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Economics Weekly

Macro Highlights from William Blair's 45th Annual Growth Stock Conference

Please refer to important disclosures on pages 18 and 19. Analyst certification is on page 18.

Last week, we attended William Blair's 45th Annual Growth Stock Conference in Chicago, a three-day event to which the CEOs or CFOs from 259 companies had been invited to present their value propositions and provide a general update on their situation and the overall market environment to institutional investor clients from across the globe. There were also opportunities to host numerous one-on-one private meetings with shareholders.

One of the great benefits of this conference is that it is one of the few generalist conferences left on the Street, with companies from across the consumer, industrial, technology and communications, healthcare, energy, business services, and finance sectors of the market. This year's breakdown by market cap also resulted in 13% of the companies being large-cap, 40% midcap, 40% smallcap and 7% private. As such, it represented a rare opportunity for fund managers to not only catch up with companies they may already be familiar with, but also to stumble across hidden gems they had not previously studied.

In this special economics conference recap note, we have highlighted some of the macro commentary that stood out to us regarding the general economy and the state of the consumer, as well as more thematic issues, such as tariff mitigation, capex, AI, electrification, and China.

Near-term Growth Still Under a Cloud of Uncertainty

Given the volatile economic environment, this conference could not have come at a better time to get a real, boots on the ground, macro view of the U.S. economy from a large swath of the corporate sector. Overall, it seemed to us that while just about all companies felt that the economic growth environment up to now has been decent (if a little volatile), they were still very uncertain about what might come next. As a result, they were battening down the hatches and taking steps to mitigate as much as possible the expected future impact from tariffs. Many also attempted to cut through the near-term noise and concentrate on a longer-term view of their growth trajectory.

Our sense was that most companies felt resigned to some level of tariffs, and had already taken the opportunity during the first quarter's earnings season to lower their guidance for expected future revenue growth. With those revisions now out of the way and investors' expectations appropriately re-rated, the hope was that the situation was (for now) under control. While the tariffs were a tailwind for some companies we saw, for most, they will be a headwind. In many cases, the best they could do was to portray their own situations as being relatively better than those of their peers. For example, some were keen to highlight their broader manufacturing bases, more flexible supply chains, or more diverse revenue streams, which could help them gain market share in a tougher environment.

Just about all felt that uncertainty over near-term growth was still very high, even though that level of uncertainty was not nearly as high as it had been several months ago.

Nevertheless, as one application software company told us, at the end of the day, you can't just wait it out; at some point you are just going to have to move on and deal with it:

> *Yeah, I think when you think about nearer-term uncertainty, clearly when the tariffs hit, we had several customers that took a pause and weren't sure what to do. And I think since the original announcement of the tariffs until now, a couple of things have become more clear, right. We don't have complete clarity, but maybe we've got a better range of clarity. And the other thing that's become clear is this isn't going to be quick. This is going to take some time. So that's allowed customers to realize, I can't wait this out. I've got to continue to drive my business forward and investing in supply chain and commerce is one of the areas that they want to continue to invest in. So we're seeing continued demand pipeline growth across all of our products.*
>
> - Software Company

Consumer Situation

Certainly given all the talk over the last few months about the collapse in the soft data, we were a little surprised not to hear more concerns being raised about the fall in consumer confidence and whether that will materialize into softening harder data as well. And while we did not hear any companies making dire predictions about the U.S. consumer, some were starting to see a deceleration. One company we saw told us:

> *The other thing is we did start to see some signs of softness in the consumer level earlier this quarter. We've seen some caution from our wholesale partners. And so we felt it was prudent to widen our guidance a bit to account for that…Outside the US, we continue to grow. But we felt it was prudent just because we do believe that there are some signs of the consumer being a little more discerning, of wholesale partners being a little*

more cautious to go ahead and account for that in our guidance.

- Consumer Durables Company

However, one cloud-based SaaS company that provides solutions for the insurance industry did see some more tangible signs of stress:

On the volume side we've seen a decrease in the number of claims filed. I use that term very carefully in the number of claims filed, because what we are seeing is that consumers are increasingly paying for lower dollar claims. And part of the reluctance to file the claim is fear of either rates going up or coverage being dropped. And so if you say, well, if that's happening on lower dollar claims, what data do we see to corroborate that? The data that we see is, when cars are totaled, which tend to be an average of $15,000 a claim. We're not seeing much of a decrease in the number of total losses because that would say that higher dollar claims are being paid. And same thing with casualty. We're seeing slight increases in casualty claims, which also tend to be higher dollar.

And then the third data point that corroborates that view that this may be consumer behavior before it normalizes, is the fact that what we saw maybe three, four years ago is consumers were basically filing 90%, 89%, call it 89% of all auto claims were being turned over to the insurance company for payment. Today, what we see is—so in other words, consumer self-pay was 11%. What we're now seeing is that consumer self-pay is closer to 25%, which is a substantial increase. So that our belief having watched these cycles before that as premium rates start to normalize filing of claims. We think will come back to normal.

- Software Company

Tariffs, Tariffs, and More Tariffs

The corporate tariff mitigation strategy revolves around three areas: pricing, cost reduction and efficiencies, and supply chain adjustments. Many companies also stocked up on inventory ahead of time, and some have also seized upon the 90-day pauses as another opportunity to push through new orders. With the glaring exception of layoffs as part of the cost and efficiencies category (i.e. we did not hear any companies indicating they were letting workers go), all of these mitigation strategies were on display in various other ways, shapes, or form, last week.

Passing along price increases was seemingly the most popular course of action. For example, one clothing retailer told us it plans to raise prices in July and August:

Tariff mitigation strategy. I'm sure everyone's thrilled to keep talking about tariffs, but I'll quickly walk you through our strategy if we're running short on time here. What we are going to do is raise prices on all third-party brands going into July and August. There are price increases coming from all of our third-party vendors. And along with those price increases come an increase in the MSRP that will be applied to all the retailers in the business. So, we will not be uniquely disadvantaged.

Prices are going up across all of the Western retail business. What we will do is hold price lower for longer on our exclusive brands and see if we can grow penetration of our exclusive brands beyond the 100 basis points we have guided for fiscal 2026. It really is going to be a fairly large price elasticity test to see if we can gain market share with our EV brands as prices go up across the entire industry.

And an important piece to note on exclusive brands is most of that product has already been bought for this year. Our fiscal year ends at the end of March. And so, we believe, given where we are with product already in house, in country, and the holiday season approaching us, price increases happening across the industry, there's an opportunity for that market share gain, as I just mentioned.

- Apparel Retailer

Anecdotally, one colleague told us over post-conference drinks, that his annual order for fall tulip bulbs had this year come with an "embedded" options contract, i.e. the company reserved the right to increase the final strike price of the autumn delivery by 6% depending on whether or not (or to what degree) those tulips would be impacted by tariffs after the 90-day pause ended.

Another tech company noted that it was being cautious, but it did not see growth falling off a cliff:

We have an interesting business model. We serve the smallest to the biggest. I mean, Apple is one of our—they're our partner and we service them. So, we get to see many different environments around the world. We're global as well. So, what we saw in Q1 was, there were a few deals that slipped. ***There's a few deals that canceled and it was directly tariff related. I***

***think it made us cautious as we looked out, but nothing that told us or any tech numbers down because of this**. It wasn't consistent... I think it was—it feels similar to what we saw in Q1 through Q3 of last year where there was still uncertainty, there's still cautiousness... **But we've seen nothing yet that tells us that there's a cliff coming.** We continue to watch pipeline, how it's building. It kind of seems normal, but we are cautious and we did not raise numbers. We just maintain guidance for the year because of that. And we talked to the sales team, I talked to them a lot. I think they get tired of me questioning them. But, there is some disruption. But it's just not meaningful yet.*

- Technology Holding Company

Another restaurant chain remarked that it was having some success at pushing back on its suppliers, while also stocking up on inventory for more impacted areas:

***We've been having conversations with our suppliers. They've been very open to sharing their costs and not passing all of it through us.** We've continued with those conversations. Right now because it's such a moving target, we haven't seen much more than, say, a 20 basis point impact to COGS as from the tariffs. And we're going to continue those conversations, **it has actually turned out pretty favorable for us recently with the announcement of the China tariff going down so much where our main seafood buyer called me up and said, I'm just going to go buy a bunch**. We buy one particular seafood item from China. One of the only things we buy from China. He went and bought a bunch and stock this up, so we're sitting pretty good there.*

- Restaurant Chain

We heard from several companies something along the lines of: 75%-80% of what we produce in each country is consumed in that country, so will be unaffected by tariffs.

One fabricated metal and hardware company told us that it had been able to redirect production from its Mexican plant and to also source more U.S. steel:

*So, we have a very good position with the utility customers. And when we went to them and explained the tariffs, **we were able to pass on about half of that, the total tariff cost. But then on the supply chain side, our concern was that we were using Mexico tariffs. So, we were able to change our sourcing. We now buy U.S. steel, send it down to our Monterrey facility to make the poles.** Our facility is USMCA compliant United States, Canada, Mexico agreement. So, we've really—**we've mitigated just about all of the tariffs**. And we came out and said both on our call and in the press release, that would be profit neutral. We call it the cost neutral. We were corrected it's really profit neutral.*

- Industrial Company

Moving Out of China

Interestingly, we heard fewer companies than we thought talking about the China situation and how they might be moving their manufacturing out of the country. One exception was a consumer durables companies we saw that mentioned it has been actively pivoting from China, but this was coming at a cost and has resulted in a significant decline in its expected revenue growth:

So, when we gave our initial guidance for the year in February, we called for revenue growth of 5% to 7% this year. When we announced in May, we updated that to 1% to 4%.

***The biggest piece of that is we said we expected about 300 basis points lower growth due to supply chain disruption**. When the significant tariffs were announced in April, we were already undergoing a process to move our supply chain, Drinkware manufacturing out of China and into other countries. That was already underway. But when the higher levels of tariffs were announced in early April, we accelerated that.*

We believe that by the end of this year, we will largely be out of China. Only 5% of our COGS will be exposed to products that are made in China and imported into the U.S. by the end of this year. And we're very proud of the work that the teams are doing there to accelerate that.

***But it is coming at somewhat of a cost.** As we're moving the production, we are going to be constrained on new and existing products as we ramp down the production in China and ramp up the production in other countries.*

Also, there are a number of new products that we have decided to either push out to 2026 or launch just outside the U.S., and not in the U.S. and we know we're going to be constrained on new products as well, as we ramp that supply.

So, that's coming at about a 300-basis-point impact to our growth this year. But it's the right thing to do not only for the long term, but from a cost perspective.

-Consumer Durables Company

So tariffs are accelerating everything, and today, brands have to take action, have to move out from production in China, in Bangladesh and moving production onshore. One [reason] is because the consumer demands it and the consumer would like changes; second, their P&L and their balance sheet cannot absorb any more write-downs and markdowns; and third, tariffs are making them not relevant anymore if they're producing China.

- Printing Company

Still Early in Infrastructure Spending Mega Uptrend

One clear thematic trend continues to be the revival of infrastructure spending. We have discussed this in the past as being the result of at least four factors: the transition to a structurally tighter labor market, the need to upgrade an aging capital stock, the emergence of another major innovation wave, and the incentives provided through government industrial policies. Energy needs could be added as a fifth as discussed in the next section.

Many of the industrial and infrastructure companies we listened to made it clear that we are still early on in this process. That is, we are still in the early construction phase of many structures, which, once built, will also then need equipment to fill them.

When asked about the aging U.S. infrastructure and whether there might be multiple new infrastructure spending bills emerging in the next few years, one IT services company we saw told us:

That's correct. So, you would basically have Infrastructure Investment and Jobs Act, passed in November 2021, and it's a five-year bill, so that runs till 2026, but the money can be spent years after that. And that's why we're indicating you won't see a peak till 2028 and you'll still have a six- to eight-year tail. In parallel, they're already starting work on the next surface transportation bill. And so, they hope to pass that by November 2026. So, you could indeed see a layering effect… I should also point out the importance of state and local funding, because what we see is about 60% of the funding right now is coming from state and local. So, it's not just federal funding that we're relying upon to enhance our infrastructure, but also the importance of state and local.

ASCE is the organization that typically evaluates US infrastructure. Before the Infrastructure Investment and Jobs Act, they rated our infrastructure at D-. We're now at a Level C. I think everybody here that drives on the roads every day across those bridges would agree we still have a ways to go. So, I think it's going to be an important bipartisan focus for years to come.

- IT Services Company

One company we saw, which is dedicated to site preparation ahead of a structure being built over the top of it (e.g. levelling mountains and filling valleys for data centers), felt its role gave it tremendous foresight and lead times into where we are in the buildout phase, and its conclusion was that given its backlog, growth is still gangbusters with no sign of slowing, in particular for data warehouses:

As we look forward, we've got the best backlog we've had in our history and the best quality backlog. Over $2 billion of backlog today, the highest margins in backlog that we have – ever had. But what's even more important is on top of that $2 billion, we have approximately $750 million of future phase work. And what that is, is actually jobs that we're on and executing today. That's what it's going to take to finish those jobs or more that doesn't go into backlog until those pieces are released. So, theoretically, we have closer to $3 billion of backlog or work in front of us as we go today...

This business, from a standpoint of backlog, roughly 60% of our backlog in this business is data centers right now. And the vast majority of that $750 million of future phase work is around those mega projects, whether they're factories, large factories or data centers in this segment.

- Infrastructure Company

Lastly, one infrastructure company also had some words of wisdom with regard to avoiding government-related contracts and sticking to the private sector:

When we came in, 95-plus percent of our business was what was called low bid, heavy highway work. ***For any of you that want to go into business, do not go into that one, okay? It is about the worst thing you***

> ***can do. Super high risk, super low returns****. Working with DoDs. We like private customers more than public customers.*
>
> *And when you get a project design, for those of you that worked in any design and it's only 60% complete, and you have to give a hard bid and guarantee that cost on the back end, it's a pretty high-risk proposition. We quickly moved away from that. We're now focused more on aviation.* ***We found out early on is a runway is the same thing as a highway, except for you make 1.5 to 2 times as much on a runway as you do on a highway. A rail bridge is the same as a highway bridge, except for we make 3 to 5 times as much on a rail bridge. And the simple fact is this: there's a value proposition tied to those versus a highway. And I don't care what state you're from. If your DOT tells you they care about how long it takes to build the road, they're lying, okay? They don't care. They care about the lowest cost and most significant.***
>
> *A taxiway or a runway in an airport, if it's not done on time, the airport is paying fees back to the airlines or getting – they're paying penalties, right? So, there's a time value. But with a rail customer, they can tell you what an hour of downtime on that rail bridge is. So, if we can do rapid bridge replacements with the technology we have where we can replace bridges in 24 hours, that's real money to them versus three months, right? So, we get a huge premium.*
>
> - Infrastructure Company

Electrification—Power Demand Far Outstripping Limited and Unstable Supply

Power and energy production was another dominant theme that was discussed over the three days.

> *The world is electrifying. There are several studies out there that show that the demand on the electrical grid is going to double by 2050. It took us 100 years to build out the infrastructure to where we are today, and in 25 years, we essentially have to do the same again. Our products are essential for electrical infrastructure build-out.*
>
> - Electrical Components Company

It is hard to overstate how significant the energy situation will be in the coming years. Energy is at the fulcrum of two mega trends: on the demand side, we are seeing massive increases in the demand for power, primarily related to decarbonization, but also the increased AI needs and ongoing explosive growth in data centers; whereas on the supply side, that demand is running up against an economy that is attempting to decarbonize and transition to the greater use of alternative energy sources—renewables and nuclear—whose capacity is not yet sufficient to carry the increased load.

This demand is also being layered on top of an aging energy grid infrastructure that is in many cases no longer fit for purpose, and, when faced with what used to be considered "freak" weather events but are now increasingly frequent, is causing increasing power outages, shutdowns, and disrupting economic growth.

This is creating a huge challenge for many players across the economy, and many homes are now finding themselves competing for energy with data centers.

For example, one provider of residential and industrial generators told us that the new Microsoft data center just south of Milwaukee (Mount Pleasant) will require 450 megawatts of power, or as much energy in a year to power 300,000 homes. Which it turns out is more than the entire city of Milwaukee uses with its 262,000 homes. It also told us that these data centers simply cannot afford to lose power for even a second or two, which means they need enormously powerful back-up generators as a failsafe.

The company also told us that demand is likely to double in the next 10 years, and that's even before the demand of AI is layered on top. The reality is that electricity suppliers need demand to exactly match supply. A 1%-2% increase in the base load would already be considered a massive increase, and this company told us that demand could be as much as 3%-5% higher!

Another told us that with AI you will need as much power as is used in India and the equivalent amount of drinking water as is used in the U.S.:

> *With AI…the world will need the same equivalent of power of electricity as India and the drinking water needs of the United States in the next four years to five years. So, if we thought that we were a little bit challenged from a natural resources perspective, well, it just got a little bit more challenging when we think in terms of AI for the years to come as well. The very good news, we have technology in order to help get the*

growth while using less natural resources as well at the same time.

- Industrial Company

Another company that makes heat-storage and heat-transfer technology products, simply noted that:

The demand for power is incredible, there is simply not enough power to keep up.

- Industrial Company

Little Sign of DOGE Impact

Perhaps not surprisingly given what seems to have been fairly limited success during the Elon Musk phase of the DOGE, we heard very few companies discussing it as a major headwind to growth. Though one company that does engage in government contract work remarked:

Yeah. So, we lowered an additional $85 million really for precautionary reasons on the macro environment, just in case we see some delays on the Federal side. We're a company that prides ourselves on beating our guidance, and so we want to make sure that we achieve it.

Relative to DOGE and GSA, we are not a consulting firm, we do not do enterprise IT work and should not be kind of thrown into that bucket. Pete Hegseth issued a memo a week ago where he talked about insourcing IT work, consulting work, as well as advisory and administrative services. We do not perform that work. That's why our portfolio has not been impacted.

- IT Services Company

One services company whose business is also closely tied to the government remarked that it is less about cutting people to yield efficiencies, and more about upgrading government information systems:

We've all heard a lot about pushes for more government efficiency, and in some cases that means cost cutting. But in a lot of cases, and – really we think that ultimately the way governments become more efficient is using technology more effectively, because a lot of their inefficiencies are because they have inefficient, people-heavy processes that are governed by old software solutions or old technology that really doesn't provide – allow them to take advantage of efficiencies like being able to do something online. You have to go down to the DMV to renew your driver's license or you have to call the tax office to get some information and talk to a person…

- Technology Company

AI, Innovation, Automation, and Proprietary Data Moats in a Structurally Tight Labor Market

Once again, there was no shortage of talk about AI and innovation, with mentions of these perhaps only being surpassed by mentions of the word tariff. There is no question that AI and capital investment in automation, including the use of robots, is a major ongoing theme, particularly in light of the ongoing skilled labor shortages.

The CEO of one industrial company joked that:

In the future for manufacturing, all you will need will be a dog, a man, and a machine. The man to feed the dog, and the dog to make sure the man doesn't touch the machine!

Another industrial company that specializes in pipes, filters, and pollution control was keen to intimate that it will still play an important role in this automation shift, with the succinct statement that:

Robots need filters too.

Companies in the past have often been keen to highlight the years of experience on their employee bench, which they feel helps to given them deeper proprietary insight and institutional knowledge into their products, customers, and industry. Yet with the emergence of AI, the value of that institutional knowledge from tenured staff seems to be taking a backseat to access to more important proprietary and deeper data libraries, with many companies increasingly claiming they now have the deepest data moats to best the competition:

We're using AI and machine learning in a lot of our data applications. So, we do have proprietary databases and these are fed through proprietary algorithms and using AI and machine learning to evolve almost on a daily basis. So, when we sit back and think about it, when we're sitting in front of our customers, we're talking about AI, we're talking about machine learning, we're talking about facial recognition, we're talking about digital identity, we're talking about algorithms, we're talking about proprietary databases.

There's no way in the world any mom-and-pop is talking about that stuff. And most of the mid-markets probably aren't either. So, we feel that that type of dialogue with our customers gives us a competitive advantage in the fact that, one, our technology is better; but two, they could trust us that we're going to be solving the future problems for them, not only the current problems.

- Employee Screening Company

One company we saw even seemed to be suggesting that the market might be undervaluing its stock just by looking at its financial statements and not fully taking into account its vast proprietary data set, which was described as "*the most valuable asset that is not on our balance sheet.*"

In some ways, this was faintly reminiscent of the late 1990s when Tobin's Q ratio (or the equity Q ratio) was all the rage but was being dismissed by some investors as irrelevant as it did not adequately capture the true value of intangible assets, specifically powerful global brands.

Not all companies were quite as bullish over AI and its prospects, however, with one company warning that:

The other thing that's been going on over the last couple of years is that a lot of the engineering around AI has proved more complex than people expected. So, things like hallucinations. Actually, if you're a top brand, you're not going to implement an AI solution where every so often it completely hallucinates and gives your customer a load of rubbish

- IT Services Company

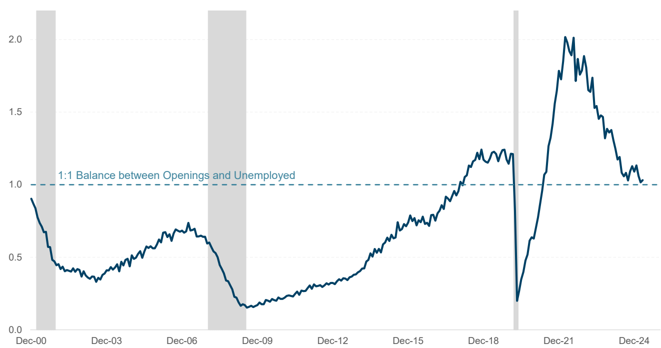
Labour Market Update

The recurring theme at company presentations was that the labor market is exceptionally tight and skilled labor continues to be in short supply. While growth in the labor market continues to cool, as one global employee screening company noted, the situation—at the moment—is roughly in balance:

A metric we always look at is the ratio of job openings to those unemployed. And a historically, comfortable level for that is about 1 to 1, right. So, one job for every unemployed person, so that creates a very, very nice balanced labor market. Post-pandemic, as – it was a war for labor. Everyone got laid off, and then, brought back to work. That number actually peaked at 2.2 times in early 2022, which is, obviously, unsustainable for the market; creates excess churn. Great for our base revenue back in 2021 and 2022, but clearly, not sustainable. And it's just taken the market, call it, three years to really get that excess supply of openings back down to a normalized level.

- Employee Screening Company

Exhibit 1
Ratio of Job Openings to Unemployed



Sources: Bureau of Labor Statistics, William Blair Equity Research

Conclusion

Taking into account the fact that unless it is in their interest to do so, many companies will often be reluctant to give much of a negative spin on the economic outlook, we still felt that the message was that while economic activity is moderating and there is still caution and plenty of uncertainty, companies are being moderately successful in mitigating the impact from tariffs.

Many seemed to feel that guidance had already been adjusted lower to reflect this uncertainty, and unless something more drastic happened, they were relatively comfortable with their current positioning.

Consumer spending has so far held up extremely well, though at the edges we have started to see some fraying, as noted by some consumer discretionary companies and one provider of software solutions for the insurance industry.

Thematically, one of the most prominent drivers of growth is the need for data and power, and companies involved in anything related to these areas—be that helping to actually build physical infrastructure for data centers, helping to provide the data or access to the data itself, or providing solutions to what is an emerging major supply shortage of power relative to that demanded—were still seeing tremendous growth.

From an inflation perspective, breaking up what have been ultra-efficient supply chains, coupled with the variability in energy supply, is likely to be disruptive to production, generate greater instances of supply chain shocks, and cause more volatile inflation around what is still likely to be a relatively low mean.

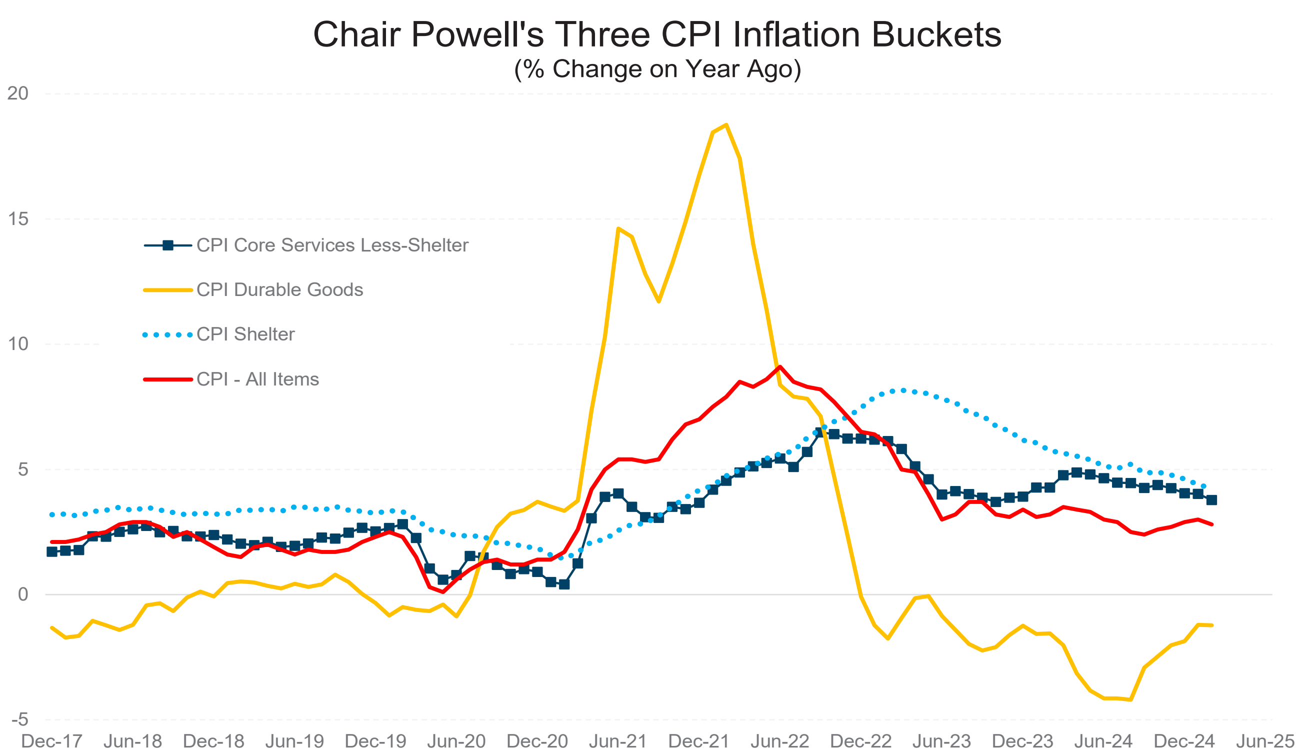
9 June 2025

Highlights in the Week Ahead

Date	Time (ET)	Indicator	Last	Consensus	WB Estimate	Actual
10 June	6:00 a.m.	NFIB Small Business Sentiment (May)	95.8	95.8	N/A	
11 June	8:30 a.m.	Consumer Price Index (May)	0.2%	0.2%	0.2%	
		CPI Less-food & energy	0.2%	0.3%	0.2%	
12 June	8:30 a.m.	Producer Price Index (May)	-0.5%	0.2%	0.3%	
		PPI Less-food & energy	-0.4%	0.3%	0.3%	

Sources: Bloomberg, William Blair Equity Research

Indicator of the Week: Consumer Price Index



Sources: Bureau of Labor Statistics, Bloomberg, William Blair Equity Research

Economic Scorecard

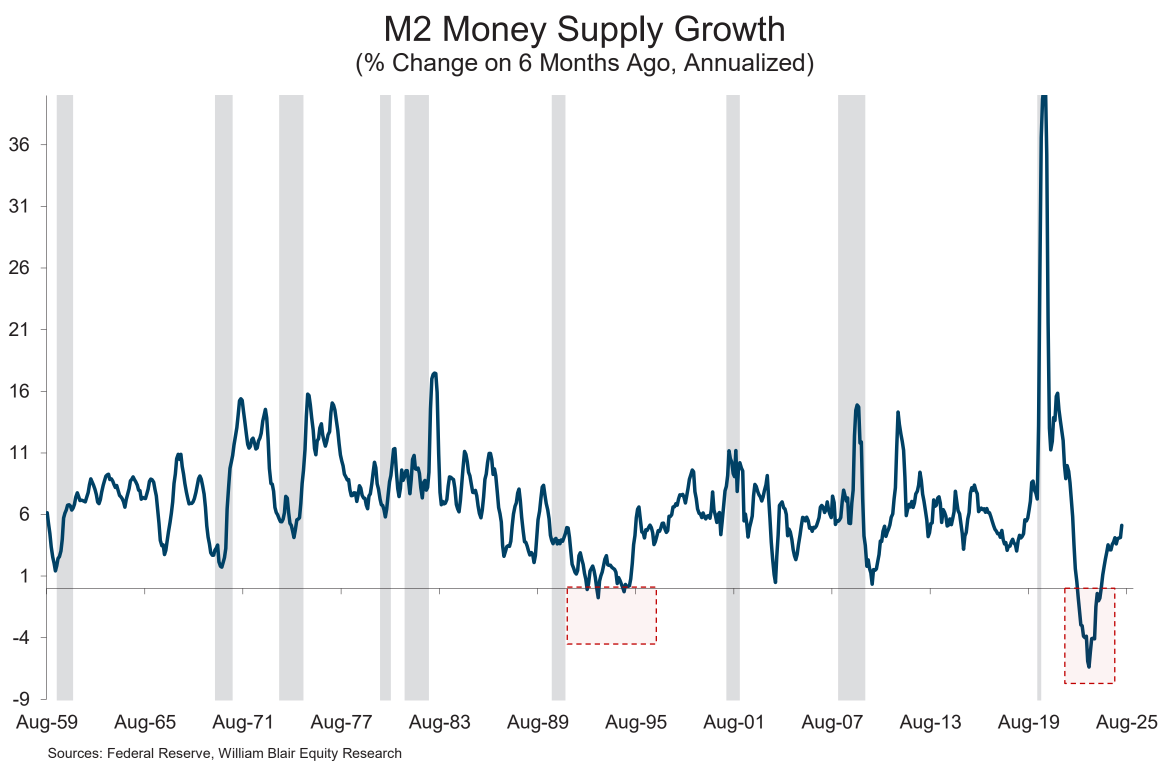
Rolling monthly heat map, % Change on Year Ago (unless otherwise noted)

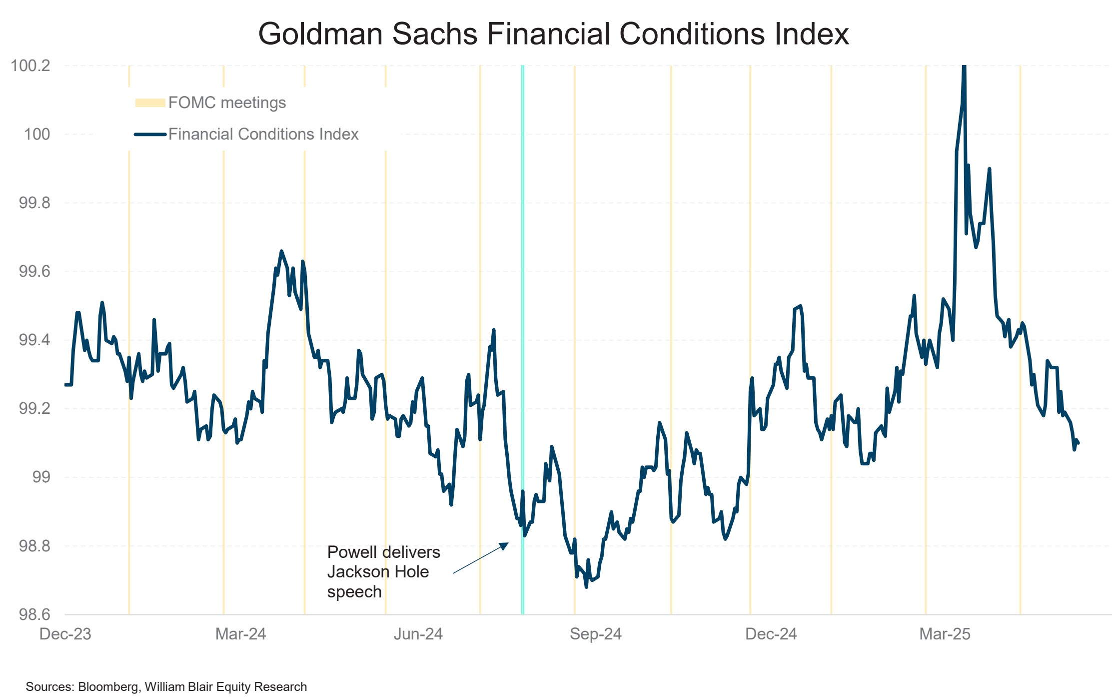
	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25
Growth																			
US Leading Indicators	-6.8	-7.0	-6.5	-5.5	-5.4	-5.0	-4.5	-4.7	-4.6	-4.3	-3.7	-3.0	-3.0	-2.7	-3.0	-3.6	-4.0		
US Coincident Indicators	2.4	1.6	2.0	2.1	1.7	1.9	2.1	1.7	1.7	1.6	1.6	1.3	1.6	1.6	1.6	1.8	2.0		
US Lagging Indicators	0.3	1.2	1.2	1.2	1.4	1.2	1.1	1.0	0.8	0.3	0.1	0.0	0.1	-0.2	-0.1	-0.2	-0.1		
Consumer																			
Total Retail Sales	5.3	0	2	3.4	2.7	2.6	2	3	1.9	2	3.1	3.9	4.6	4.6	3.9	5.2	5.2		
Personal Income	5.2	6	5.9	5.9	5.7	5.5	5.4	5.3	5	4.8	5.2	5.1	5.2	4.3	4.7	4.8	5.5		
Real Disposable Personal Income	4.7	3.7	3.3	3.1	2.8	2.8	2.7	2.6	2.4	2.4	2.5	2.3	2.2	1.3	1.6	2.1	2.9		
Real Personal Consumption	3.6	1.9	2.1	2.7	2.4	2.8	2.9	2.9	2.9	3.2	3.1	3.1	3.1	3	2.7	3.1	3.2		
Personal Saving Rate (%)	4.4	5.5	5.4	5.2	5.1	4.9	4.8	4.3	4.2	3.8	4.1	3.9	3.5	4.1	4.4	4.3	4.9		
Consumer Confidence (Conference Board)**	108	110.9	104.8	103.1	97.5	101.3	97.8	101.9	105.6	99.2	109.6	112.8	109.5	105.3	100.1	93.9	85.7	98	
Employment																			
Employment Growth	1.7	1.5	1.4	1.5	1.5	1.4	1.3	1.3	1.2	1.3	1.2	1.3	1.3	1.3	1.2	1.1	1.1	1.1	
ASA Temporary Staffing Index	-5.5	-12.2	-9.4	-8.2	-9.3	-10.2	-9.9	-12.5	-12.2	-12.0	-9.5	-6.6	-21.0	-8.2	-7.5	-8.7	-6.4	-5.8	
ISM Employment Index Manufacturing*	47.6	47.2	46.1	47.5	48.2	50.4	48.4	43.6	45.8	44.6	44.8	48.1	45.4	50.3	47.6	44.7	46.5	46.8	
ISM Employment Index Services*	43.7	50.2	48	48.5	46.6	47.5	46.7	51	49.6	48.2	52.2	50.9	51.3	52.3	53.9	46.2	49	50.7	
Unemployment Rate, %	3.8	3.7	3.9	3.9	3.9	4	4.1	4.2	4.2	4.1	4.1	4.2	4.1	4	4.1	4.2	4.2	4.2	
Average Hourly Earnings	4.1	4.3	4.2	4.2	4	4.1	3.9	3.6	4	3.9	4.1	4.2	4	3.9	3.9	3.9	3.9	3.9	
Initial Jobless Claims (avg. wkly. chg. '000s)	205	210	211	216	210	222	237	237	230	225	236	219	222	218	227	223	226	235	
Jop Openings	-21.1	-18.5	-14.2	-15.5	-23.7	-15.1	-19.4	-12.8	-17.6	-23.5	-10.9	-7.3	-12.5	-8.3	-11.4	-11.0	-3.0	-6.5	
Layoff Announcements	-20.2	-20	8.8	0.7	-3.3	-20.3	19.8	9.2	1	53.4	50.9	26.8	11.4	-39.5	103.2	204.8	62.7	47	
Housing Market																			
Housing Starts	16.3	1.5	10.9	-4.7	2.3	-16.9	-6.6	-13.4	5.6	-1	-1.2	-14.5	-0.5	-1.7	-4	2.1	-1.7		
New Home Sales	3.5	4.8	3.5	6.3	8.1	-10	-0.4	1.1	7.4	5.3	-8.8	10.7	11.7	-2.8	-0.8	-3.2	3.3		
Existing Home Sales	-5.6	-2.0	-3.4	-3.3	-2.6	-3.1	-5.1	-2.5	-3.7	-3.0	3.1	6.7	9.7	2.3	-0.9	-2.4	-2.0		
Median House Price (Existing Homes)	-2.2	5.4	-2.9	-0.6	-0.5	-1.6	-0.9	-1.6	-8	-1.2	2.1	-7.4	1.1	-0.2	-2	-7.5	-2		
Existing Homes Inventory (Mths' supply)	3.5	3.5	3.3	3.5	3.5	3.5	3.8	3.7	3.9	4	3.9	3.8	3.7	3.9	3.8	4.2	4.3		
New Homes Inventory (Mths' supply)	8.4	8.1	8.4	8.1	7.7	8.5	8.4	7.9	8.2	7.9	9.3	8.7	8.2	9	9.2	9.1	8.1		
NAHB Homebuilder Sentiment*	37	44	48	51	51	45	43	41	39	41	43	46	46	47	42	39	40	34	
Inflation																			
Consumer Price Index	3.4	3.1	3.2	3.5	3.4	3.3	3	2.9	2.5	2.4	2.6	2.7	2.9	3	2.8	2.4	2.3		
CPI Less-food & energy	3.9	3.9	3.8	3.8	3.6	3.4	3.3	3.2	3.2	3.3	3.3	3.3	3.2	3.3	3.1	2.8	2.8		
Producer Price Index	1.1	1	1.6	2	2.3	2.5	2.9	2.4	2.1	2.1	2.8	2.9	3.5	3.8	3.4	3.4	2.4		
PPI Less-food & energy	1.8	2	2.1	2.3	2.5	2.7	3.3	2.6	2.8	3.3	3.6	3.4	3.7	3.9	3.7	4	3.1		
PCE Price Index	2.7	2.6	2.6	2.8	2.7	2.6	2.4	2.5	2.3	2.1	2.3	2.5	2.6	2.5	2.6	2.3	2.1		
PCE Prices Less-food & energy	3.0	3.1	2.9	3.0	2.9	2.7	2.6	2.7	2.7	2.7	2.8	2.8	2.9	2.7	2.9	2.7	2.5		
Business Activity - US																			
Industrial Production	0.8	-1.2	-0.1	-0.3	-0.8	0.0	0.9	-0.5	-0.1	-0.7	-0.4	-0.9	0.4	1.7	1.4	1.3	1.5		
New Cap Gds Orders less-aircraft & parts	-2.9	-2.5	2.2	-1.5	2.1	-2.8	-4	-0.6	-1.8	0.5	0.2	-1.1	1.9	3.3	-0.9	2.2	0.4		
Business Inventories	-0.3	0	-0.1	0.4	0.3	0.7	1.3	1.7	2.3	2.3	2	2.3	2.7	1.9	2.5	2.2	2.5		
ISM Manufacturing PMI*	46.9	48.9	47.6	49.8	48.8	48.5	48.3	47	47.5	47.5	46.9	48.4	49.2	50.9	50.3	49	48.7	48.5	
Markit US Manufacturing PMI*	47.9	50.7	52.2	51.9	50	51.3	51.6	49.6	47.9	47.3	48.5	49.7	49.4	51.2	52.7	50.2	50.2	52	
ISM Services Index*	50.6	53.2	52.2	51.3	49.6	53.5	49.2	51.4	51.6	54.5	55.8	52.5	54	52.8	53.5	50.8	51.6	49.9	
Markit US Services PMI*	51.4	52.5	52.3	51.7	51.3	54.8	55.3	55	55.7	55.2	55	56.1	56.8	52.9	51	54.4	50.8	53.7	
Business Activity - International																			
Germany Manufacturing PMI Markit/BME*	43.3	45.5	42.5	41.9	42.5	45.4	43.5	43.2	42.4	40.6	43	43	42.5	45	46.5	48.3	48.4	48.3	
Japan Manufacturing PMI Jibun Bank*	47.9	48	47.2	48.2	49.6	50.4	50	49.1	49.8	49.7	49.2	49	49.6	48.7	49	48.4	48.7	49.4	
Caixin China Manufacturing PMI*	50.8	50.8	50.9	51.1	51.4	51.7	51.8	49.8	50.4	49.3	50.3	51.5	50.5	50.1	50.8	51.2	50.4	48.3	
China Manufacturing PMI*	49	49.2	49.1	50.8	50.4	49.5	49.5	49.4	49.1	49.8	50.1	50.3	50.1	49.1	50.2	50.5	49	49.5	
UK Manufacturing PMI Markit/CIPS*	46.2	47	47.5	50.3	49.1	51.2	50.9	52.1	52.5	51.5	49.9	48	47	48.3	46.9	44.9	45.4	46.4	
France Manufacturing PMI Markit*	42.1	43.1	47.1	46.2	45.3	46.4	45.4	44	43.9	44.6	44.5	43.1	41.9	45	45.8	48.5	48.7	49.8	
Currencies* **																			
Euro (EUR/USD)	3.1	-0.4	2.2	-0.5	-3.2	1.5	-1.8	-1.6	1.9	5.3	2.9	-2.9	-6.2	-4.2	-4.0	0.2	6.2	4.6	
Renmimbi (USD/CNY)	2.9	6.1	3.6	5.1	4.7	1.9	0.2	1.2	-2.3	-3.8	-2.7	1.6	2.8	1.1	1.2	0.5	0.4	-0.6	
Yen (USD/Yen)	7.6	12.9	10.1	13.9	15.8	12.9	11.5	5.4	0.4	-3.8	0.2	1.1	11.5	5.6	0.4	-0.9	-9.3	-8.4	
Sterling (GBP/USD)	5.4	3.0	5.0	2.3	-0.6	2.4	-0.5	0.2	3.6	9.6	6.1	0.9	-1.7	-2.3	-0.4	2.3	6.7	5.6	
Canadian $ (USD/CAD)	-2.3	1.0	-0.5	0.2	1.7	0.4	3.3	4.7	-0.1	-0.4	0.4	3.3	8.6	8.2	6.5	6.3	0.2	0.8	
Mexican Peso (USD/MXN)	-13.0	-8.6	-6.8	-8.2	-4.8	-3.8	7.0	11.2	15.8	13.0	11.0	17.2	22.7	20.1	20.5	23.6	14.4	14.3	
US Equities																			
S&P 500	24.2	18.9	28.4	27.9	20.8	26.3	22.7	20.3	25.3	34.4	36.0	32.1	23.3	24.7	16.8	6.8	10.6	12.0	
S&P 400 Midcap	14.4	3.0	11.1	21.3	14.9	23.9	11.7	13.5	16.9	24.8	30.9	31.3	12.2	18.6	7.1	-4.2	-0.3	0.6	
S&P 600 Smallcap	13.9	-0.1	4.5	13.8	10.4	18.1	6.6	12.0	15.1	23.5	27.6	30.9	6.8	14.5	4.5	-5.0	-3.6	-3.4	
Russell 2000	15.1	0.8	8.3	17.9	11.6	18.3	8.4	12.5	16.7	24.9	32.1	34.6	10.0	17.5	5.3	-5.3	-0.5	-0.2	

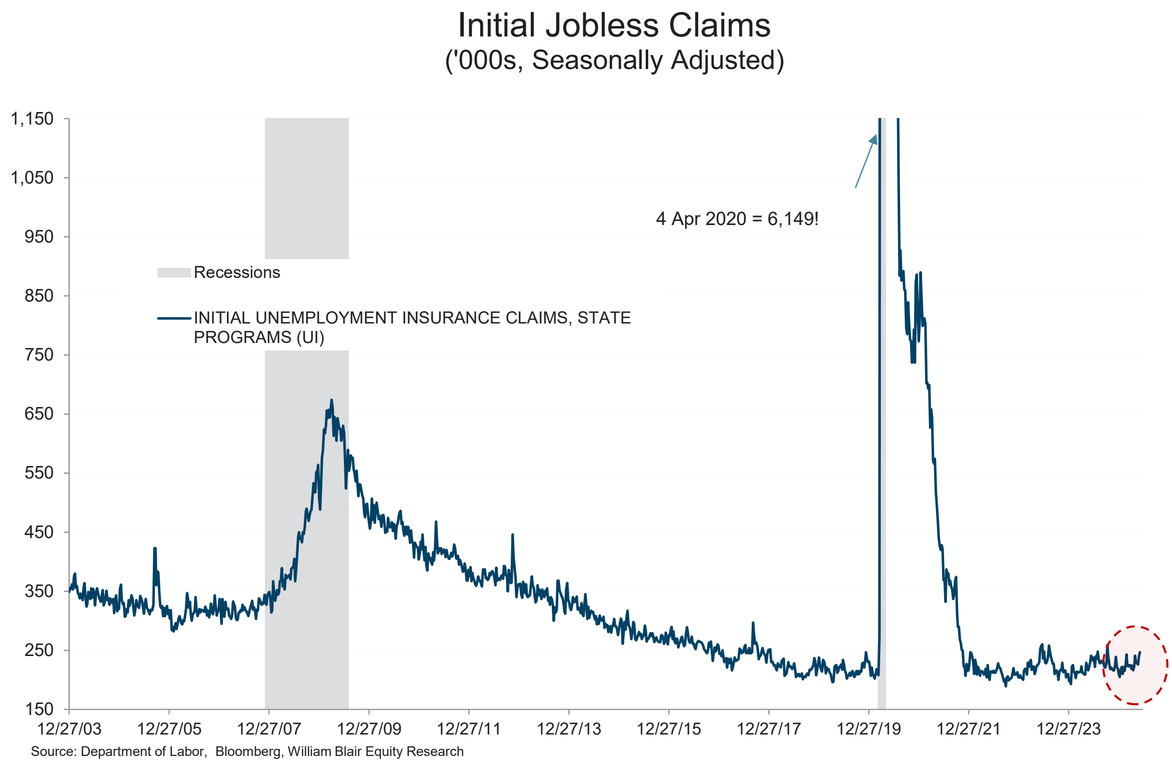
* Diffusion Index, **1985=100, ***Currencies - green/red = strengthening/weakening foreign currency vs dollar

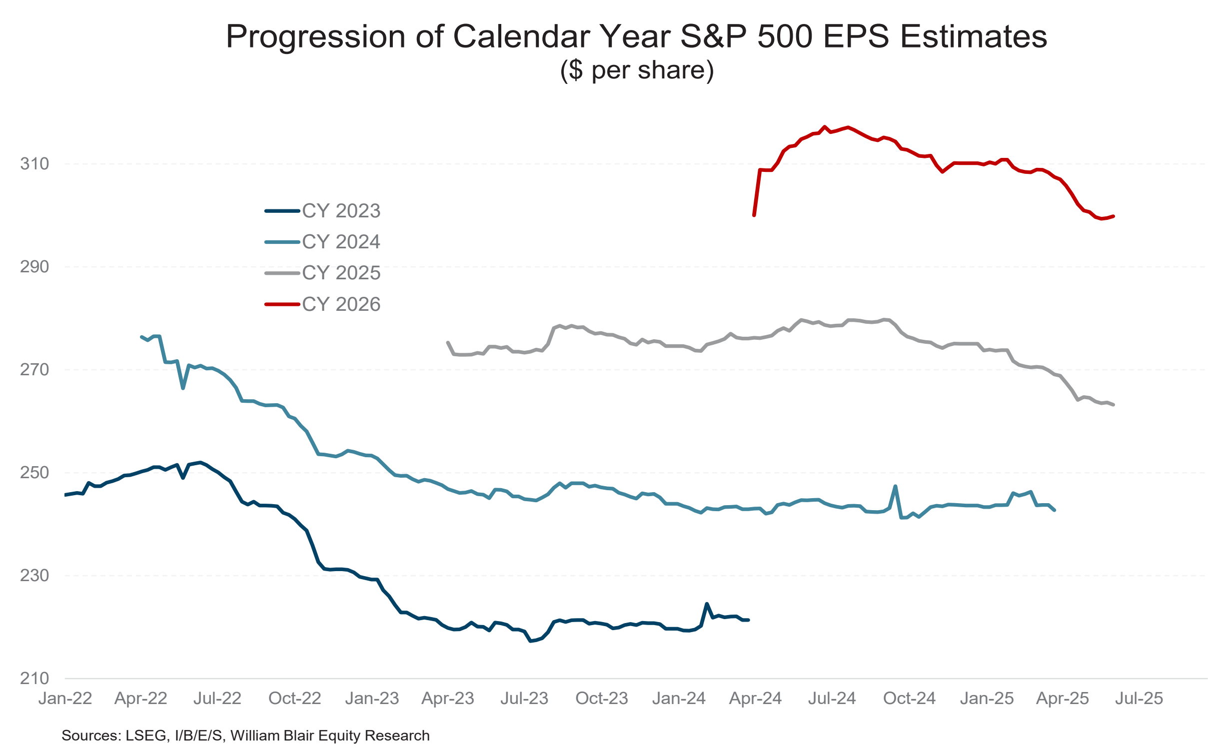
Source: ISM, Federal Reserve, Census Bureau, Bureau of Labor Statistics, Conference Board, Bloomberg, William Blair

Other Economic Indicators

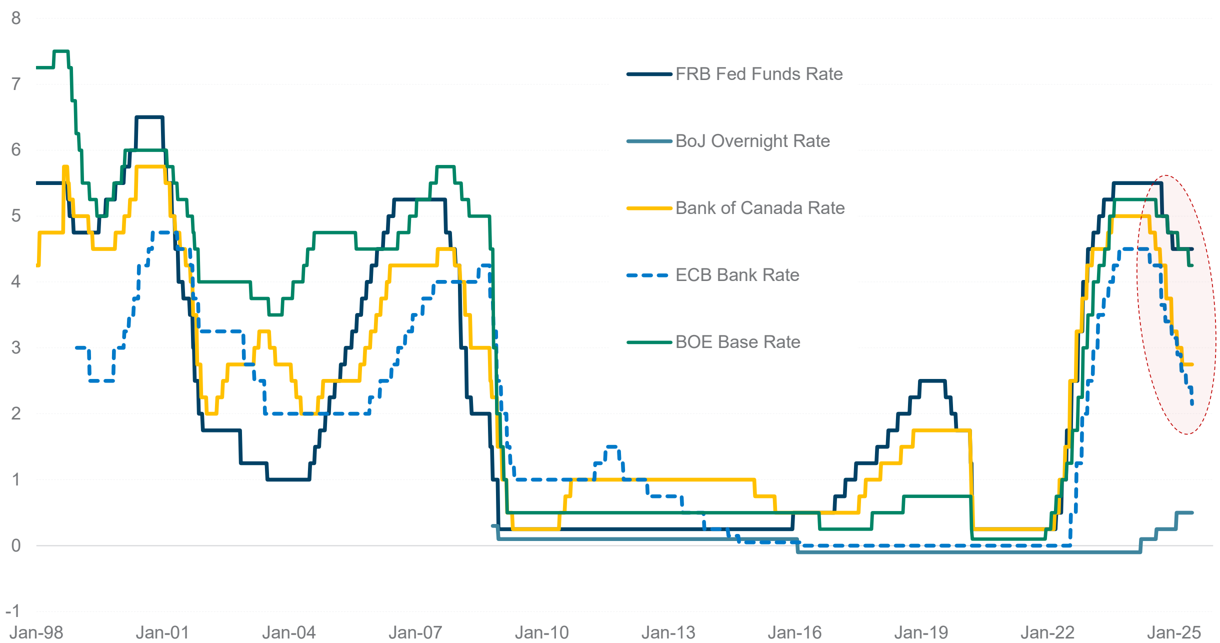





Initial Jobless Claims
('000s, Seasonally Adjusted)
1,150
1,050
950
850
750
650
550
450
350
250
150
Recessions
INITIAL UNEMPLOYMENT INSURANCE CLAIMS, STATE PROGRAMS (UI)
4 Apr 2020 = 6,149!
12/27/03
12/27/05
12/27/07
12/27/09
12/27/11
12/27/13
12/27/15
12/27/17
12/27/19
12/27/21
12/27/23
Source: Department of Labor, Bloomberg, William Blair Equity Research

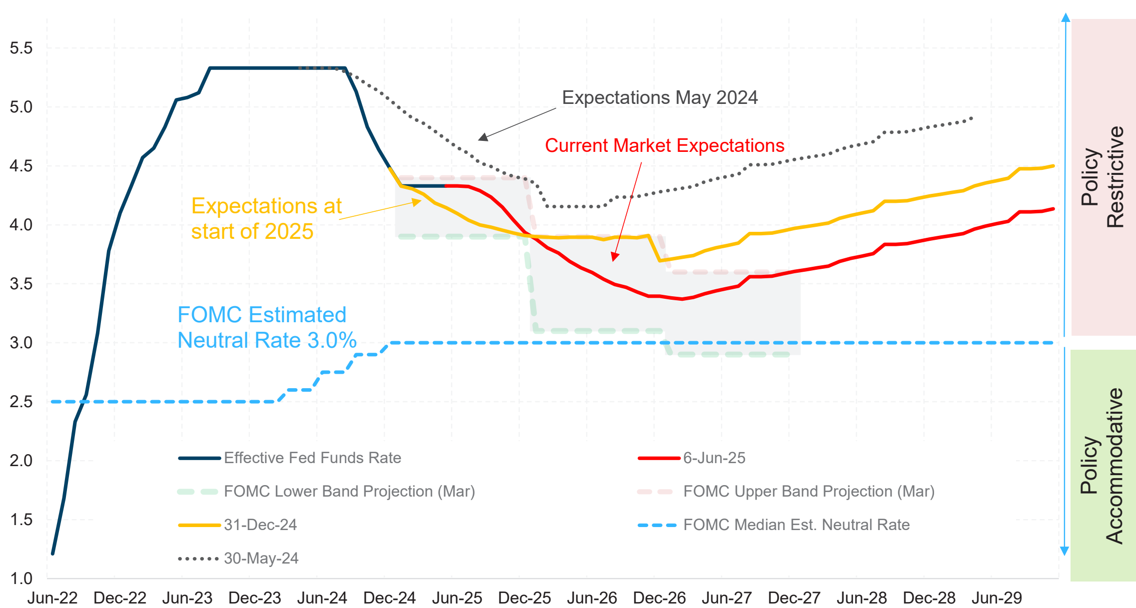

Progression of Calendar Year S&P 500 EPS Estimates
($ per share)
310
290
270
250
230
210
CY 2023
CY 2024
CY 2025
CY 2026
Jan-22
Apr-22
Jul-22
Oct-22
Jan-23
Apr-23
Jul-23
Oct-23
Jan-24
Apr-24
Jul-24
Oct-24
Jan-25
Apr-25
Jul-25
Sources: LSEG, I/B/E/S, William Blair Equity Research

Central Bank Target Short-Term Interest Rates, %



Sources: Bloomberg, William Blair Equity Research

Fed Funds Rate Futures Market Expectations & FOMC Projections, %



Sources: Bloomberg, William Blair Equity Research

S&P 500 Sector Performance

Global Industry Classification System	Current Weight* 06-Jun-25	Week Ago 30-May-25	Month Ago 06-May-25	Qtr-to-Date 31-Mar-25	Year-to-Date 31-Dec-24
S&P 500 Index	**100.00**	**1.50**	**7.02**	**6.92**	**2.02**
S&P 400 MidCap Index		**1.66**	**5.01**	**4.52**	**-2.24**
S&P 600 SmallCap Index		**2.14**	**5.78**	**2.72**	**-6.85**
Dow Jones Industrials		**1.17**	**4.74**	**1.81**	**0.51**
Nasdaq Composite		**2.18**	**10.40**	**12.89**	**1.13**
Communication Services	**10.07**	**3.19**	**9.48**	**13.80**	**6.50**
Advertising	0.04	-3.13	-6.70	-14.32	-17.25
Broadcasting	0.06	-1.15	7.62	-3.39	11.66
Cable & Satellite	0.35	0.30	0.15	-3.21	-3.16
Integrated Telecommunication Services	0.74	0.34	-0.53	-2.03	16.32
Interactive Home Entertainment	0.15	3.40	-1.38	7.88	13.45
Interactive Media & Services	6.64	4.05	11.54	15.99	2.43
Movies & Entertainment	1.53	2.26	12.52	25.41	24.53
Publishing & Printing	0.03	-1.81	0.06	2.84	1.89
Wireless Telecommunication Svcs	0.53	1.51	-3.13	-7.82	11.39
Consumer Discretionary	**10.92**	**-0.64**	**8.68**	**8.32**	**-6.81**
Apparel Retail	0.36	1.57	0.37	7.12	3.29
Apparel & Accessories & Luxury Goods	0.11	-9.16	3.73	3.51	-12.59
Auto Parts & Equipment	0.03	-0.25	14.52	12.00	5.63
Automobile Manufacturers	1.97	-13.80	6.62	12.58	-25.10
Automobile Retail	0.29	0.36	-0.71	-4.17	12.82
Broadline Retail	4.38	4.23	15.37	12.32	-2.23
Casinos & Gaming	0.10	-3.34	0.97	3.61	-15.72
Computer & Electronics Retail	0.03	10.17	9.51	-0.80	-14.90
Consumer Electronics	0.08	2.21	10.85	-4.46	0.57
Distributors	0.07	-1.68	3.01	-2.15	0.32
Footwear	0.17	3.62	6.59	-1.30	-24.46
Home Furnishings	0.01	0.91	0.18	-11.08	-14.78
Home Improvement Retail	0.94	-0.25	1.90	-0.74	-6.40
Homebuilding	0.20	1.79	0.56	-3.96	-11.83
Hotels, Resorts & Cruise Lines	0.97	3.71	11.35	19.02	6.58
Household Appliances	0.01	6.32	8.34	-7.88	-27.47
Leisure Products	0.02	-0.58	8.87	7.86	18.62
Restaurants	1.07	1.64	2.70	-0.01	3.62
Other Specialty Retail	0.09	2.28	7.96	5.11	0.52
Consumer Staples	**6.38**	**-1.57**	**0.41**	**1.15**	**5.78**
Agricultural Products	0.06	-2.65	-2.72	-1.60	-5.50
Brewers	0.02	-2.97	-8.61	-14.57	-9.28
Hypermarkets	2.51	-1.10	0.57	8.95	7.79
Distillers & Vintners	0.07	-5.75	-9.90	-8.25	-22.84
Drug Retail	0.02	0.00	2.37	0.72	20.58
Food Distributors	0.07	2.05	6.41	-0.72	-2.56
Food Retail	0.08	-3.05	-9.35	-2.28	8.18
Household Products	1.03	-3.50	2.19	-4.54	-2.50
Packaged Foods & Meats	0.56	-0.62	-1.69	-6.28	-2.79
Personal Products	0.11	-6.10	-2.04	-6.08	-1.35
Soft Drinks	1.13	-1.17	-0.34	-4.76	2.52
Tobacco	0.73	-0.14	2.62	9.88	38.88
Energy	**3.02**	**2.17**	**2.69**	**-11.59**	**-3.37**
Integrated Oil & Gas	1.40	2.23	1.13	-13.69	-3.60
Oil & Gas Equipment & Services	0.19	2.80	2.83	-17.17	-12.86
Oil & Gas Exploration & Production	0.74	3.25	2.71	-11.72	-4.17
Oil & Gas Refining & Marketing & Transportation	0.26	-0.04	9.66	-0.30	6.53
Oil & Gas Storage & Transportation	0.43	1.32	3.71	-7.68	-2.10

Financials	**13.85**	**0.64**	**4.16**	**2.64**	**5.84**
Asset Management & Custody Banks	1.08	1.36	7.64	5.03	-7.11
Consumer Finance	0.69	3.60	8.67	12.73	5.12
Diversified Banks	3.15	1.63	7.57	7.47	6.66
Financial Exchanges & Data	1.23	-0.27	1.65	2.59	7.65
Insurance Brokers	0.65	-2.35	0.68	-6.52	7.81
Investment Banking & Brokerage	1.12	1.67	9.72	12.31	8.81
Life & Health Insurance	0.33	0.77	1.57	-5.00	-2.91
Multi-line Insurance	0.10	3.19	5.82	0.46	19.97
Multi-Sector Holdings	1.26	-2.07	-3.67	-7.33	8.88
Property & Casualty Insurance	1.18	-0.60	1.55	-0.30	11.02
Regional Banks	0.27	2.55	6.35	1.73	-4.37
Reinsurance	0.03	-0.29	0.45	-4.72	-4.49
Transaction & Payment Processing	2.72	1.45	4.75	3.21	8.03
Health Care	**9.63**	**1.25**	**-0.07**	**-8.19**	**-2.61**
Biotechnology	1.60	1.77	3.93	-7.58	5.53
Health Care Distributors	0.36	-0.60	0.62	6.43	25.78
Health Care Equipment	2.24	0.45	3.42	2.53	8.00
Health Care Facilities	0.20	0.59	7.04	9.64	24.40
Health Care Services	0.41	-0.56	-4.00	-3.71	21.41
Health Care Supplies	0.08	2.82	0.48	-2.70	-11.05
Life Sciences Tools & Services	0.83	2.18	3.00	-10.72	-18.55
Managed Health Care	0.83	0.46	-17.64	-33.36	-29.62
Pharmaceuticals	3.08	2.07	0.72	-8.09	-4.12
Industrials	**8.68**	**1.37**	**8.37**	**10.29**	**9.70**
Aerospace & Defense	2.20	1.98	11.85	15.73	23.63
Agricultural & Farm Machinery	0.27	2.71	9.40	10.79	22.73
Air Freight & Logistics	0.29	0.53	4.51	-9.68	-19.08
Building Products	0.55	0.38	5.83	16.24	9.56
Construction & Engineering	0.10	5.49	13.76	42.16	14.33
Construction Machinery & Heavy Trucks	0.56	1.27	9.03	5.40	-3.31
Data Processing & Outsourced Services	0.05	1.04	5.04	1.19	8.52
Diversified Support Svcs	0.27	-0.64	-3.50	1.60	8.01
Electrical Components & Equipment	0.58	2.79	13.34	16.62	0.21
Environmental & Facilities Services	0.43	-1.44	1.56	3.30	16.99
Human Resource & Employment Services	0.41	0.80	7.92	6.71	11.39
Industrial Conglomerates	0.43	-0.08	7.72	4.75	4.99
Industrial Machinery	0.72	1.16	6.15	2.50	-0.74
Passenger Airlines	0.15	4.26	13.62	13.67	-11.46
Railroads	0.48	1.25	9.22	0.32	0.31
Research & Consulting Svcs	0.21	1.25	3.99	8.49	7.41
Trading Companies & Distributors	0.28	0.72	6.83	10.61	6.65
Information Technology	**31.56**	**3.00**	**12.01**	**15.93**	**1.10**
Application Software	2.66	1.20	7.59	15.61	5.75
Communications Equipment	0.92	5.47	8.53	8.45	1.82
Electronic Components	0.30	3.41	16.12	32.63	26.02
Electronic Equipment & Instruments	0.16	1.76	10.89	5.66	-2.74
Electronic Manufacturing Services	0.13	3.49	12.66	19.98	17.20
Internet Software & Services	0.12	2.19	-1.10	4.14	2.68
IT Consulting & Services	1.01	1.61	5.71	4.92	3.47
Semiconductor Equipment	0.70	6.60	14.28	15.40	10.28
Semiconductors	10.72	4.48	22.88	28.98	5.15
Systems Software	8.65	2.34	8.69	25.01	10.73
Technology Distributors	0.04	-1.17	8.73	11.22	2.41
Technology Hardware, Storage & Peripherals	6.14	1.69	3.43	-7.01	-17.66
Materials	**1.91**	**1.43**	**4.45**	**1.94**	**4.29**
Commodity Chemicals	0.07	1.70	-0.02	-18.86	-26.83
Construction Materials	0.13	0.29	1.00	14.38	4.77
Copper	0.11	7.80	9.39	9.56	8.93
Fertilizers & Agricultural Chemicals	0.14	0.53	14.16	16.66	21.48
Gold	0.11	-0.68	-4.12	8.45	40.67
Industrial Gases	0.54	0.93	5.48	0.00	8.89

Metal & Glass Containers	0.03	0.28	3.97	3.19	-2.54
Paper Packaging	0.19	0.21	5.82	-5.38	-12.15
Specialty Chemicals	0.49	0.69	3.00	0.28	-0.15
Steel	0.09	10.10	3.14	3.24	8.95
Real Estate	**2.11**	**0.25**	**0.54**	**-0.25**	**2.47**
Data Center REITs	0.28	2.97	5.10	16.25	-1.97
Health Care REITs	0.29	-0.16	0.81	-4.57	9.86
Hotel & Resort REITs	0.02	1.74	8.84	10.91	-10.05
Industrial REITs	0.19	0.17	4.11	-2.68	2.92
Multi-Family Residential REITs	0.00	-2.14	-3.78	-6.99	-4.41
Office REITs	0.02	10.08	15.85	10.32	-0.32
Real Estate Service	0.14	4.62	4.47	-1.32	3.03
Retail REITs	0.26	-0.73	0.22	-2.61	-2.92
Self-Storage REITs	0.16	-1.42	1.70	1.09	0.75
Single-Family Residential REITs	0.16	-1.42	1.70	1.09	0.75
Telecom Tower REITs	0.32	-1.34	-5.85	-2.37	13.27
Timber REITs	0.04	3.17	4.65	-8.71	-5.04
Utilities	**2.37**	**-1.05**	**0.32**	**2.33**	**6.54**
Electric Utilities	1.52	-1.47	0.44	2.27	6.65
Gas Utilities	0.05	-1.61	-6.04	-1.55	9.27
Independent Power Producers & Energy Traders	0.13	8.11	17.87	36.95	19.19
Water Utilities	0.05	-2.04	-6.13	-5.06	12.50
Multi-Utilities	0.62	-1.62	-1.95	-1.77	3.37

*Current Weight is market cap based, based on calculations by William Blair Intl. Ltd.

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DOW JONES: 42762.90
S&P 500: 6000.36
NASDAQ: 19529.90

Additional information is available upon request.

Current Rating Distribution (as of June 9, 2025):

Coverage Universe	**Percent**	**Inv. Banking Relationships ***	**Percent**
Outperform (Buy)	71	Outperform (Buy)	10
Market Perform (Hold)	28	Market Perform (Hold)	1
Underperform (Sell)	1	Underperform (Sell)	0

*Percentage of companies in each rating category that are investment banking clients, defined as companies for which William Blair has received compensation for investment banking services within the past 12 months.

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