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Economics Weekly

Macro Highlights From William Blair's 46th Annual Growth Stock Conference

Please refer to important disclosures on pages 16 and 17. Analyst certification is on page 16.

Last week we attended William Blair's 46th Annual Growth Stock Conference in Chicago, a three-day event at which the CEOs or CFOs from 274 companies (251 public, 23 private) were invited to present their value propositions and update investors on the state of their businesses.

One of the great benefits of this conference is that it is one of the few generalist conferences left on the Street. Companies presenting came 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 included 15% of the companies being large-cap, 35% midcap, 44% small-cap, and 8% private. As such, it represented a terrific opportunity for fund managers to reconnect with companies they may already be familiar with, but also to uncover some hidden gems they might not previously have heard of.

In this special economics conference recap report, we highlight some macro commentary that stood out to us regarding the general economy, what's happening with AI, the capex expansion, the state of the consumer, and inflation, as well as more thematic issues.

All AI All the Time

Unsurprisingly, AI was once again the hottest topic discussed among investors in the hallways, breakout rooms, and companies in their presentations. Investor sentiment ranged from a mix of awestruck to moderate skepticism regarding the extent to which AI was actually delivering on productivity expectations. However, what was undeniable was that data centers are still being built at a blistering pace, with no signs of slowing.

The Scale of Data Center Buildout Is Breathtaking
The CEO of one infrastructure building company that now specializes in data center construction told us:

> ***We've had a tremendous run, but we're in the early innings.*** *We really are.... So, we're in one of the most exciting times I've ever seen. Actually, the most exciting time I've ever seen in my career. As I get older and older, I've seen a lot and I don't think people realize what is really going on out there.* ***We're not talking about billions of dollars of activity. We're talking about trillions of dollars.*** *And every time we sit down with our end customers and talk about our end-markets, we come back scratching our heads saying, we have to build more capacity faster than we ever anticipated. And every time we think we're building it fast enough, we have to build it faster.*

The same CEO also regaled us with one recent example on the scale of building. While the quote is lengthy, we felt the narrative very clearly captures the hype around the growth in this area:

> [W]*e had a real-life scenario happen in the fourth quarter of last year where one of the hyperscalers came to us and said, "We understand from your strategy plan you are expanding geographically into this new region. Are you still committed to do that?" We said, yes, we are. They then told us: "We've got nine data campuses [and these are campuses today. they're not data centers anymore]. They're very large. We've got nine data campuses, which we're going to do in one state in this new geography. And we want to sit down and understand, are you able to meet this expectation and what are you committed to and what are you willing to do?*
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> *And our guys doing their job like they said, we'll do all nine, not a problem. They then said, "Wait a second, we want to make sure you do those nine and you're going to do the other states and the other regions that we're already building with you." And we said, well, it's not a problem. We'll do all nine. I mean, at that time, we were actively on 27 data campuses. Okay. So, why would we be worried about nine? We got three years of runway. We certainly can build capacity and nine more, not a big deal. And so, that's great. But, they then said, "Let us give you a little bit more information so that you can commit to it and make sure we're all aligned." So, we said, great.*
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> *So, I then get a call and our guy said, we have a problem.... What do you mean we have a problem? They're not going to do all nine? They said no, they're doing all nine, but we can only do two. And as any CEO's response, I said what the hell are you talking about? We're going to do nine. Right? But they said, let me—let me explain to you what these are and to put into perspective just how fast this market's growing but also the size and scope of these jobs and what's happening.* ***Those 9 are bigger than all the 27 campuses that we were on at the time, plus all of the data campuses we've ever done in the history of the company. That's one customer, one state, right?***
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> *Not only is the quantity of centers coming up, but the size of these are growing tremendously. And it's important to understand what drives the size.... They used to be a 5-acre to 10-acre lot and a building, [which was] way too small for us to do and get excited about. When they got to about 100 acres, we started doing*

data centers. Then when power started to become a little bit of availability problem (nothing near what it was today), they moved up to 200 acres, 300 acres, 400 acres. They put multiple data centers on a campus. We loved that.

Fast forward to today. Our parking lots are bigger than 100 acres. The sites we're starting out today are around 1,000 acres-plus. ***Starting in 2027, 2028, they go from 1,000 acres to 3,000 or 4,000 acres. What's driving that is the beginning of self-power generation on these sites. From there, the next generation after that is 10,000 acres. And after that, we're talking about numbers that are north of 30,000 acres….***

In candor, I have never said this in my career. I wish they would push some slow down and stretch them out there. They're really coming so fast and so furious and we're certainly getting stretched meeting some of the demands and expectations.

Considering the fact that these data centers are not the most attractive new builds and demand the same power supply as the small cities they surround, one obvious question was the extent to which political opposition was already a headwind to development. The response was:

There's definitely opposition, but I think each state is different. I mean, we could go around and not to get political, there's some states that don't want anything and there's some states that are very open to maybe too much. Right? You could argue. But we have not, knock on wood, we have not seen anything delayed or stopped over protests or anything like that.

CFOs and the Rising Cost of Compute

Many investors are starting to become concerned about the cost of compute, or token maxxing. For example, the news that Uber has blown through its token cost allocation for the full year in just one quarter has been raising questions about the rapidly rising cost relative to actual productivity gains that are being reaped.

However, one financial service company told us they are just not seeing this problem:

In The Wall Street Journal, there was an article this week about ***the cost of tokens are very challenging, we're not seeing that.****… If you compare the journal article to like our world, very different. Like, we're not seeing tokens going out of control. We're seeing massive ROIs on each kind of implementation of the AI agents in our operations and just massive productivity, so we're excited about it….*

And for productivity, one of our strategic priorities, so that's something that we're seeing a lot of traction on, I think, as you know, just maybe to put one more point on it, we laid out in February as a part of our guide for 2026, we laid out that in operations, kind of the first area we focused on, we're going to deliver $75 million worth of productivity over the next couple of years. And we laid out a guide for this year where our margin expansion in our long-term framework is 50 basis points because of AI and the productivity we're getting just in operations so far, we increased that to 75 bps, which is a meaningful lift. And you can see we're just starting to get into the first chapter of the productivity benefits.

Nevertheless, when asked about whether ballooning budgets for token would cut into demand for their products, one application software company was a little more sanguine and felt that rationalization would take place, just not yet:

I don't think anybody is immune to it at this point, including ourselves. You want to adopt quick, you want to be relevant in the era of AI. You're adopting tools as quickly as you can. You're building as quickly as you can. You can't do an 80% build with an agent, and then you run out of tokens and then take that over as a human to finish the last 20%. You end up buying more tokens. That's just the nature of the business right now. There will be a rationalization. The CFO office today is probably a little bit looser based on this race to adopt, but religion will come into play at some point. We know that it's always been the case. It will not infinitely grow without any rationalization.

But those AI chips are only as fast as the data fed into them, and there is an ongoing shortage of the high-bandwidth memory that underpins that performance. A wholesale technology provider said:

Memory supply is a real issue. It is getting harder as OEMs are diverting their resources towards the high end GPU and that is creating ASP increases … anywhere from midsingle digits into the double digits and that's pass-through for us…. We also see a little bit of pull forward … where customers are trying to buy to get out ahead of price increases…. But what offsets those … is it takes longer to get products. Supply is constrained.... And then, what's going on in the Middle East, for instance, is creating transportation delays and other things like that are probably exacerbating that a bit.

Another supplier of commercial and building equipment told us:

> *So if you look at data centers, it's becoming an increasingly important part of our business. We've been with a number of these customers for years. We've known them for a long time, but there's been a rapid ramp up in demand. For context, in 2014, we had approximately $150 million of data center revenue, approximately $200 million last year. We had guided to $300 million this year. Our demand is extremely high. We just raised our guide to $350 million. And frankly, we're pushing—we're continuing to push for more opportunity to get more product out the door this year.*

Meanwhile, another water filtration company that always seems to be at the center of every major economic uptrend was keen to tell us how integral they now are to the AI boom and the semiconductor chip making process:

> *Water sits at the critical step, every critical step of AI. You need ultra-pure water to produce the chips. You need water to generate the electricity that powers those chips. And you need water to cool the chips in data centers.*

Geopolitical Volatility and Tariffs

While tariffs were a huge topic of conversation and concern at last year's conference, this year there was less discussion despite what is likely to be a new set of tariffs being unveiled once negotiations get underway for the next iteration of the USMCA later this summer. Most companies were telling us how they have been managing the costs through a more robust "just in case" global supply chain. For example, one packaging company told us:

> *We have over 150 partner vendors overseas, all spread throughout Southeast Asia, South Asia. Recently, we added Latin America into our sourcing partners. So we source from Taiwan, China, Vietnam, Malaysia, Indonesia, Korea, Thailand, and also Mexico and Latin America. Why? Because due to the complex tariff issues, as well as the supply chain disruption issues, we want to mitigate our dependency on one area. For example, if we have a product such as a cup, we will be sourcing it from Taiwan, China, Latin America, and also Indonesia. Not just one part of the world. Just to prevent, in case there's a political geographic turmoil or disruption in that country, so we can also quickly shift our purchasing to another country.*

This same packaging company also told us that tariffs are now tentatively adding to EPS, though it is cautious about future changes.

> *In 2025, the tariff really had a negative impact on our gross margin. But of course, we all know that it was deemed illegal. So we as a company, we applied for the refund. And we have received the initial refund of that.… As the tariff dropped from 20% to 10%, we initially didn't know that if this is going to be sticking, or if there's going to be additional excuses or additional reason to raise it back to 20%. Because the administration has threatened that, even though it's deemed illegal, they will find other ways to impose additional new tariffs.… So far, we see a positive impact in the second quarter already, as the tariff reduced starting in April.*

Another commercial and residential building equipment and supply company was encouraged by the tariff decline:

> *I think the recent tariff changes on Section 232, that puts us back in a better competitive field. Folks who are manufacturing in Mexico, we were disadvantaged. Now remember, we do manufacture a lot in the U.S. as well. So we're not solely dependent on Mexico manufacturing. But that now puts us back in a better competitive position. So we welcome that news.*

Meanwhile, other commodity companies were clearly benefiting from increased government incentives to produce on the back of national security concerns and the desire to reshore activity. For example, one producer of critical materials told us just how it was benefiting from the involvements from both federal and state-level governments, and from other nations such as France (emphasis added):

> *The government is involved with us. So the United States government is involved with this through the* ***Department of Defense,*** *through the DFC, through Serra Verde with about $565 million. Essentially a project finance facility, which fully funds Serra Verde into run-rate production.*
>
> *The* ***Department of Commerce,*** *we're finalizing our definitive agreement with them, which is imminent. That should take place shortly. And that is a $1.6 billion funding package to support our growth here domestically in the United States.*
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> *The* ***Department of Energy*** *has issued U.S. grants to be able to continue to develop our continuous ion exchange, and then we have incentive packages from*

the state of Texas, $14 million under the CHIPS Act. We have an incentive package from South Carolina for our Blacksburg facility. We have smaller incentives from the state of Oklahoma, which we've disclosed.

And then we also have an expression of interest from the ***government of France.*** *That's where our CEO is today, speaking with President Macron about funding our Lacq rare earth metal and magnet making capacity.*

Another drone maker remarked:

Well, look, the signs about this Office of Strategic Capital within the Pentagon are very clear. This is a positive sign for the industry, because they believe this is a strategic area for national security as a country, and it's an area that the U.S. needs to accelerate investments in adoption, in development of capability and capacity, and they're willing to take hard U.S. taxpayer dollars and invest it in an equity or joint venture or teaming agreements to basically build industrial base and build the capability and capacity overall. So that's not bad. That's very positive. And we support the administration on this front.

Consumers and Inflation—It's Not the Lack of Jobs, It's the Prices

If AI and data center-related companies were the incandescent stars of the conference, those seemingly left in the shadows were the consumer discretionary companies. While we did not hear any companies describing the consumer's situation as dire—after all, we just saw yet another much stronger-than-anticipated employment report for May—what we did hear was that the labor market is structurally tight, but it is rising material and transport costs that are the major headwind.

For example, we heard the following from one background screening and identify verification provider (emphasis added):

There isn't a single customer out there that we talk to, and we talked to thousands of them, that's saying they're hiring less. They're hiring the same or more—every vertical, every region. So, it's kind of the exact opposite of what you're seeing with the headlines.

The layoffs are happening, but you also got to put them in context. You read some of them, and it's ABC company laying off 1,000 people. And no one ever gets to the second paragraph of the article that says they're using those savings to fund investments in whether it's technology or sales or marketing. That churn actually is net positive for [us] because that's creating new hiring activity.

One branded consumer lawn and garden products company noted (emphasis added):

Our consumer is extremely resilient. *We like to say we're recession-proof. But when we go back and look at the data from the 2008, 2009 recession, when we look at what happened with the beginning of the pandemic and even now given the inflationary pressures and the war in Iran, one of the things that we consistently see is our consumers stay engaged in the category. Now we are in a K-shaped economy. Our consumers do tend to be homeowners. They do tend to have a higher household income. So that's a good thing. But we're still seeing this with younger consumers, consumers that maybe aren't as financially secure.*

Two restaurant chains told us that they were reluctant to fully pass along the price increases they were receiving (particularly for beef prices), both because they felt prices would decline later this year and because they were unwilling to risk longer-term pain for shorter-term gains. As one chain told us:

So we've underpriced CPI by over 10% in recent years, and we've taken less than half the price increases of the average restaurant company. And we think that's improved our relative everyday value proposition each and every year.… So we know the power of the model. We just don't want to over-earn in the short term at the expense of the long-term brand health.…

Certainly right now. And I think, the world will tell us when we have more permission to expand it. I think right now consumers are feeling a lot of headwinds, a lot of challenges. And we're mindful of that. And so we want to be, a bit of a port in that storm.

And when they're feeling pain at the pump and all these other pressures, we want to continue to make ourselves more accessible to more people across the country, and we want to be able to pay our team members more and invest. And as things get maybe more front-footed economically, and we have the ability to flow some of that through, then, we'll reserve the right to do that.… We didn't really raise our restaurant-level margin guidance that much. We wanted to account for a potential fuel surcharge increase in the back half of *the year, and not have to pass that along to the guest. So really kind of using that mentality when these other inflationary pressures or headwinds are coming our way, that we can absorb it on behalf of our guests.*

Another chain told us:

The thing that has changed is simply that beef prices have—we're going to see the highest beef prices that we've ever seen in June. So we had a decision, we had a decision on whether or not we wanted to take pricing to mitigate that, or take the margin implications. And we are building our company for the long term. We do not see beef prices above $5.90 in perpetuity. We have had—for the last two years, been in a competitive environment that is very driven by value and price.... And it's not just beef, but all the inflationary components of the P&L. And so, last year, we saw a lot of inflation.... This year, we have held on pricing. We've taken some pricing, but not as much as we have in the past. And so as we saw this cost come into the P&L, we determined that we weren't going to take as much pricing. Because once you take the pricing, you don't roll it back. And then when the costs come down, you're sitting out there exposed with high margins at high prices.

While another noted:

We're based in California. We've seen gas prices go from $4-ish to well above $6. And so, that translates to at least $200, $300 in lost discretionary income per household. And that just obviously has an impact on anybody, even though we have more than half of our guests earn over $100,000, to see that visible of a change in your discretionary income naturally changes the way that people spend their money.

Anecdotally, one veteran taxi driver's unsolicited complaint to us was that the cost of one pound of chicken wings at his local butcher had recently jumped from $1 to $4, and the addition of a chicken neck, which used to be given for free to feed to his dog, was now costing $1.

The result has been a slowing in restaurant expansion, with one packaging company noting that:

[R]estaurant traffic has increased in a single digit. Most of our chain accounts, even the best chain, I can't say the name, they're telling us that this year has been a challenging year and they have slowed down in terms of adding store numbers. Their restaurant visits have not grown over double-digit, only single digits. And some of these are some of the best chains that we are working with right now. Now for some of the not-so-well-known chains, they may have a negative per-store sales and that's what we're seeing. Mom and pop shops are suffering the most. That's what I'm seeing.

Many companies are, however, passing along the fuel surcharges they have been experiencing, as one packing company also remarked:

We're seeing inflation on the packaging and food side. We're seeing more inflation on the food side right now, the produce. One of the key parts of the inflation that's causing a similar pricing is the logistics. For example, the LTL carrier that we used to contract to ship, for one pallet from California to Colorado, which used to be $250, is now $400 because they've added additional fuel surcharge. Every company out there is adding a fuel surcharge, which is ridiculous.... And of course, these extra additional fuel costs, surcharges, are adding to the product itself, okay? So this is where we see the major cost of inflation on that part.

Every manufacturer in the U.S. has made an announcement, an increased announcement of 5% to 15% starting in May. We also made an increased announcement of 5% to 10% that started in May or as early as May 15, and some customers pushed it back to June 1. And we've seen at the same time, the same manufacturer that made the announcement of price increase is doing another price increase in July. I do not know how customers will be taking two increases within two months. This is mainly caused by the oil cost, oil pricing has gone up—the resin prices. Anything that's related to plastic has gone up. The raw material price has gone up minimum 40% in the past two months.

Another aircraft maintenance service provider, when asked if it was impacted by the conflict in the Middle East and high oil prices, remarked:

We have not seen any impact, and we would see it in our day-to-day parts sales and the day-to-day parts sales have been as strong as ever.... We would expect to hear now as we would have airlines coming to us saying, listen, we're going to—we had planned to send you four lines of maintenance starting in the fall after the busy summer ... we're going to pull down one of those and you're only going to see three. We are not hearing any of that. So, our customers are as bullish as ever on the future.

I've had the opportunity over the last few days to—the last two days to spend time with a number of major *airline CEOs.... I think that they've all been pleasantly surprised with the amount of pricing power they have in the market. On average, they've been able to pass 30% to 60% of the fuel, the increase in fuel cost along through ticket pricing. And so, they're realizing they have market power given the demand environment they didn't know that they necessarily had, and that's encouraging to them. It'd be really interesting to see, to the extent that they've achieved certain pricing levels, and once that fuel input goes down and comes back to normal, I mean, that could be a really good thing for the health of the airlines.*

The Bifurcated Stock Market

Anecdotally, while many investors were starting to become a little more nervous about market concentration in the AI-related stocks, they also felt that there was likely still plenty of further room to run in those names, and they could not risk underperformance by not remaining active in them.

Meanwhile, in the same week as the IPO of SpaceX was announced, and those of OpenAI and Anthropic expected to follow soon, there was some concern that these could represent a near-term market top. The view is that they could be such significant market-moving events that they would draw substantial capital away from other stocks, leaving the broader market flatter in the months that follow as investors digest the supply—the proverbial pig in the python. As a result, many companies are increasingly keen to have their own IPOs or secondaries issued before these behemoths come to market.

In the meantime, what we also saw at this conference was that many very high-quality companies are simply being ignored. Company presentations that in past years would have been standing room only were more sparsely populated. While most investors were happy to concur that a rotation back to higher-quality names is likely to occur at some point, they also felt that 2026 was probably still too early to be making that bet. In our view, while the innovation boom has further legs, investors would also be wise to be tactically adding higher-quality names to portfolios where market pricing has started to become more disconnected from fundamentals. Friday's market shake-out on the back of a stronger employment report and the increased potential for higher interest rates is a clear indication that further ballast should be added to portfolios in the form of greater diversification and downside protection.

Conclusion

Coming away from the 46th Annual Growth Stock Conference with presentations from a very broad group of industries, there were two main themes: AI and data centers, and everything else.

The growth in data center demand, and the subsequent demand for power, materials, and other resources, is truly stunning and does not show any signs of slowing. However, it is increasingly coming up against supply constraints and growing cost pressures. While corporate America remains broadly constructive on the productivity potential of AI, there was a growing recognition that the pace of spending—particularly on compute—will ultimately require greater financial discipline. Thus, the current capex cycle is unlikely to remain unconstrained indefinitely.

For the broader macro economy, the key takeaway was that tension continues to exist between resilient employment and ongoing cost-of-living pressures emanating from a series of "one-off" supply shocks. What we heard from companies reinforces the view that we are not seeing any kind of traditional late-cycle slowdown in the labor market, as many had feared was happening at the start of the year, but rather a margin squeeze is taking place in which both companies and consumers are selectively absorbing higher costs. Pricing power is uneven, with some sectors (e.g., airlines) still able to pass through increases, while others (notably consumer discretionary companies such as restaurants) are choosing to protect demand and long-term brand equity at the expense of near-term margins. This dynamic helps explain why activity levels remain stable even as sentiment feels more fragile.

From an investment perspective, the concentration in AI-related equities may well persist in the near term, supported by real earnings momentum and capex visibility, but the conference also highlighted a growing dispersion across the broader market, with many historically higher-quality companies now less of a feature on investor radars.

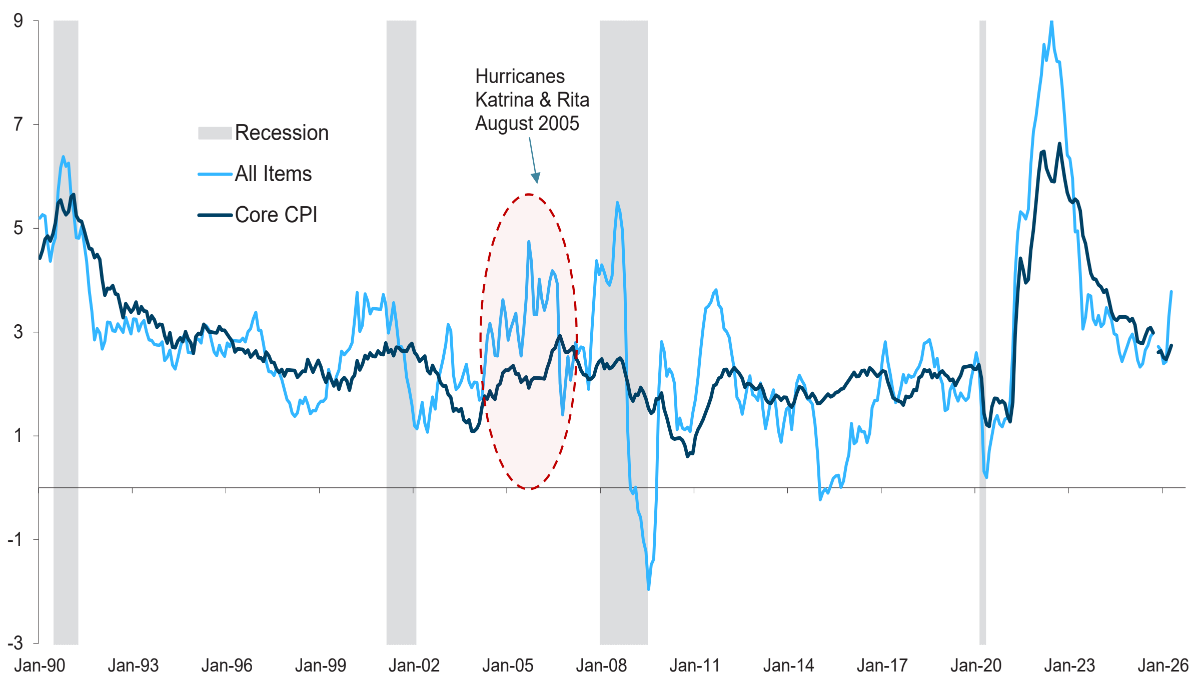
Highlights in the Week Ahead

Date	Time (ET)	Indicator	Last	Consensus	WB Estimate	Actual
9 June	5:00 a.m.	NFIB Small Business Optimism (May)	95.9	96.0	NA	
9 June	8:30 a.m.	Trade Balance (April)	-$60.3bn	-$56.5bn	-$57.4bn	
10 June	8:30 a.m.	Consumer Price Index (May)	0.6%	0.5%	0.6%	
		CPI Less-food & energy	0.4%	0.3%	0.4%	
11 June	8:30 a.m.	Producer Prices Index (May)	1.4%	0.7%	0.8%	
		PPI Less-food & energy	1.0%	0.5%	0.7%	

Sources: Bloomberg, William Blair Equity Research

Indicators of the Week: Consumer Price Index

CPI All Items & Core CPI - % Change on Year Ago



Source: Bureau of Labor Statistics, William Blair Equity Research

Economic Scorecard

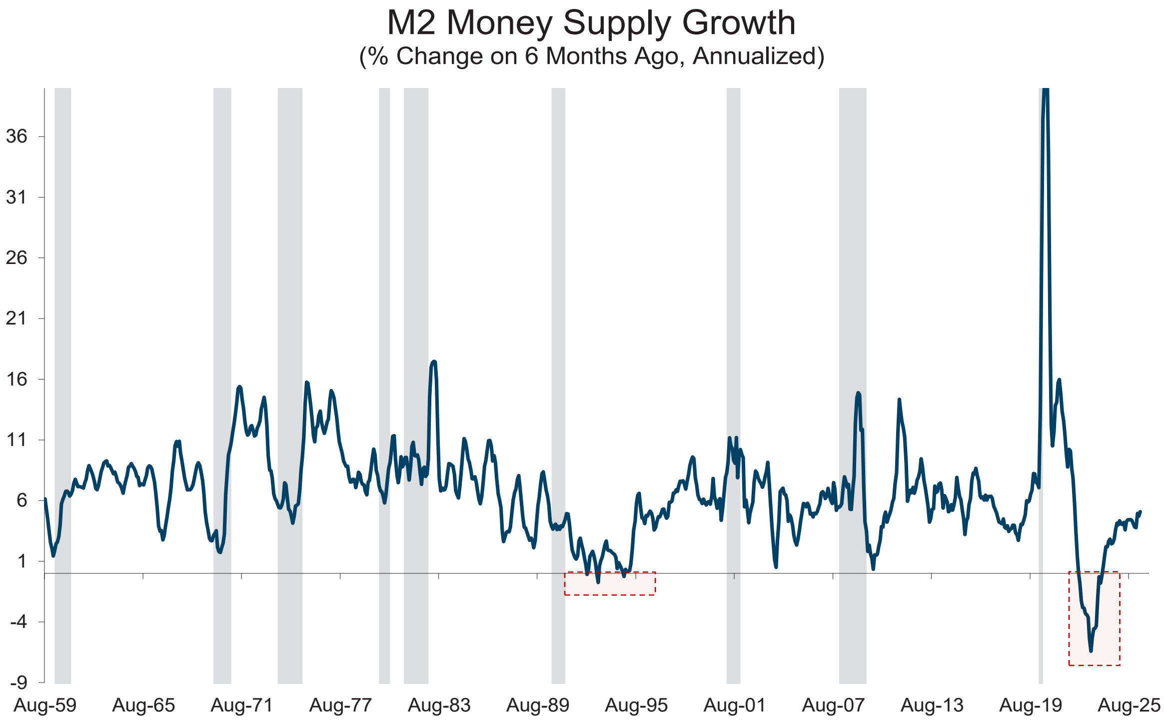
Rolling monthly heat map, % Change on Year Ago (unless otherwise noted)

	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26
Growth																			
US Leading Indicators	-3.0	-2.7	-3.0	-3.6	-4.3	-3.9	-4.0	-3.5	-3.5	-3.3	-3.3	-3.7	-3.9	-3.7	-3.3	-3.1	-1.7		
US Coincident Indicators	1.7	1.5	1.5	1.8	2.0	1.4	1.3	1.6	1.4	1.1	1.1	1.0	0.7	1.1	0.9	0.5	0.7		
US Lagging Indicators	0.1	-0.1	0.1	-0.1	-0.2	0.7	0.4	0.4	0.4	1.1	1.2	0.9	1.2	0.8	0.6	1.1	1.3		
Consumer																			
Total Retail Sales	4.5	4.5	3.8	5.2	5	3.4	4.4	4.1	5	4.1	3.2	3.2	2.4	3.3	4.2	4.2	4.9		
Personal Income	5.3	5	5	5.2	5.6	4.5	4.3	4.8	5.1	5.1	4.5	4.4	4.2	4	3.4	3.3	2.5		
Real Disposable Personal Income	2.2	1.8	1.8	2.3	2.8	1.5	1.2	1.7	1.8	1.8	1.3	1	0.8	1.4	0.8	-0.1	-1.1		
Real Personal Consumption	3.6	3.3	2.7	3.2	3.1	2.5	2.5	2.6	2.8	2.4	2.5	2.2	1.6	2.2	2.6	2.1	2.1		
Personal Saving Rate (%)	4.3	5.1	5.2	5.1	5.5	4.9	4.6	4.5	4.4	4.3	3.9	3.8	3.6	4.3	3.6	3.2	2.6		
Consumer Confidence (Conference Board)**	109.5	105.3	100.1	93.9	85.7	98.4	95.2	98.7	97.8	95.6	95.5	92.9	94.2	89	91	92.2	93.8	93.1	
Employment																			
Employment Growth	0.9	0.8	0.7	0.6	0.6	0.6	0.5	0.5	0.5	0.4	0.3	0.2	0.1	0.2	0.1	0.2	0.2	0.3	
ASA Temporary Staffing Index	-21.0	-8.2	-7.5	-8.7	-6.4	-5.8	-5.3	-0.8	-0.9	0.8	1.5	4.5	7.3	2.3	3.2	6.1	5.4	5.1	
ISM Employment Index Manufacturing*	45.4	49.7	47.1	44.4	46.2	46.1	45.1	44.9	44.3	45.4	45.8	44.1	44.8	48.1	48.8	48.7	46.4	48.6	
ISM Employment Index Services*	51	51.4	53.4	46	49.2	50.4	47.7	46.9	46.9	47.6	48.1	48.7	51.7	50.3	51.8	45.2	48	47.9	
Unemployment Rate, %	4.1	4	4.2	4.2	4.2	4.3	4.1	4.3	4.3	4.4		4.5	4.4	4.3	4.4	4.3	4.3	4.3	
Average Hourly Earnings	4.1	4	4.1	4.2	3.9	4	3.9	4	4	3.8	3.9	3.9	3.7	3.7	3.7	3.4	3.6	3.4	
Initial Jobless Claims (avg. wkly. chg. '000s)	223	219	226	223	226	233	239	222	231	234	226	221	219	213	216	208	208	215	
Jop Openings	-14.4	-11.3	-14.2	-15.3	-5.7	-6.1	-2.9	-4.5	-8.0	3.3	-2.8	-9.5	-10.2	-2.6	-4.4	-0.9	7.3		
Layoff Announcements	11.4	-39.5	103.2	204.8	62.7	47	-1.6	139.8	13.3	-25.8	175.3	23.5	-8.3	117.8	-71.9	-78	-20.9	3.4	
Housing Market																			
Housing Starts	-0.7	-1.8	-4.1	3.8	1.5	-3	4.6	12.8	-7.4	-2.8	-7.1	1.5	-7.8	2.4	-9.7	12	4.6		
New Home Sales	10.7	-2.6	-1.8	-3.7	-0.7	-7.2	-2.6	-11.5	1.6	-0.1	3.2	13.2	3	-13.4	0	1.1	-11.3		
Existing Home Sales	8.6	1.7	-1.0	-2.7	-1.5	-0.5	0.5	0.8	2.3	4.4	2.2	-1.2	1.9	-1.7	-0.5	-0.3	0.0		
Median House Price (Existing Homes)	1.1	-0.2	-1.4	-5.4	-0.4	2.5	-1.2	-7.4	3	-1	-5.2	1.2	1.4	-3.1	-0.7	-5.3	2.2		
Existing Homes Inventory (Mths' supply)	3.8	3.9	4	4.2	4.2	4.3	4.3	4.3	4.3	4.3	4.3	4.2	4	4.2	4.3	4.3	4.3		
New Homes Inventory (Mths' supply)	8.4	9	9.4	9.3	8.6	9.7	9	9.2	8.5	8.2	9	7.7	7.9	9.9	9.1	8.7	9.4		
NAHB Homebuilder Sentiment*	46	47	42	39	40	34	32	33	32	32	37	38	39	37	37	38	34		
Inflation																			
Consumer Price Index	2.9	3	2.8	2.4	2.3	2.4	2.7	2.7	2.9	3		2.7	2.7	2.4	2.4	3.3	3.8		
CPI Less-food & energy	3.2	3.3	3.1	2.8	2.8	2.8	2.9	3.1	3.1	3		2.6	2.6	2.5	2.5	2.6	2.8		
Producer Price Index	3.5	3.8	3.4	3.2	2.4	2.7	2.4	3.2	2.7	3	2.8	3.1	3.1	3.1	3.4	4.3	6		
PPI Less-food & energy	3.7	3.9	3.7	3.8	3.1	3.2	2.7	3.5	2.9	3	3	3.2	3.4	3.7	3.9	4	5.2		
PCE Price Index	2.7	2.6	2.7	2.4	2.3	2.5	2.6	2.6	2.7	2.8	2.7	2.8	2.9	2.9	2.9	3.5	3.8		
PCE Prices Less-food & energy	3.0	2.8	3.0	2.7	2.6	2.8	2.8	2.9	2.9	2.8	2.8	2.8	3.0	3.1	3.0	3.2	3.3		
Business Activity - US																			
Industrial Production	-0.3	0.9	0.8	0.6	0.9	0.1	0.6	1.9	1.2	1.9	1.8	1.8	1.2	1.4	1.0	0.8	1.4		
New Cap Gds Orders less-aircraft & parts	1.9	3.3	-0.9	2.2	0.5	2.2	4.5	4.4	2.5	5.3	6.2	4.1	8	2.9	5.9	10.8	10.9		
Business Inventories	2.7	1.8	2.5	2.2	2.5	2.2	1.7	1.6	1.4	1	1.3	1.3	1.2	1.5	1	1.2	2	0	
ISM Manufacturing PMI*	49.2	50.5	50	48.9	48.8	48.6	49	48.4	48.9	48.9	48.8	48	47.9	52.6	52.4	52.7	52.7	54	
Markit US Manufacturing PMI*	49.4	51.2	52.7	50.2	50.2	52	52.9	49.8	53	52	52.5	52.2	51.8	52.4	51.6	52.3	54.5	55.1	
ISM Services Index*	53.5	52.6	53.2	50.8	51.6	50.2	50.8	50.5	51.9	50.3	52	52.4	53.8	53.8	56.1	54	53.6	54.5	
Markit US Services PMI*	56.8	52.9	51	54.4	50.8	53.7	52.9	55.7	54.5	54.2	54.8	54.1	52.5	52.7	51.7	49.8	51	50.7	
Business Activity - International																			
Germany Manufacturing PMI Markit/BME*	42.5	45	46.5	48.3	48.4	48.3	49	49.1	49.8	49.5	49.6	48.2	47	49.1	50.9	52.2	51.4	50.1	
Japan Manufacturing PMI Jibun Bank*	49.6	48.7	49	48.4	48.7	49.4	50.1	49	49.7	48.5	48.2	48.7	50	51.5	53	51.6	55.1	54.5	
Caixin China Manufacturing PMI*	50.5	50.1	50.8	51.2	50.4	48.3	50.4	49.5	50.5	51.2	50.6	49.9	50.1	50.3	52.1	50.8	52.2	51.8	
China Manufacturing PMI*	50.1	49.1	50.2	50.5	49	49.5	49.7	49.3	49.4	49.8	49	49.2	50.1	49.3	49	50.4	50.3	50	
UK Manufacturing PMI Markit/CIPS*	47	48.3	46.9	44.9	45.4	46.4	47.7	48	47	46.2	49.7	50.2	50.6	51.8	51.7	51	53.7	53.9	
France Manufacturing PMI Markit*	41.9	45	45.8	48.5	48.7	49.8	48.1	48.2	50.4	48.2	48.8	47.8	50.7	51.2	50.1	50	52.8	49.7	
Currencies* **																			
Euro (EUR/USD)	-6.2	-4.2	-4.0	0.2	6.2	4.6	10.0	5.4	5.8	5.4	6.0	9.7	13.4	14.4	13.9	6.8	3.6	2.7	
Renmimbi (USD/CNY)	2.8	1.1	1.2	0.5	0.4	-0.6	-1.4	-0.4	0.6	1.5	0.0	-2.4	-4.3	-4.0	-5.7	-5.0	-6.1	-6.0	
Yen (USD/Yen)	11.5	5.6	0.4	-0.9	-9.3	-8.4	-10.5	0.5	0.6	3.0	1.3	4.3	-0.3	-0.3	3.6	5.8	9.4	10.6	
Sterling (GBP/USD)	-1.7	-2.3	-0.4	2.3	6.7	5.6	8.6	2.7	2.9	0.5	2.0	3.9	7.7	10.4	7.2	2.4	2.1	0.0	
Canadian $ (USD/CAD)	8.6	8.2	6.5	6.3	0.2	0.8	-0.5	0.3	1.8	2.9	0.5	-0.2	-4.6	-6.4	-5.7	-3.3	-1.6	0.4	
Mexican Peso (USD/MXN)	22.7	20.1	20.5	23.6	14.4	14.3	2.3	1.4	-5.4	-7.0	-7.4	-10.2	-13.5	-15.6	-16.2	-12.4	-11.0	-10.7	
US Equities																			
S&P 500	23.3	24.7	16.8	6.8	10.6	12.0	13.6	14.8	14.4	16.1	19.9	13.5	16.4	14.9	15.5	16.3	29.4	28.2	
S&P 400 Midcap	12.2	18.6	7.1	-4.2	-0.3	0.6	5.9	1.7	5.3	4.5	4.8	-1.7	5.9	6.1	15.5	15.7	27.6	24.1	
S&P 600 Smallcap	6.8	14.5	4.5	-5.0	-3.6	-3.4	2.8	-6.3	1.8	1.9	3.8	-4.0	4.2	7.0	15.9	18.5	36.6	31.2	
Russell 2000	10.0	17.5	5.3	-5.3	-0.5	-0.2	6.2	-1.9	6.7	9.3	12.9	2.7	11.3	14.3	21.7	24.1	42.6	41.3	

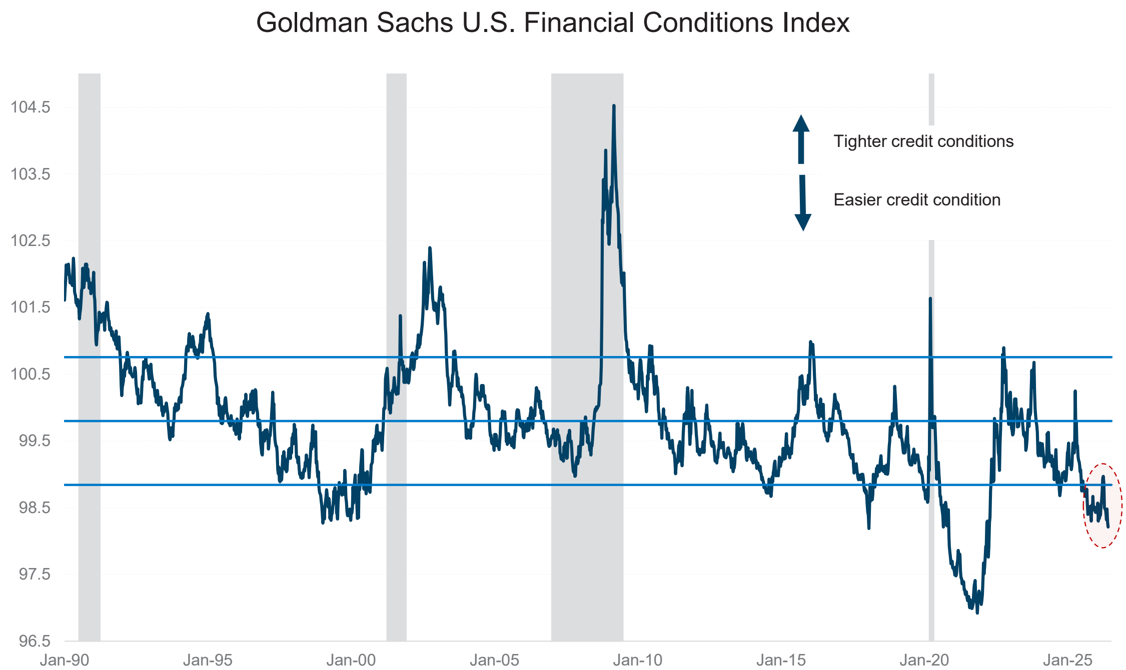
* Diffusion Index, **1985=100, ***Currencies - green/red = strengthening/weakening foreign currency vs dollar

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

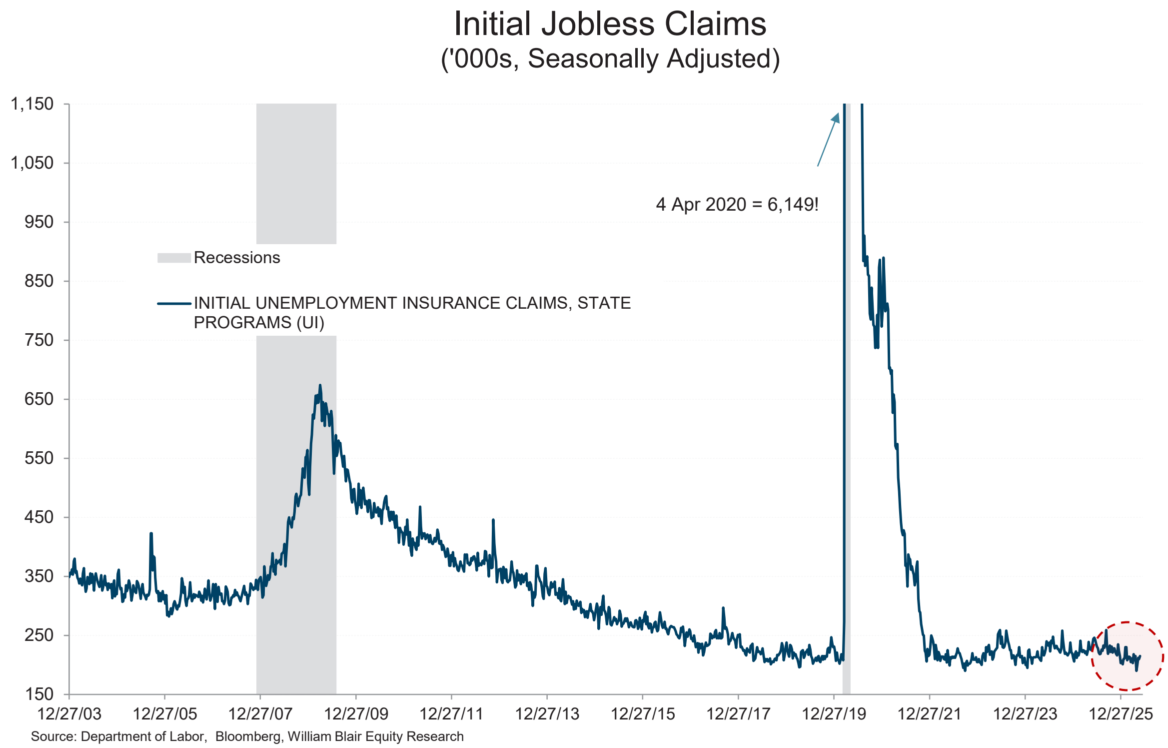
Other Economic Indicators

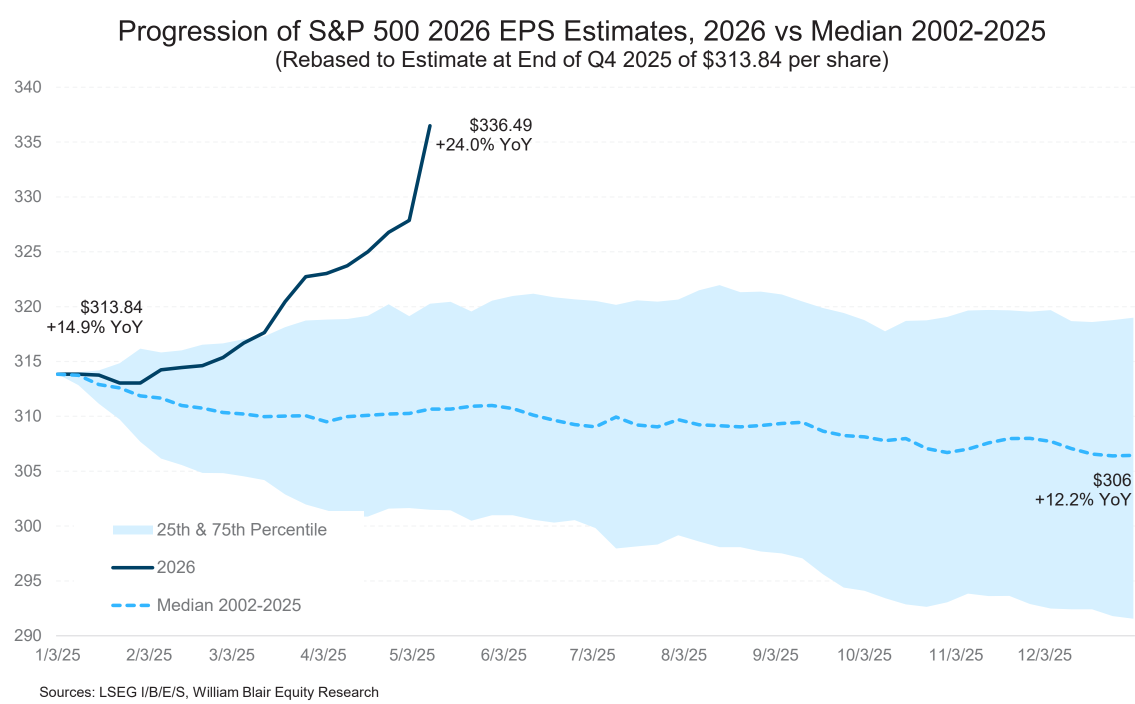


Sources: Federal Reserve, William Blair Equity Research

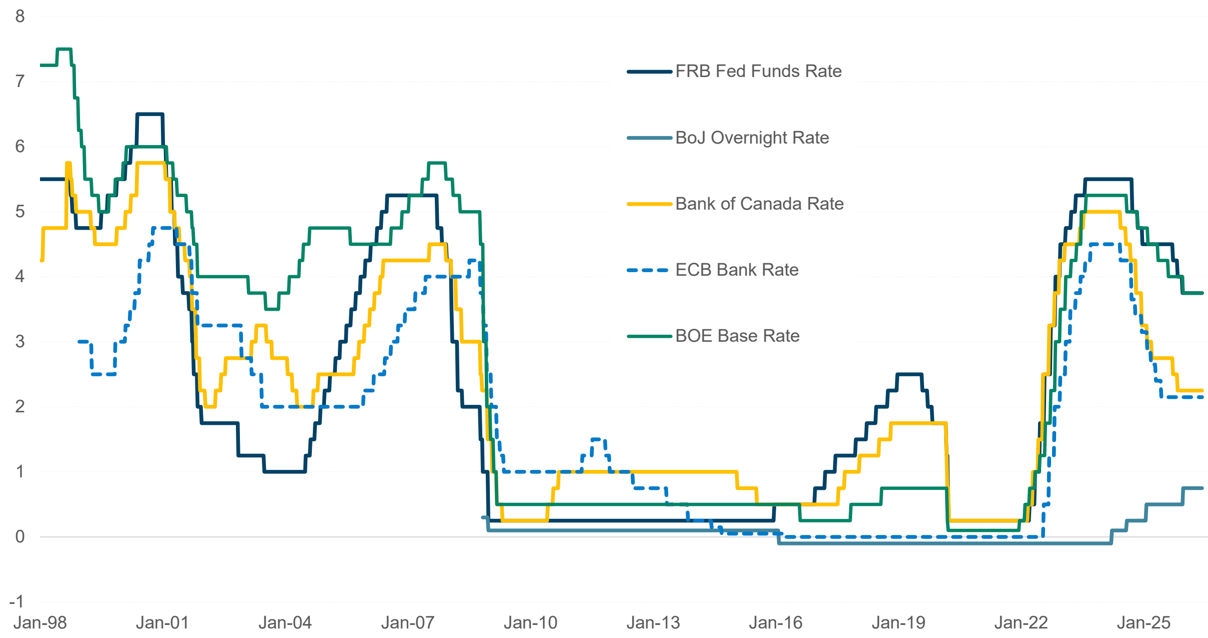


Sources: Bloomberg, William Blair Equity Research


Initial Jobless Claims
('000s, Seasonally Adjusted)
1,150
1,050
950
850
750
650
550
450
350
250
150
4 Apr 2020 = 6,149!
Recessions
INITIAL UNEMPLOYMENT INSURANCE CLAIMS, STATE PROGRAMS (UI)
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
12/27/25
Source: Department of Labor, Bloomberg, William Blair Equity Research


Progression of S&P 500 2026 EPS Estimates, 2026 vs Median 2002-2025
(Rebased to Estimate at End of Q4 2025 of $313.84 per share)
340
335
330
325
320
315
310
305
300
295
290
$336.49
+24.0% YoY
$313.84
+14.9% YoY
$306
+12.2% YoY
25th & 75th Percentile
2026
Median 2002-2025
1/3/25
2/3/25
3/3/25
4/3/25
5/3/25
6/3/25
7/3/25
8/3/25
9/3/25
10/3/25
11/3/25
12/3/25
Sources: LSEG I/B/E/S, William Blair Equity Research

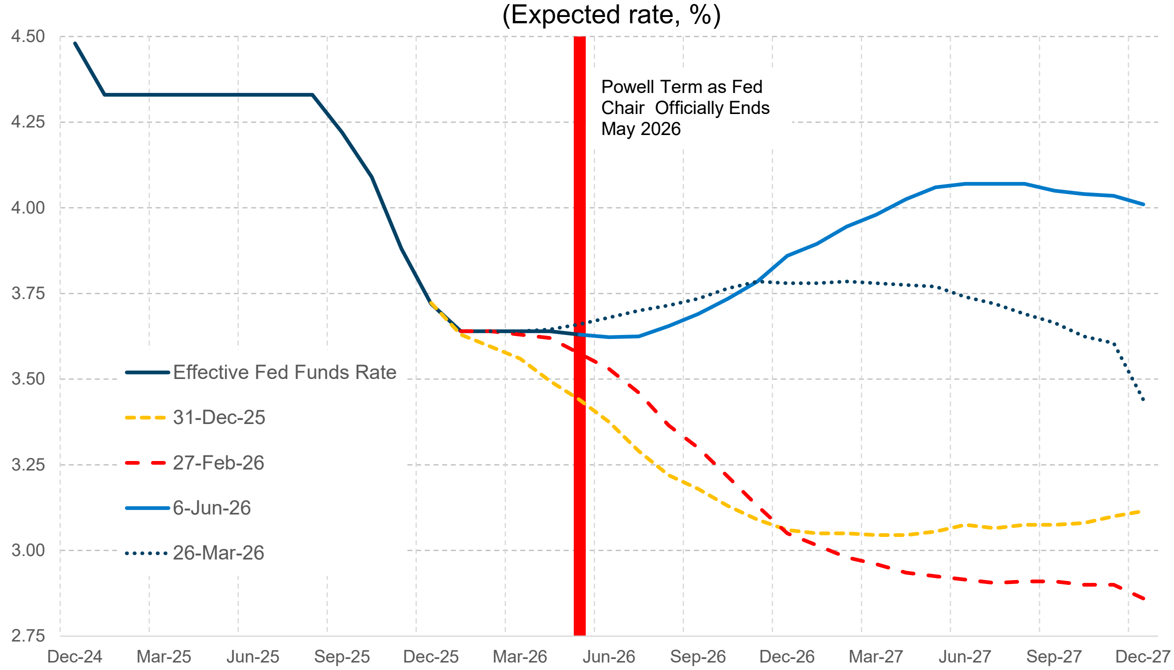
Central Bank Target Short-Term Interest Rates, %



Sources: Bloomberg, William Blair Equity Research

Fed Funds Rate and Futures Market Expectations

(Expected rate, %)



Sources: Bloomberg, William Blair Equity Research

S&P 500 Sector Performance

Global Industry Classification System	Current Weight* 05-Jun-26	Week Ago 29-May-26	Month Ago 05-May-26	Qtr-to-Date 31-Mar-26	Year-to-Date 31-Dec-25
S&P 500 Index	**100.00**	**-2.59**	**1.72**	**13.10**	**7.86**
S&P 400 MidCap Index		**-0.85**	**0.82**	**9.40**	**11.75**
S&P 600 SmallCap Index		**-0.69**	**-0.45**	**10.55**	**13.98**
Dow Jones Industrials		**-0.32**	**3.18**	**9.77**	**5.83**
Nasdaq Composite		**-4.68**	**1.51**	**19.08**	**10.62**
Communication Services	**10.22**	**-3.91**	**-4.51**	**12.75**	**4.75**
Advertising	0.04	0.34	-7.90	-3.58	-22.80
Broadcasting	0.06	3.41	5.74	13.78	-10.43
Cable & Satellite	0.05	-9.28	-8.13	-21.31	-17.49
Integrated Telecommunication Services	0.64	-6.12	-8.37	-15.77	-2.58
Interactive Home Entertainment	0.13	-1.67	-1.42	3.42	-8.34
Interactive Media & Services	8.05	-3.82	-4.24	20.77	8.88
Movies & Entertainment	0.94	-3.58	-4.03	-8.03	-11.04
Publishing & Printing	0.02	4.49	6.88	9.36	4.61
Wireless Telecommunication Svcs	0.28	-5.03	-8.34	-15.20	-12.28
Consumer Discretionary	**9.71**	**-6.20**	**-4.36**	**7.47**	**-2.57**
Apparel Retail	0.37	2.50	2.99	2.25	10.56
Apparel & Accessories & Luxury Goods	0.08	-4.86	-3.04	-5.98	-11.33
Auto Parts & Equipment	0.02	0.97	25.11	13.56	3.64
Automobile Manufacturers	2.36	-10.00	1.86	6.40	-11.32
Automobile Retail	0.26	0.76	-9.13	-1.92	-9.30
Broadline Retail	3.97	-8.93	-9.82	18.17	6.92
Casinos & Gaming	0.08	2.84	3.39	3.64	-9.92
Computer & Electronics Retail	0.02	-8.22	24.92	11.43	6.89
Consumer Electronics	0.07	1.13	0.82	1.97	16.62
Distributors	0.03	0.30	-4.38	-7.53	-19.79
Footwear	0.10	-6.58	1.94	-13.72	-26.51
Home Furnishings	0.01	-4.24	5.61	4.47	-5.89
Home Improvement Retail	0.63	-1.92	-2.89	-7.03	-10.51
Homebuilding	0.15	0.01	1.30	2.13	-4.91
Hotels, Resorts & Cruise Lines	0.76	0.94	3.31	5.85	-3.84
Leisure Products	0.02	-2.31	-11.17	-10.07	2.65
Restaurants	0.71	-1.63	-4.60	-3.81	-8.32
Other Specialty Retail	0.05	-7.08	-10.84	-22.64	-31.56
Consumer Staples	**5.15**	**0.95**	**-2.06**	**0.50**	**7.55**
Agricultural Products	0.09	1.77	0.54	7.39	41.12
Brewers	0.01	-1.19	-7.42	-9.29	-16.32
Consumer Staples Merchandise Retail	2.33	1.45	-6.41	-3.30	8.39
Distillers & Vintners	0.05	1.54	-4.96	-5.18	1.73
Food Distributors	0.05	0.63	4.74	6.95	3.53
Food Retail	0.10	0.98	-8.00	-7.83	6.75
Household Products	0.71	1.46	1.69	1.72	3.65
Packaged Foods & Meats	0.32	-1.18	-0.87	-1.28	-2.72
Personal Care Products	0.08	-0.96	1.50	7.48	-7.38
Soft Drinks	0.98	0.07	-0.34	2.17	8.48
Tobacco	0.59	1.48	3.30	8.30	15.08
Energy	**3.15**	**2.46**	**-3.44**	**-7.14**	**27.44**
Integrated Oil & Gas	1.55	2.91	-3.09	-10.93	24.49
Oil & Gas Equipment & Services	0.26	-0.29	-4.82	4.05	40.18
Oil & Gas Exploration & Production	0.61	1.31	-6.71	-10.61	21.04
Oil & Gas Refining & Marketing & Transportation	0.33	4.64	1.01	3.75	53.12
Oil & Gas Storage & Transportation	0.40	2.55	-2.40	-1.17	23.02

Financials	**11.02**	**1.31**	**1.21**	**5.56**	**-4.79**
Asset Management & Custody Banks	0.91	-0.94	-1.24	9.25	-5.87
Consumer Finance	0.51	-2.52	-3.03	1.42	-19.74
Diversified Banks	2.86	4.41	1.64	8.05	-1.32
Diversified Financial Services	6.39	-0.76	0.92	5.18	-6.72
Financial Exchanges & Data	0.81	-4.73	-5.74	-3.17	-12.05
Insurance Brokers	0.37	4.75	2.29	-2.82	-13.31
Investment Banking & Brokerage	1.37	0.25	7.72	17.46	6.84
Life & Health Insurance	0.27	3.55	4.29	12.13	5.42
Multi-Sector Holdings	1.01	2.88	4.86	1.86	-2.89
Property & Casualty Insurance	0.84	5.03	1.03	1.94	-2.04
Regional Banks	0.26	2.10	0.33	7.11	3.11
Reinsurance	0.02	3.20	-4.36	2.31	-1.45
Transaction & Payment Processing	1.68	-1.77	-1.09	2.52	-11.67
Health Care	**8.46**	**2.30**	**5.12**	**4.06**	**-1.44**
Biotechnology	1.47	2.06	4.62	-0.85	1.23
Health Care Distributors	0.30	3.73	-3.19	-8.71	-7.83
Health Care Equipment	1.30	2.75	0.44	-7.93	-21.87
Health Care Facilities	0.13	-1.57	-13.10	-21.07	-22.11
Health Care Services	0.38	4.37	11.62	18.19	14.61
Health Care Supplies	0.06	4.65	8.66	3.58	-4.84
Life Sciences Tools & Services	0.71	-2.02	3.03	1.84	-14.43
Managed Health Care	0.77	5.84	12.95	51.74	23.02
Pharmaceuticals	3.30	2.15	6.91	5.53	7.40
Industrials	**8.15**	**0.58**	**0.85**	**7.47**	**12.09**
Aerospace & Defense	1.98	-0.97	4.93	1.35	2.52
Agricultural & Farm Machinery	0.23	7.61	1.33	3.58	25.32
Air Freight & Logistics	0.30	0.44	10.42	11.96	20.83
Building Products	0.44	3.29	-1.34	9.23	13.72
Cargo Ground Transportation	0.15	7.74	23.32	29.16	54.19
Construction & Engineering	0.30	-1.13	-9.26	25.51	66.55
Construction Machinery & Heavy Trucks	0.90	2.84	-0.36	21.52	43.05
Data Processing & Outsourced Services	0.03	-1.55	-0.53	-6.86	-32.19
Diversified Support Svcs	0.15	1.50	1.90	1.89	-10.20
Electrical Components & Equipment	0.72	-2.38	-4.64	12.34	18.09
Environmental & Facilities Services	0.29	3.95	-1.76	-4.63	-4.40
Heavy Electrical Equipment	0.37	-3.59	-14.76	6.95	42.85
Human Resource & Employment Services	0.19	4.32	9.65	12.82	-9.31
Industrial Conglomerates	0.32	-6.40	4.27	-1.44	4.10
Industrial Machinery	0.57	2.27	-1.48	-1.58	-1.64
Passenger Airlines	0.16	-5.02	10.81	16.16	4.65
Passenger Ground Transportation	0.21	0.44	-3.07	-1.69	-13.46
Railroads	0.47	3.52	2.75	12.15	18.50
Research & Consulting Svcs	0.11	2.12	-3.59	-7.96	-20.41
Trading Companies & Distributors	0.27	6.21	11.60	21.08	25.91
Information Technology	**35.40**	**-5.42**	**6.55**	**28.76**	**16.85**
Application Software	1.86	-6.64	0.90	4.70	-22.40
Communications Equipment	1.33	-1.28	9.23	37.37	43.41
Electronic Components	0.58	-3.09	6.27	24.11	36.45
Electronic Equipment & Instruments	0.14	-2.88	-5.58	10.50	35.82
Electronic Manufacturing Services	0.15	-1.40	3.49	11.54	9.81
Internet Software & Services	0.09	0.99	11.01	18.74	15.93
IT Consulting & Services	0.61	-4.32	14.42	5.49	-18.12
Semiconductor Equipment	1.59	-1.89	9.42	34.34	72.47
Semiconductors	14.71	-7.35	4.60	36.97	29.87
Systems Software	6.39	-6.88	7.03	19.76	-7.86
Technology Distributors	0.03	6.05	-2.74	9.93	-2.32
Technology Hardware, Storage & Peripherals	7.93	-1.97	10.17	29.90	25.42
Materials	**1.75**	**-1.24**	**-1.84**	**0.51**	**9.86**
Commodity Chemicals	0.07	-0.95	-16.86	-19.05	46.80
Construction Materials	0.21	-2.10	-5.42	0.27	-10.42
Copper	0.13	-3.56	9.87	7.81	24.77

Fertilizers & Agricultural Chemicals	0.11	-1.53	-8.61	-9.54	18.16
Gold	0.16	-9.20	-8.53	-7.89	-0.14
Industrial Gases	0.44	1.90	-0.42	1.30	18.07
Metal & Glass Containers	0.02	-3.20	-7.33	-10.47	-0.09
Paper Packaging	0.13	-0.15	1.78	-1.67	-4.23
Specialty Chemicals	0.34	-1.30	-2.22	-2.81	1.35
Steel	0.14	2.31	10.93	49.94	56.92
Real Estate	**1.79**	**1.52**	**1.04**	**8.97**	**11.08**
Data Center REITs	0.25	0.14	-1.74	7.78	32.96
Health Care REITs	0.31	0.33	-1.89	4.93	10.82
Hotel & Resort REITs	0.02	7.14	15.53	28.50	38.86
Industrial REITs	0.20	0.75	3.05	9.35	13.22
Multi-Family Residential REITs	0.00	4.93	4.70	15.61	5.20
Office REITs	0.01	3.86	6.49	20.11	-7.63
Other Specialized REITs	0.10	-2.12	-3.62	12.16	22.07
Real Estate Service	0.08	4.86	-6.78	-7.17	-30.29
Retail REITs	0.24	1.08	0.57	6.69	12.49
Self-Storage REITs	0.13	1.47	3.75	12.94	16.21
Single-Family Residential REITs	0.13	1.47	3.75	12.94	16.21
Telecom Tower REITs	0.23	3.47	6.08	14.60	8.97
Timber REITs	0.03	-0.12	3.29	0.20	3.34
Utilities	**2.06**	**-0.31**	**-4.84**	**-3.88**	**3.34**
Electric Utilities	1.35	-0.56	-6.31	-4.76	2.67
Gas Utilities	0.04	0.66	-9.08	-7.84	1.56
Independent Power Producers & Energy Traders	0.09	-5.94	-5.69	-0.15	-6.12
Water Utilities	0.04	0.97	-1.26	-8.54	-4.62
Multi-Utilities	0.54	1.09	-0.79	-1.59	7.54

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

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DOW JONES: 50866.80
S&P 500: 7383.74
NASDAQ: 25709.40

Additional information is available upon request.

Current Rating Distribution (as of June 8, 2026):

Coverage Universe	Percent	Inv. Banking Relationships *	Percent
Outperform (Buy)	74	Outperform (Buy)	14
Market Perform (Hold)	25	Market Perform (Hold)	2
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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