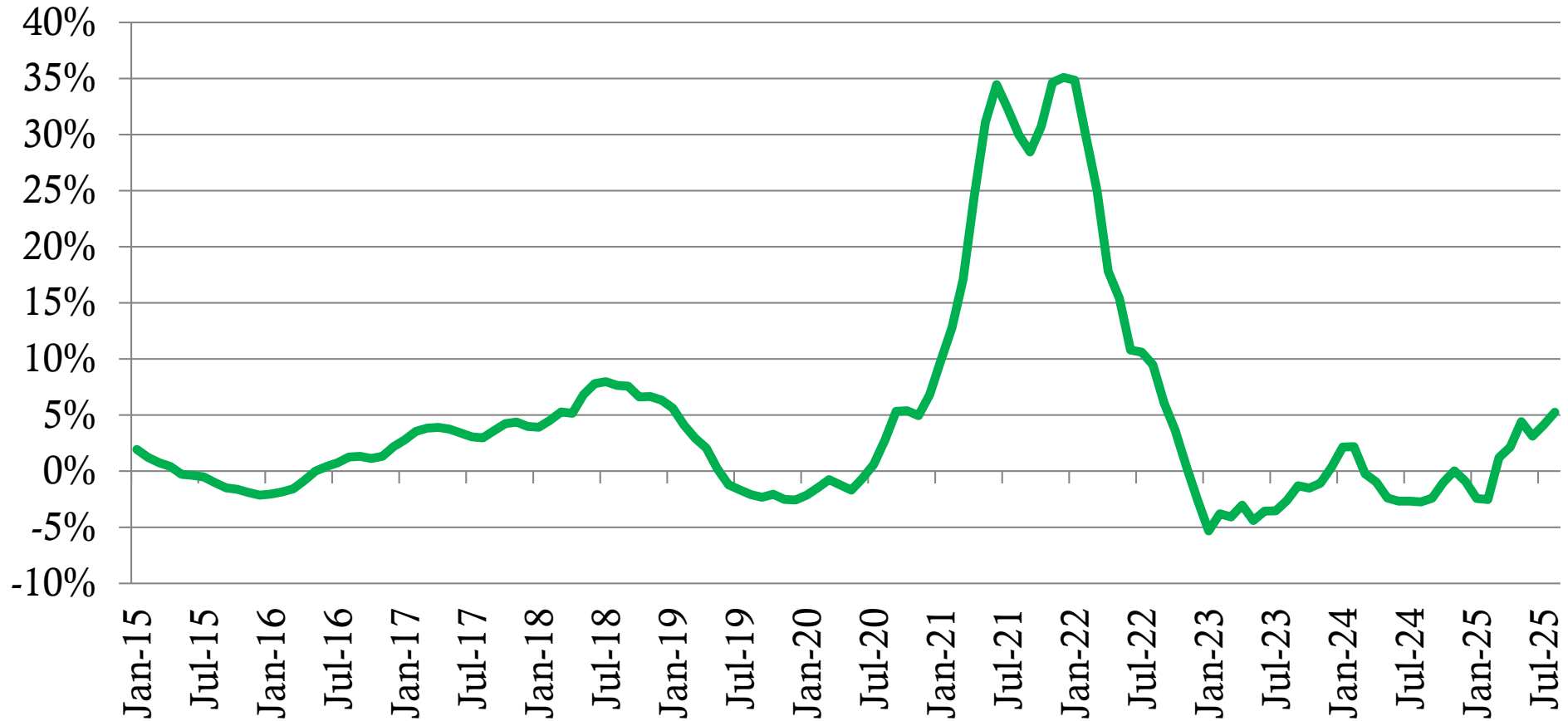
Energy Cost: Oil & Natural Gas

(source: U.S. Energy Information Administration)



Producer Price Index: Construction Materials

(Change L12M, source: Bureau of Labor Statistics)



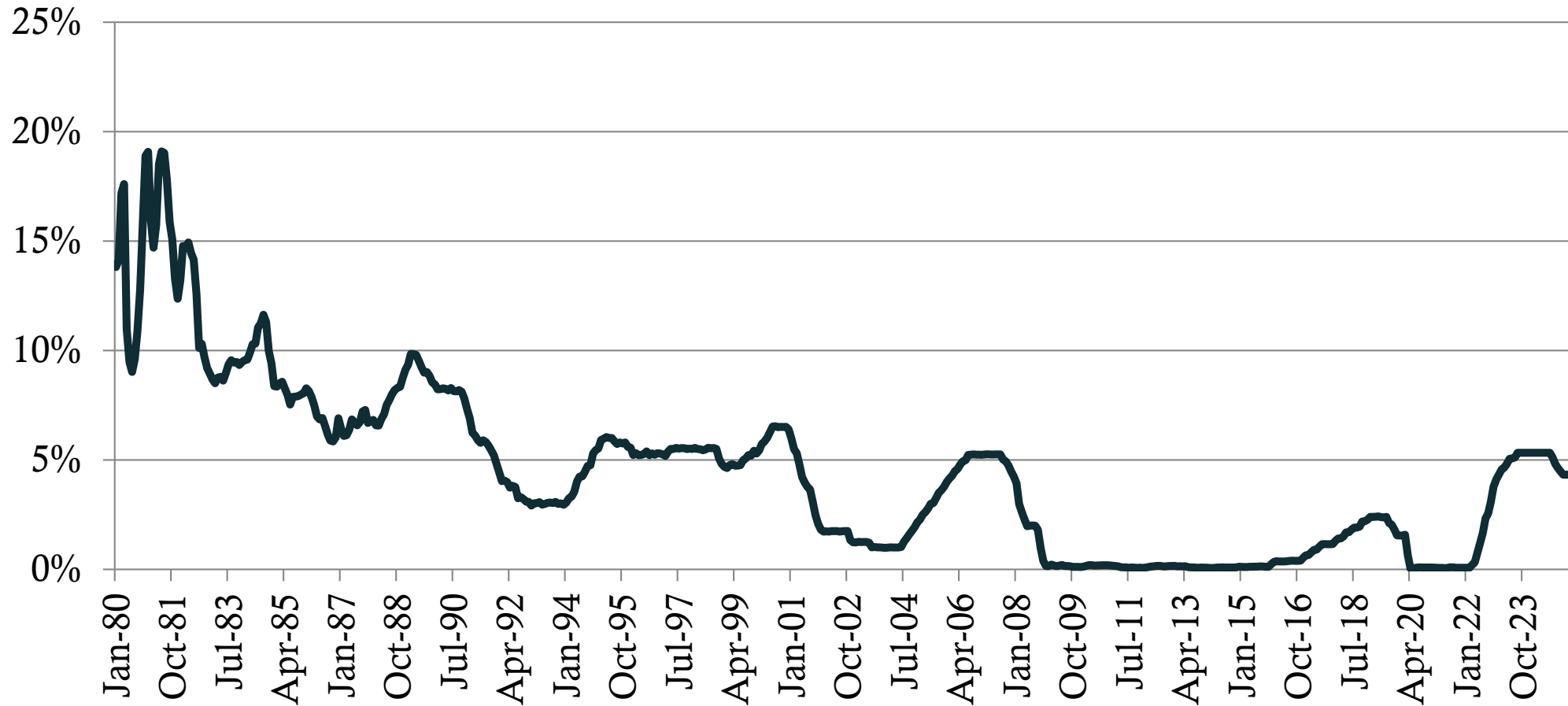
Topic #5:

Fed signaled “peak rates” in early 2024. Now with three rate cuts behind us, are more to come?



Federal Funds Rate

(source: Board of Governors of the Federal Reserve System)



Market's Expectation for Federal Funds Rate:

December 16, 2025

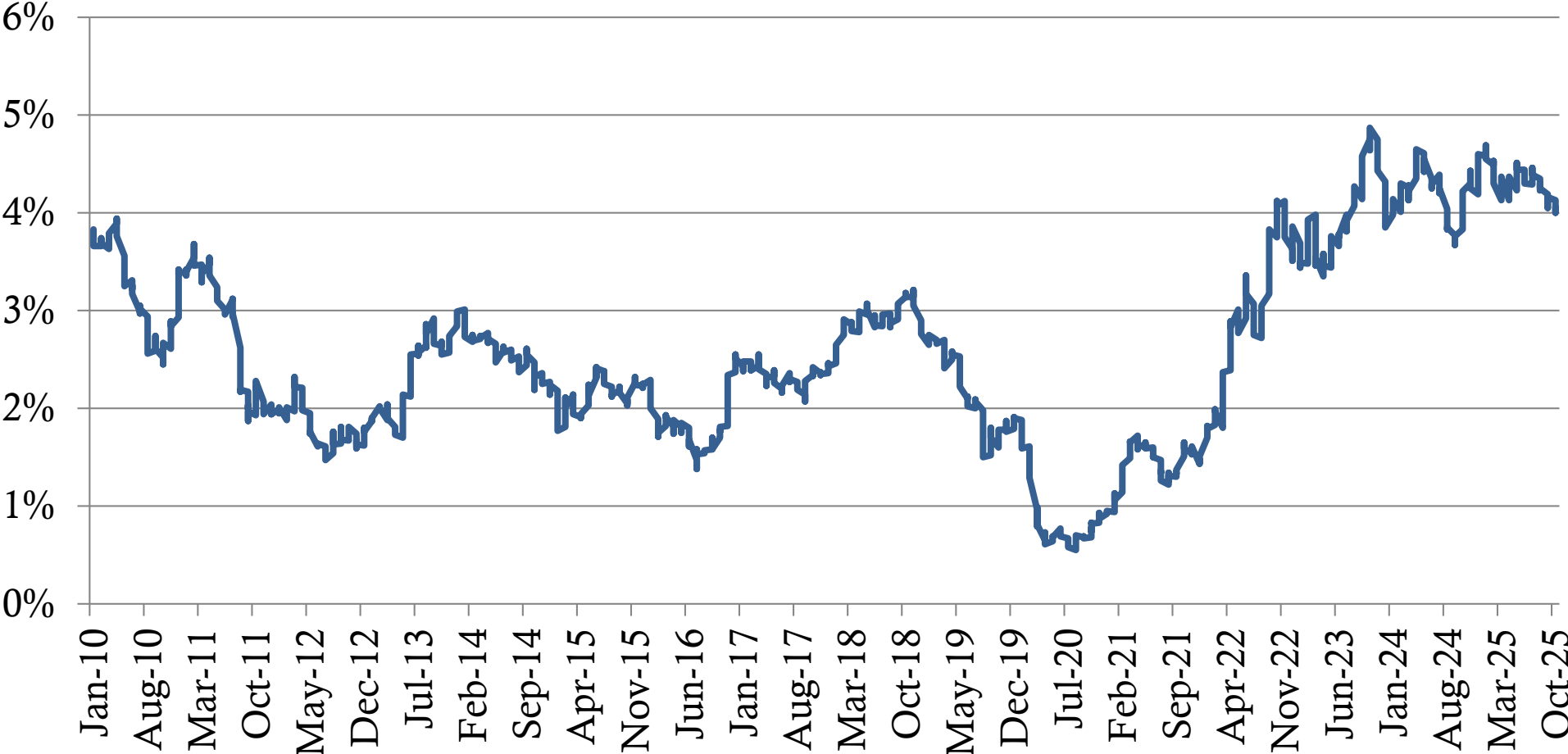
(Source: CME Group)

MEETING DATE	150-175	175-200	200-225	225-250	250-275	275-300	300-325	325-350	350-375	375-400	400-425
1/28/2026				0.0%	0.0%	0.0%	0.0%	25.5%	74.5%	0.0%	0.0%
3/18/2026	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	9.5%	43.8%	46.8%	0.0%	0.0%
4/29/2026	0.0%	0.0%	0.0%	0.0%	0.0%	2.1%	16.9%	44.4%	36.6%	0.0%	0.0%
6/17/2026	0.0%	0.0%	0.0%	0.0%	1.2%	10.7%	32.9%	39.9%	15.3%	0.0%	0.0%
7/29/2026	0.0%	0.0%	0.0%	0.3%	3.7%	16.7%	34.8%	33.3%	11.2%	0.0%	0.0%
9/16/2026	0.0%	0.0%	0.1%	1.6%	8.7%	23.6%	34.2%	24.8%	6.9%	0.0%	0.0%
10/28/2026	0.0%	0.0%	0.5%	3.5%	12.7%	26.4%	31.7%	20.0%	5.1%	0.0%	0.0%
12/9/2026	0.0%	0.0%	0.6%	3.8%	13.1%	26.6%	31.4%	19.6%	4.9%	0.0%	0.0%



10-Year Treasury Bonds

(source: Board of Governors of Federal Reserve System)



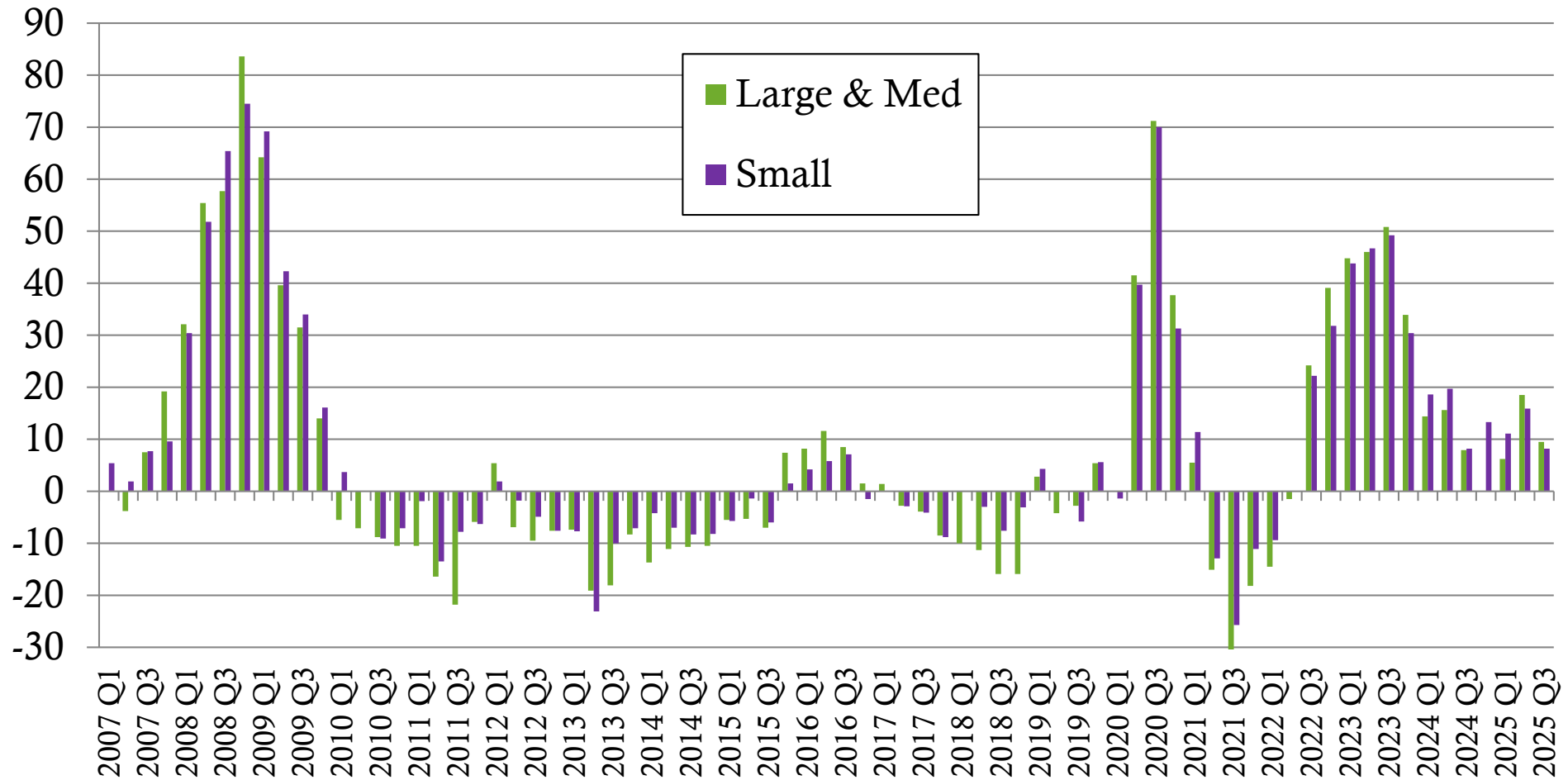
Mortgages vs 10-Year T-Bonds

(source: Board of Governors of Federal Reserve System)



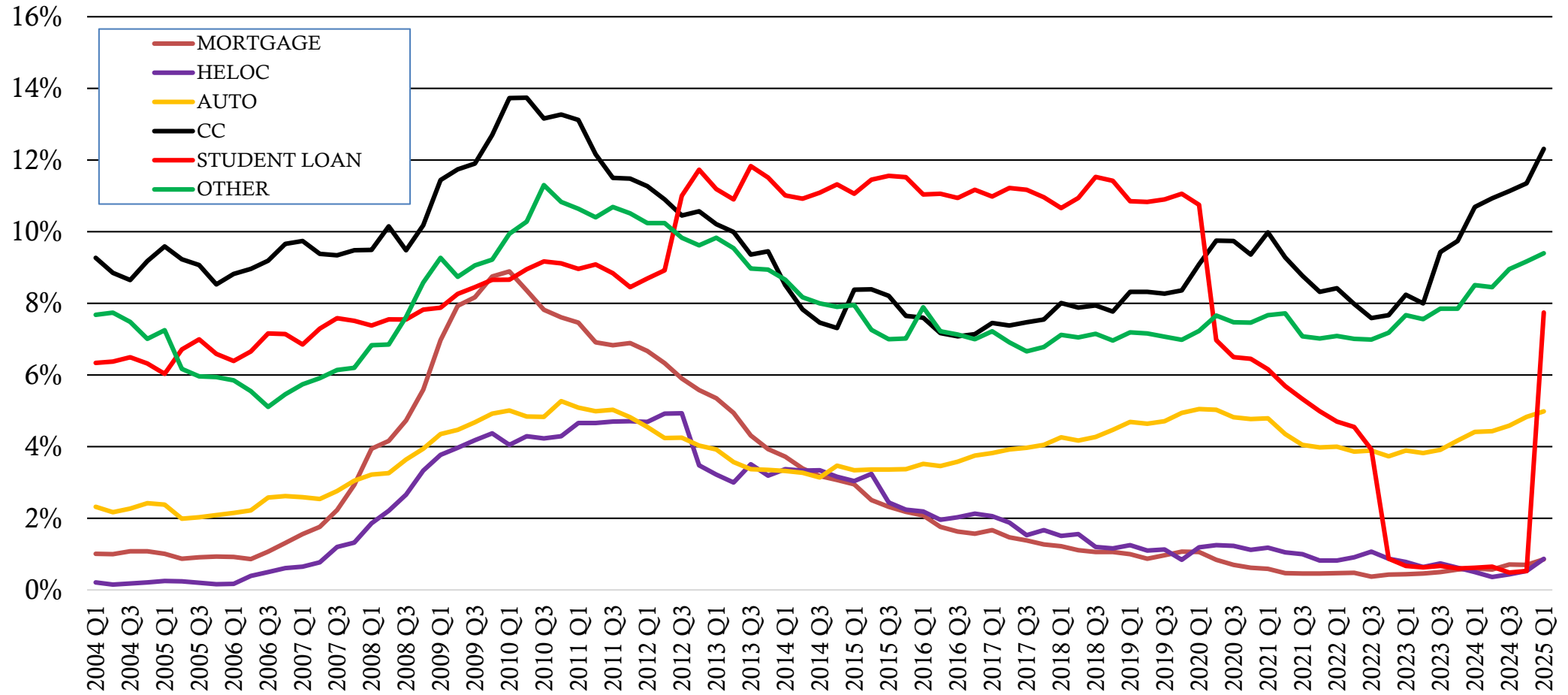
C&I Loan Standards: Net Tightening

(Source: Federal Reserve System, Senior Officers Lending Survey)



90+ Days Delinquent by Loan Type

(source: Federal Reserve Bank of New York Credit Panel/Equifax)



Comments on Risk & Capital Markets

- Can we accurately assess the impact of rising rates (2022 to 2024) on credit risk? What about on “Cap” rates?
- Will tighter underwriting restrict ability to refinance/refund debt markets? Credit tightening may be more about leverage more than rates.
- Will rise in private debt market continue?
- Is there risk in liquidation of assets that support credits?



Topic #6:

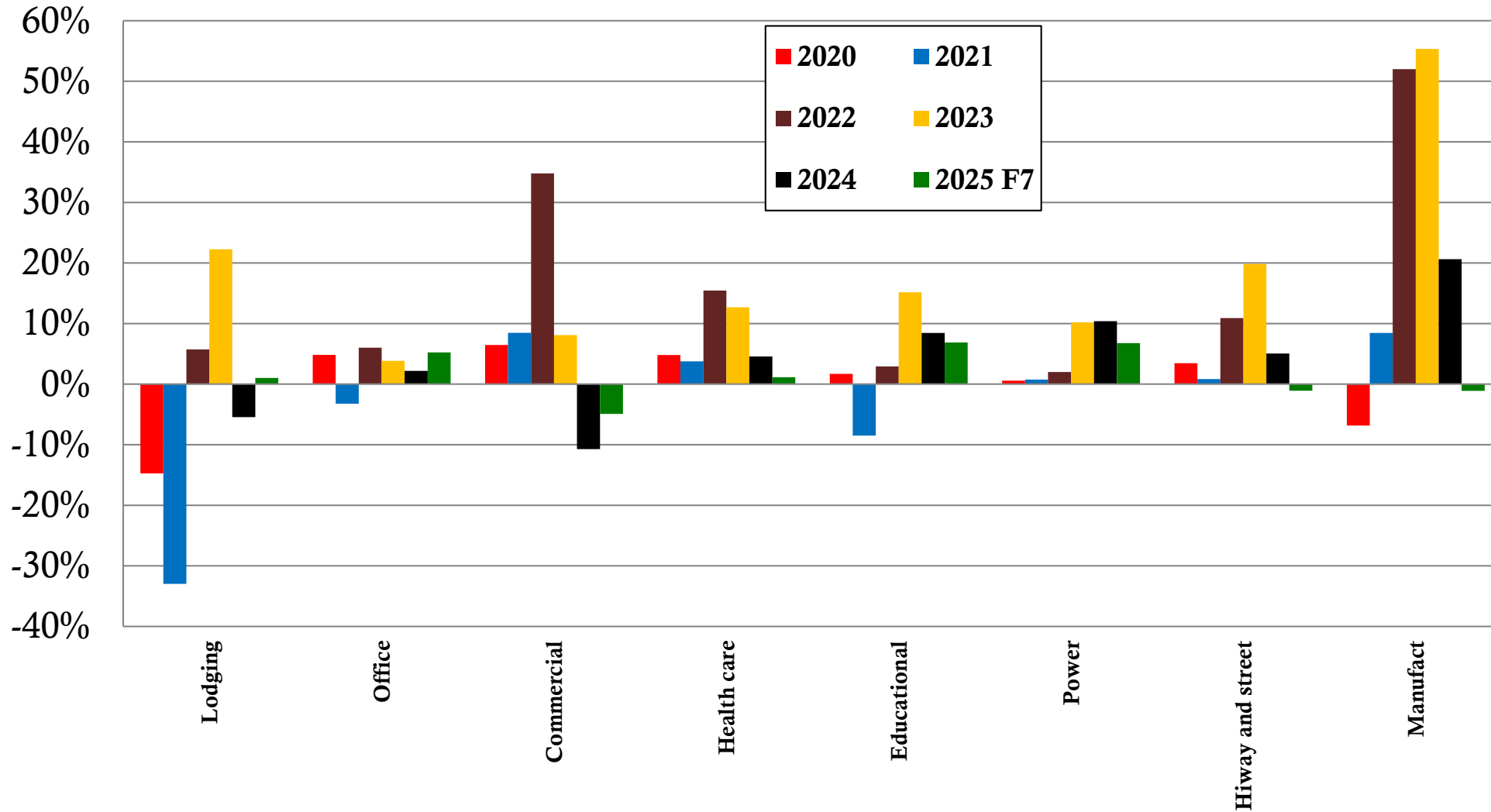
Did Covid signal the death of “big box” and office?

And is housing market getting “frothy” again?

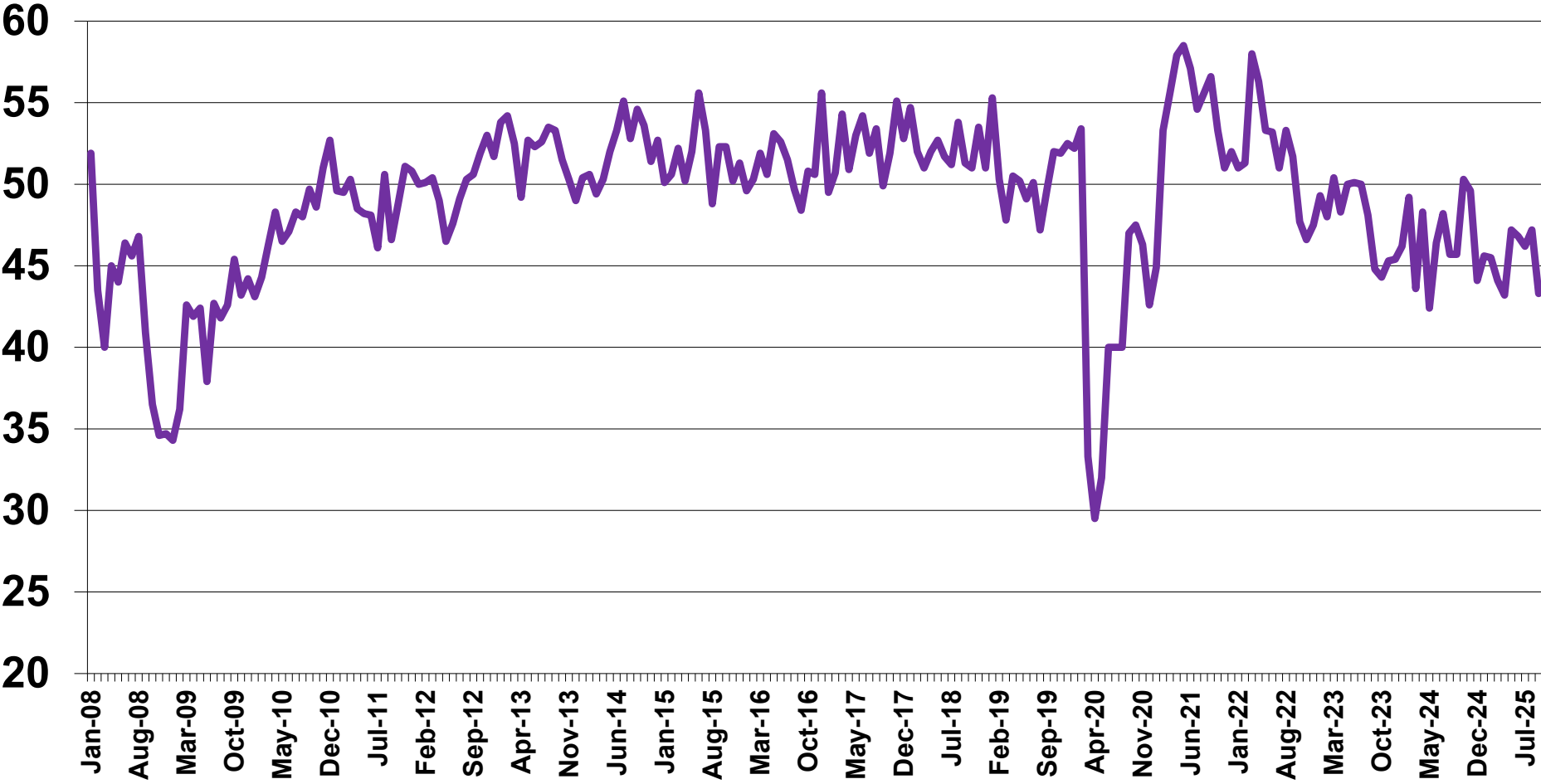


Non-Residential Construction

(Source: U.S. Census Bureau)

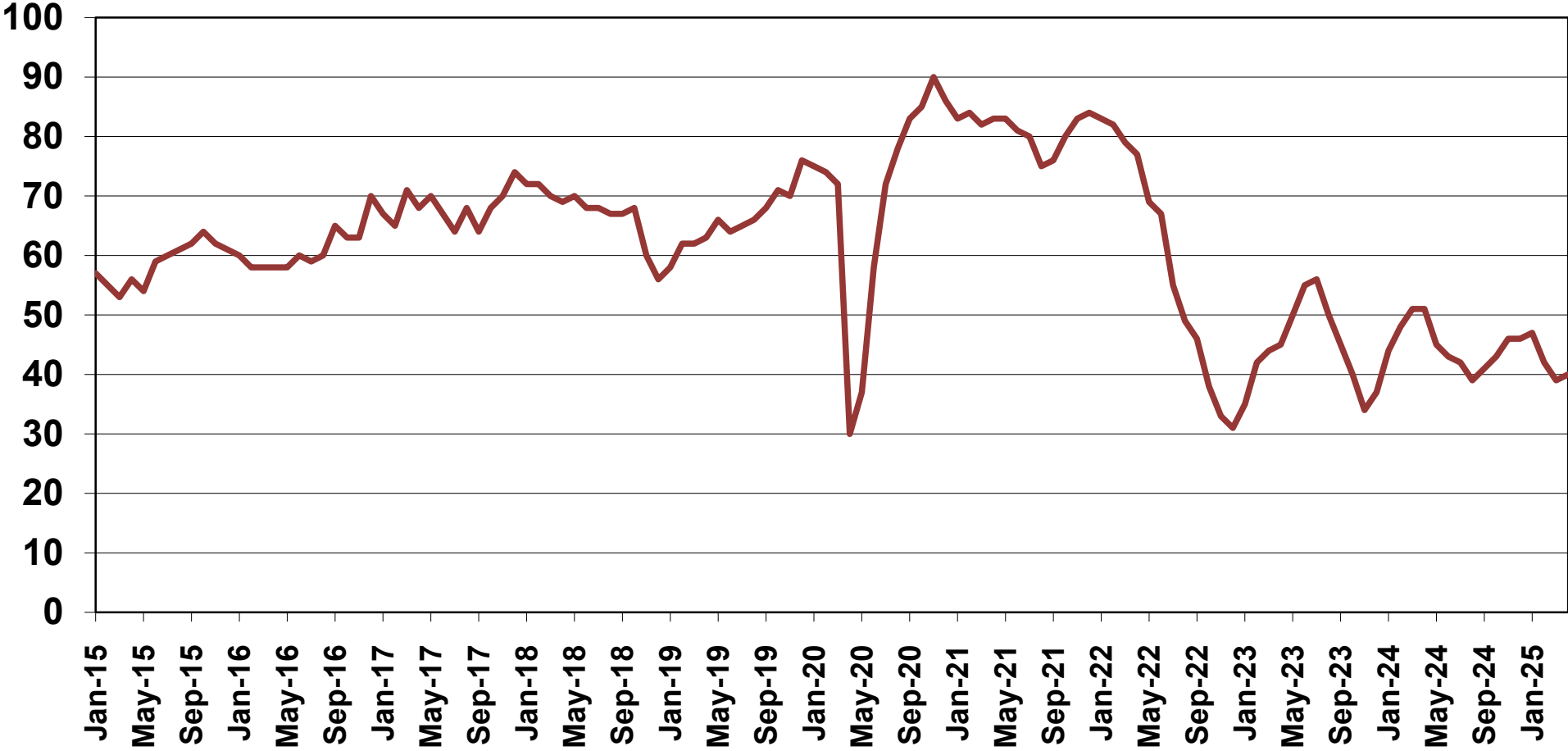


Architecture Billings Index (AIA)



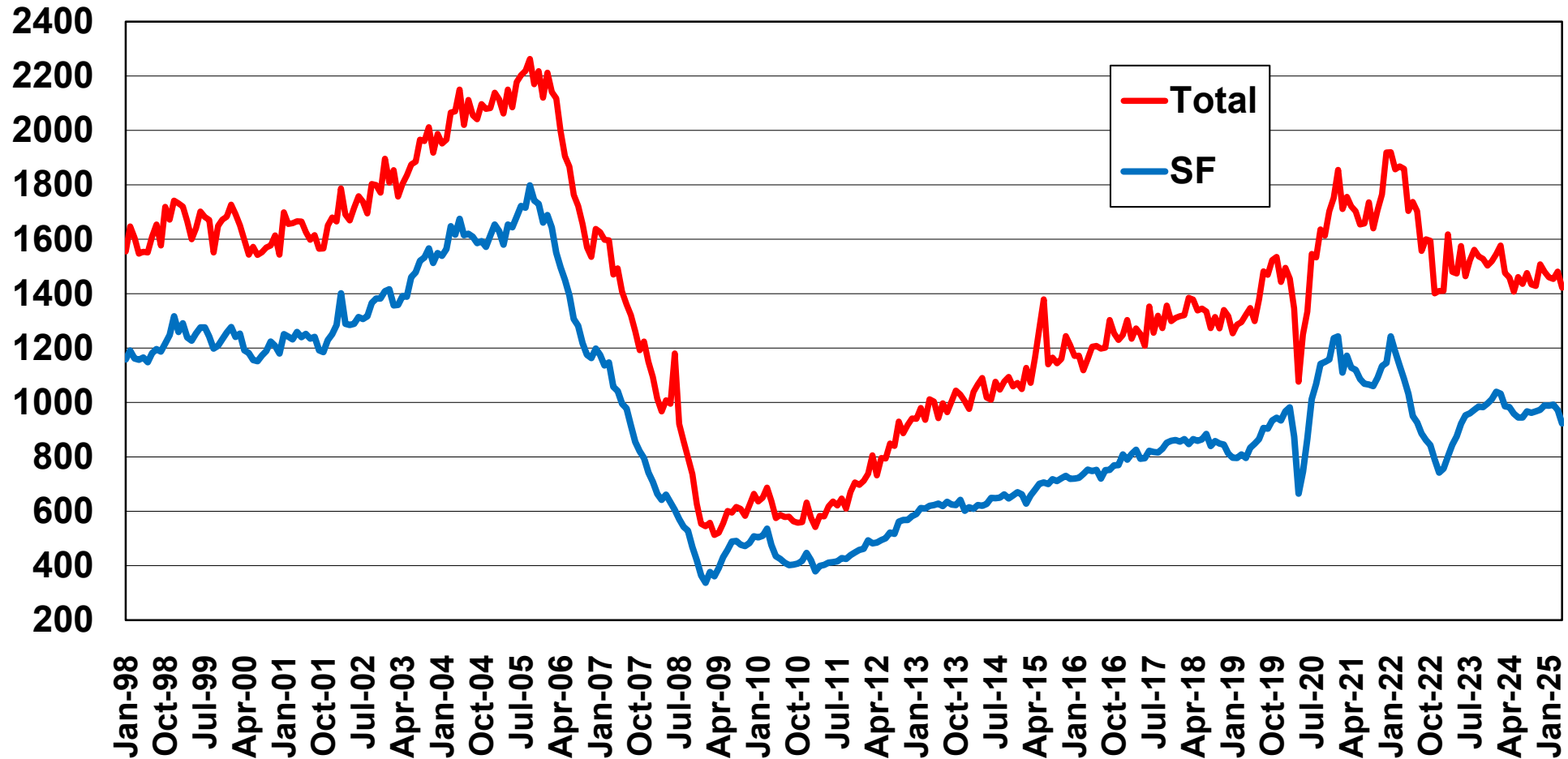
Housing Market Index

(source: NAHB/Wells Fargo)



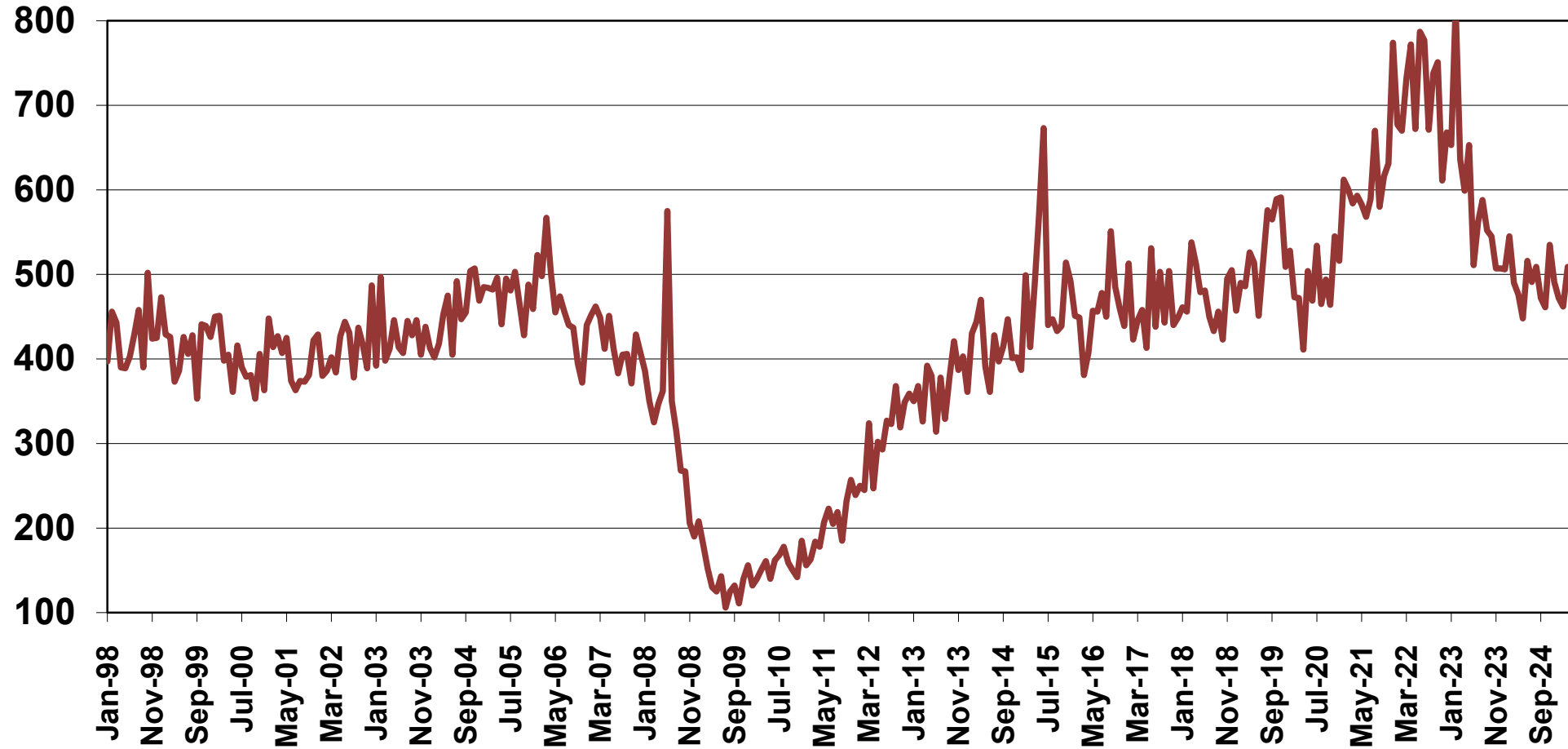
US Housing Permits: SF and Total

(source: U.S. Census Bureau)



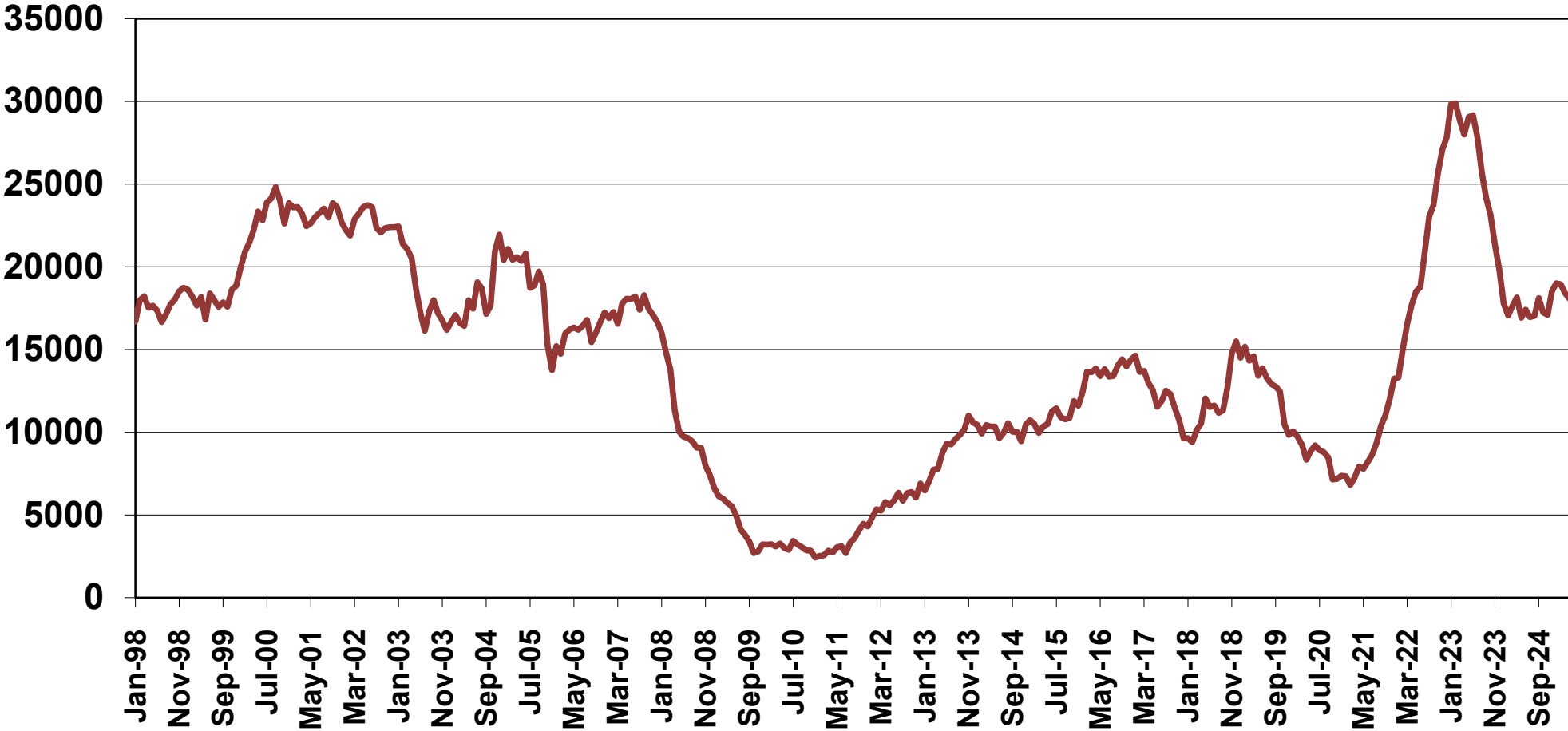
US Housing Permits: Multi-family

(source: U.S. Census Bureau)



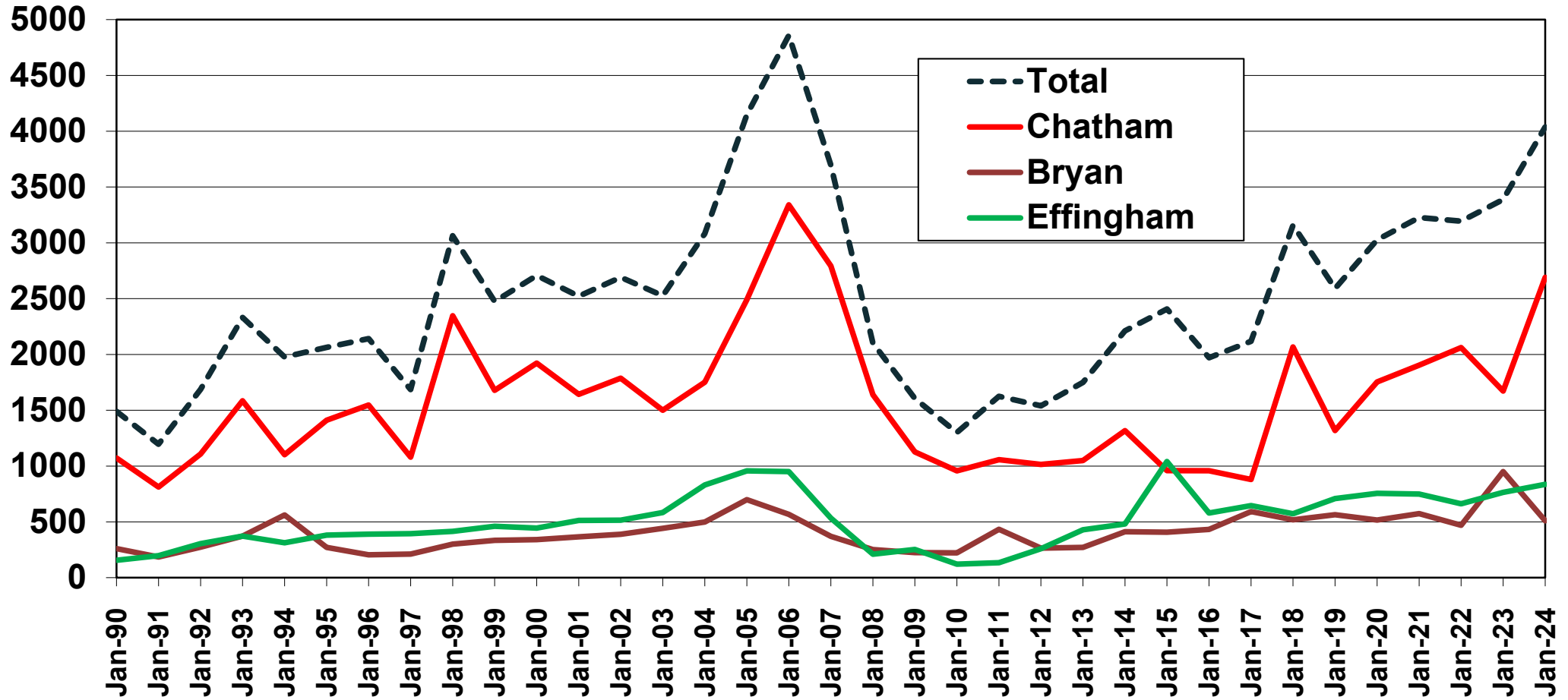
GA Housing Permits: Multi-family

(source: U.S. Census Bureau)



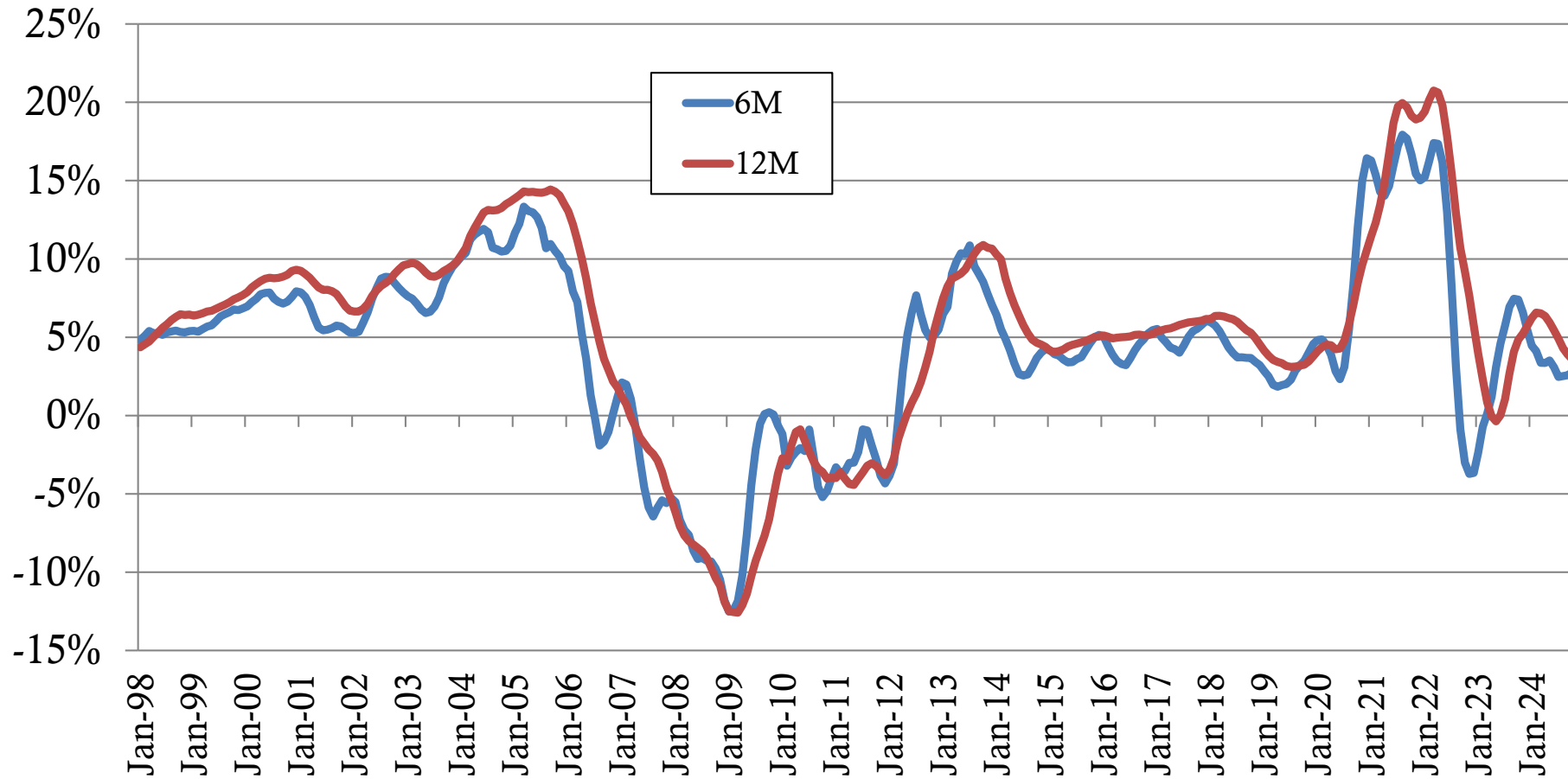
Savannah Housing Permits: SF

(12 month average, source: U.S. Census Bureau)



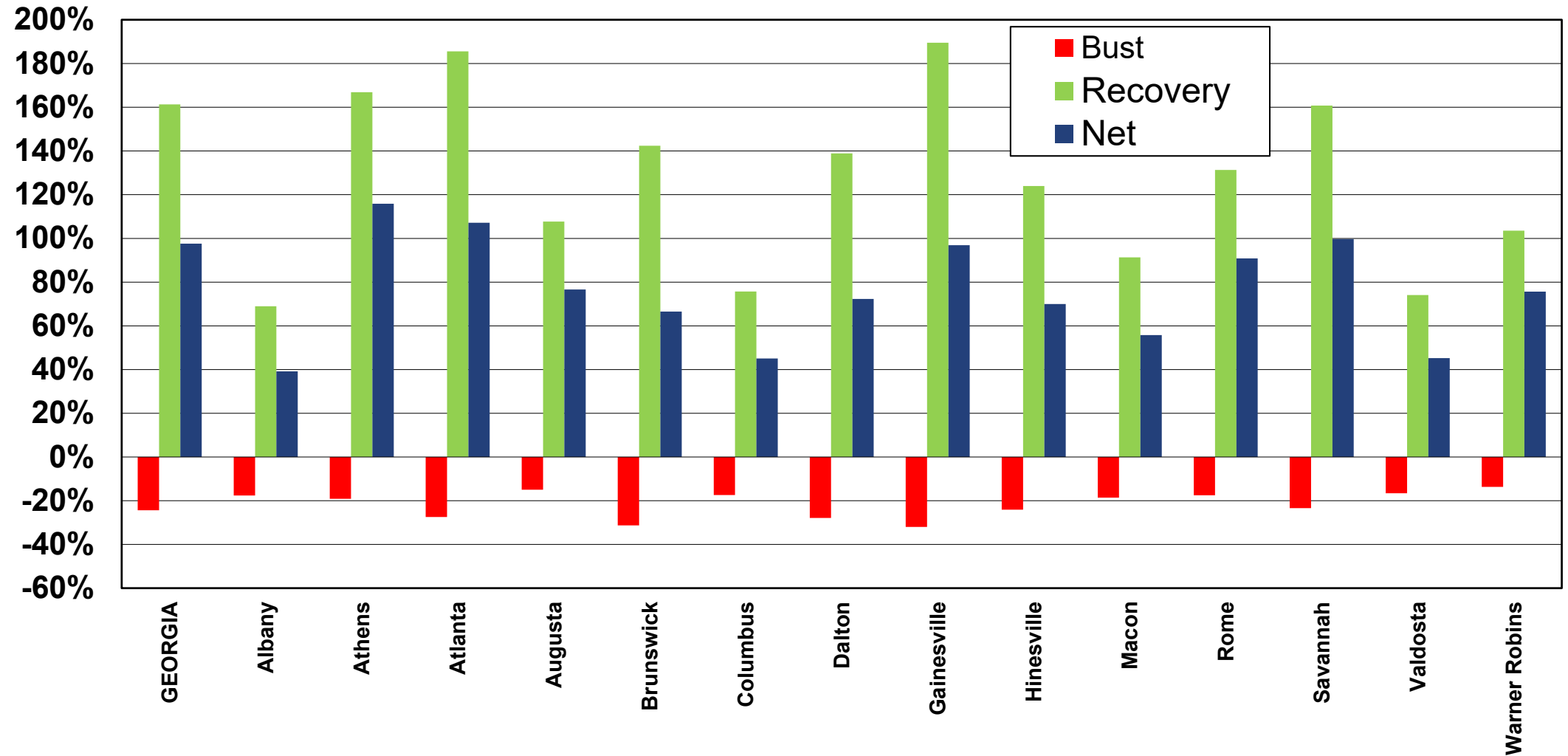
Case Shiller: National Index

(source: Standard & Poor's Case-Shiller)



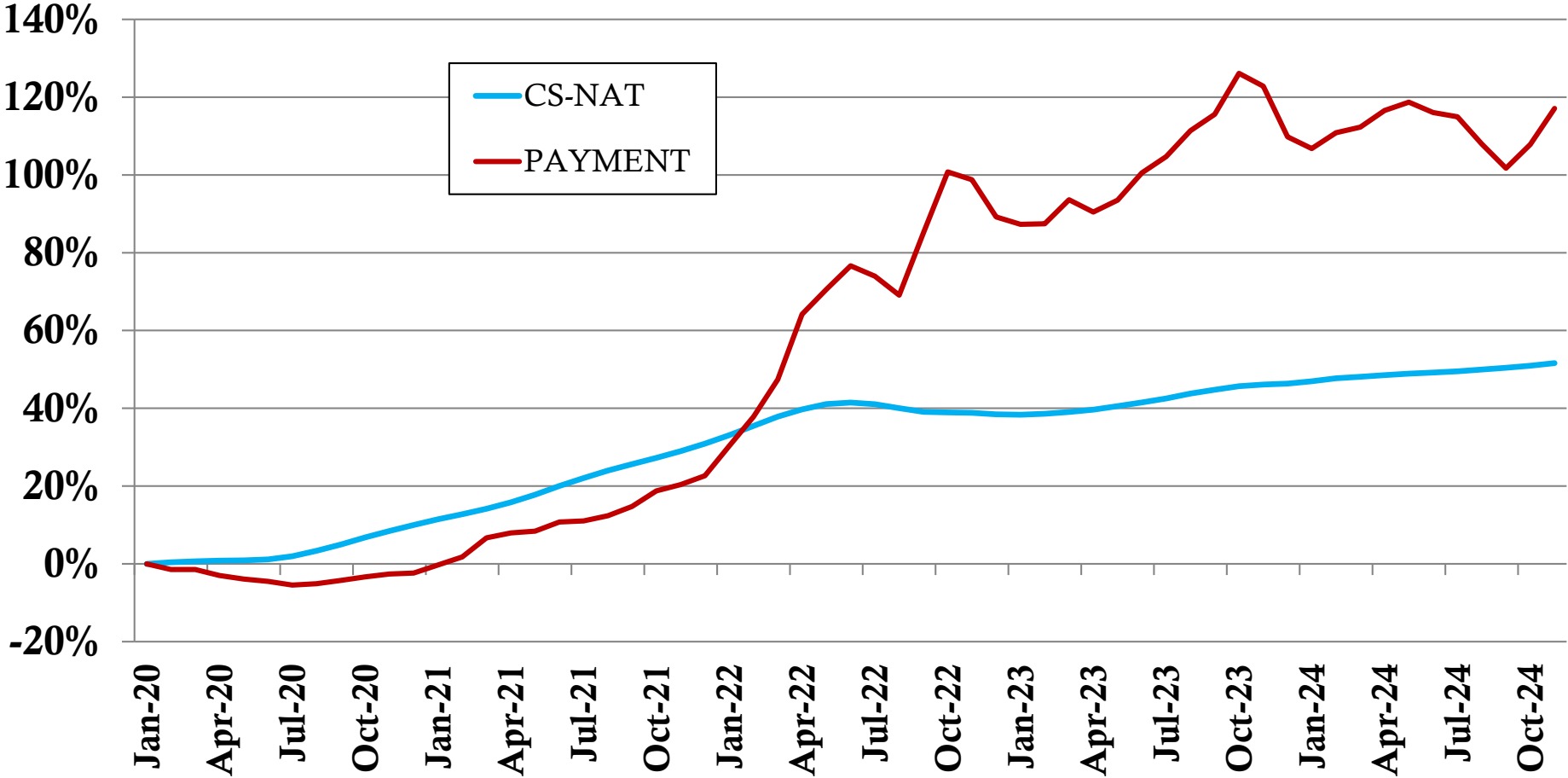
Home Prices: Georgia

(Source: Federal Housing Finance Agency)



Housing Affordability: Rate Effect

(source: S&P Case-Shiller, Freddie Mac)



Topic #7:

Shared governance in 2024 . . . But can the parties govern themselves? In 2025, one-party rule?

Are we done with shutdowns?

And what about demographic trends?



Comments on the New Regime

- General Paradigm
 - Shift in regulation
 - Team Doge
 - M&A activity
 - Tariffs as tool
 - Digital Currencies
- Cabinet Picks
 - Treasury: Scott Bessent (Key Square)
 - Commerce: Howard Lutnick (Cantor Fitz)
 - Energy: Chris Wright (Liberty Energy)
 - Justice: Pam Bondi (R-Fl.)
 - Labor: Lori Chavez-DeRemer (R-Ore.)
- Chevron decision
- “A.I.”
 - FinTech, HealthTech, Cybersecurity, Education



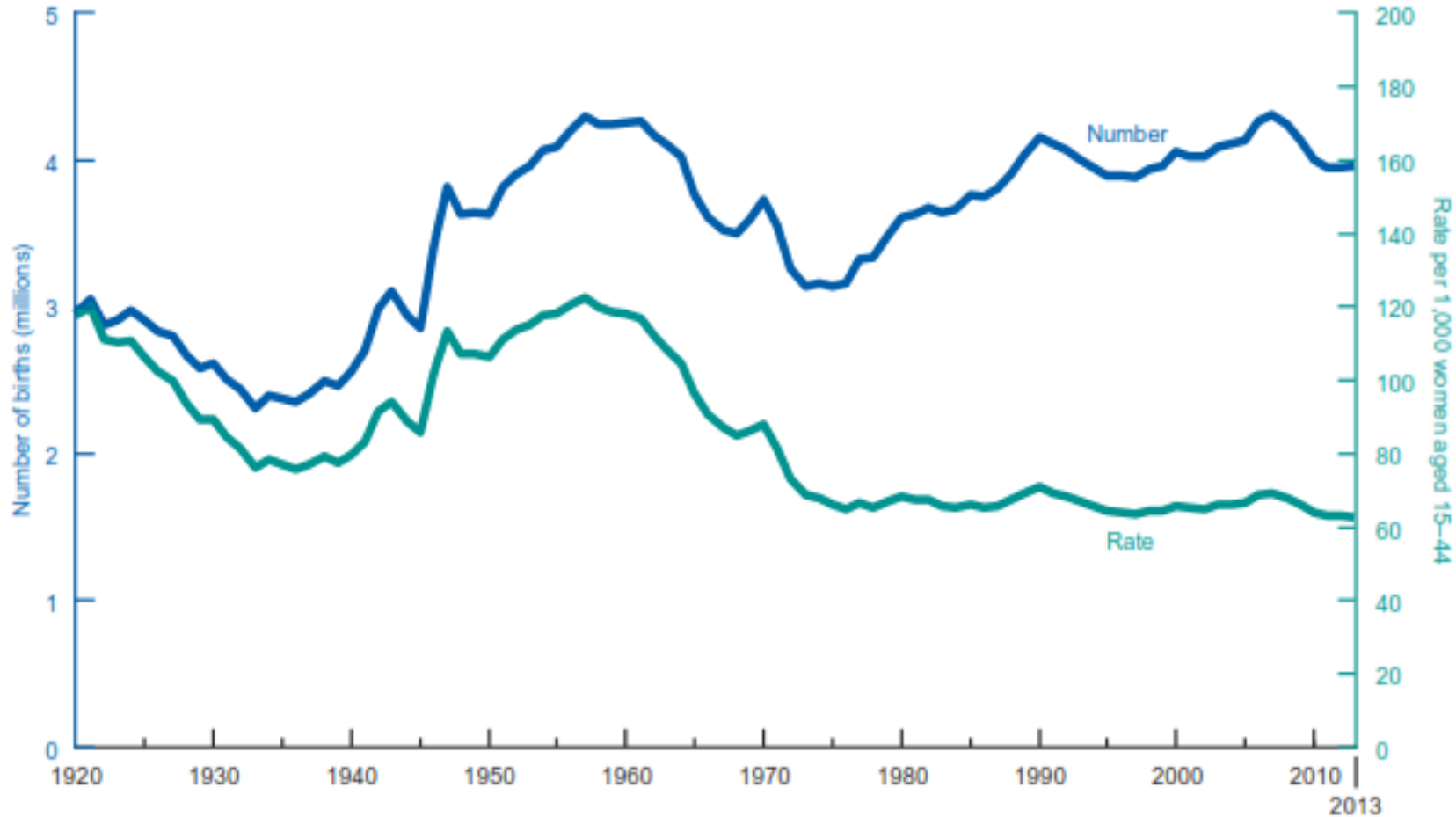
Comments on Shifting Fiscal Policy

- Extend 2017 TCJA (Tax Cuts and Jobs Act)
 - Corporate Tax Rate
 - Shifted to flat 21%; Global & Territorial Tax regimes
 - Changes in Depreciation & Net Loss Carryback
 - Individual Tax Rates (made permanent)
 - Cut in marginal tax rates
 - Treatment for Pass-Through Entities
 - Tax on tips & overtime; SSI
 - “SALT” Deduction; Estate Tax
- Local fiscal outlook
 - GA: \$14B+ “rainy day fund”, income tax reductions
 - GA & Chatham: Top debt rating



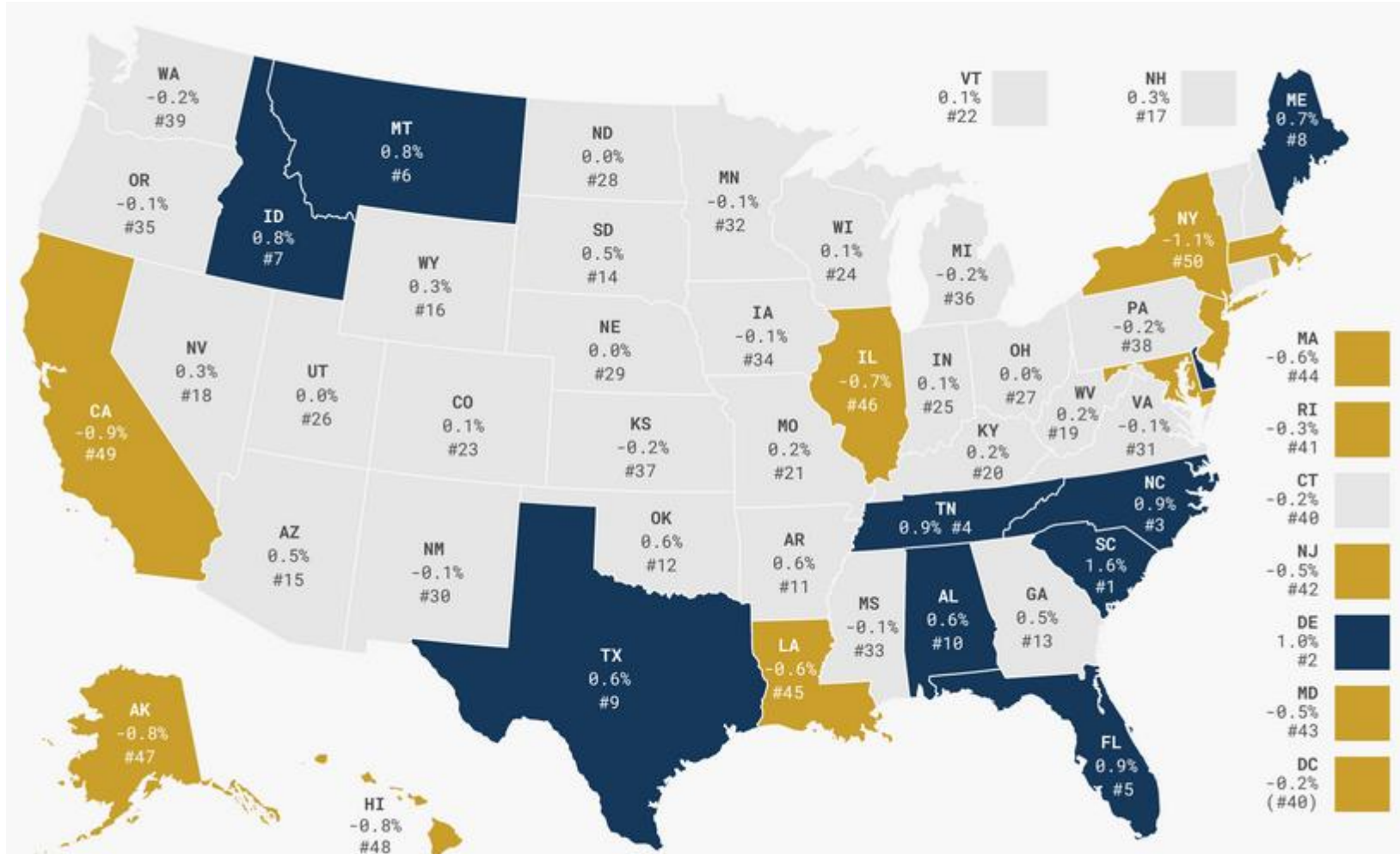
The Demographics: Boom & Bust

(source: U.S. Census Bureau)



Internal Migration

(source: Tax Foundation, 2023)



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