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Economic & Capital Market Outlook 2H'26

Déjà vu

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We’ve Been Here Before (but it’s been a while)
Déjà vu

OUR CORE FORECAST IN NUMBERS

U.S. Economic Outlook 2026

2026 ECONOMIC THEME

Déjà vu

"We've seen this before, but don't remember when."

A familiar real-growth profile, with a very different nominal backdrop.

OUR 2026 BASE CASE

Familiar Growth. Elevated Nominal Backdrop.

Real activity looks broadly trend-like, while inflation remains well above the post-2000 norm.

	1ST–3rd QUARTER 2026 Average	2000–2025 AVERAGE
REAL GDP GROWTH 2.5%–3.0% FORECAST	2.7%	2.1% Near trend
CORE PCE INFLATION 3.2% FORECAST	3.1%	2.2% Still elevated
NOMINAL GDP GROWTH 5.7%-6.2% FORECAST	5.8%	4.6% Above norm

KEY TAKEAWAY Trend-like real growth + sticky inflation = a nominal economy running hotter than the long-run average.

Source: Bureau of Economic Analysis and Bureau of Labor Statistics. Forecasts are estimates and subject to change. Forward-looking statements are subject to numerous assumptions, risks and uncertainties. Actual results could differ materially from those anticipated.

2026 OUTLOOK

Economic Growth Acceleration

Two potential tailwinds: fiscal support and faster productivity.

GROWTH MATH

Workers
+ Productivity
= GDP

IMPLICATION

Real GDP growth could move toward ~3% if both tailwinds materialize.

Growth Acceleration: Policy Impulse + Productivity

Near-term tax incentives may support demand and investment, while labor-force growth and productivity gains could raise the economy's speed limit.

1 Tax & Fiscal Policy

"Big Beautiful Bill" assumptions

$154B cash "stimulus" estimate

- U.S.-based business tax to decline to 15%.
- 2017 tax cuts extended; SALT deductions return to $40,000.
- Average household tax refund estimated to increase by $1,000.
- One-year depreciation acceleration to add $75B to GDP growth.
- Added economic "capital" of $182B equates to +0.6% GDP growth.
- Long-term deficit expected to increase by $300B per year.

Near-term fiscal impulse supports 2026 demand and business investment.

2 Worker Productivity Growth

Trend acceleration

~2.5% average productivity gains over the last 3 years

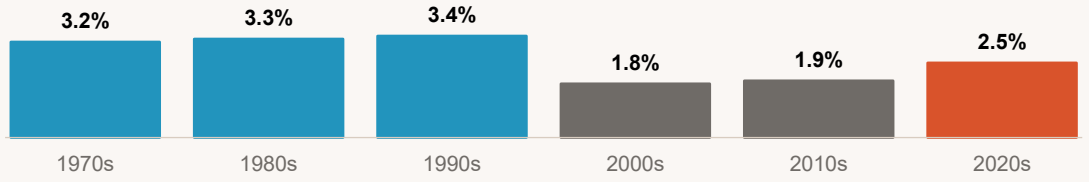
- GDP output calculation: number of workers + productivity = GDP.
- Workers estimated to increase +30k/month in 2026, extending 2025 trend.
- Labor-force increase contributes roughly +0.3%.
- Recent productivity gains appear sustainable.
- AI may be accelerating the trend.
- Leading to real GDP growth rates near 3%.

Productivity could lift the economy's longer-term "speed limit."

AVERAGE REAL GDP GROWTH BY DECADE

The speed limit may be rising again

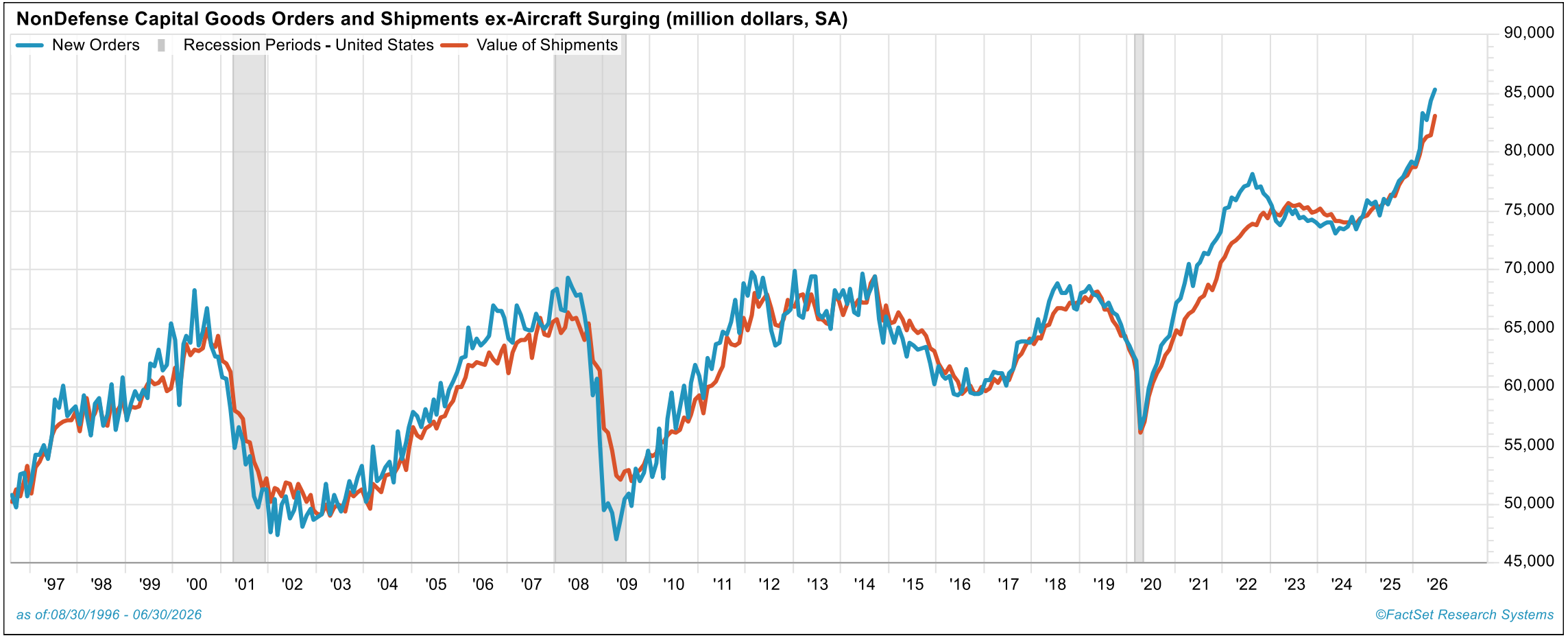
Historical context for the acceleration case.



Sources: Brookings Institute, Tax Foundation, Yardeni Assoc., Bureau of Economic Analysis

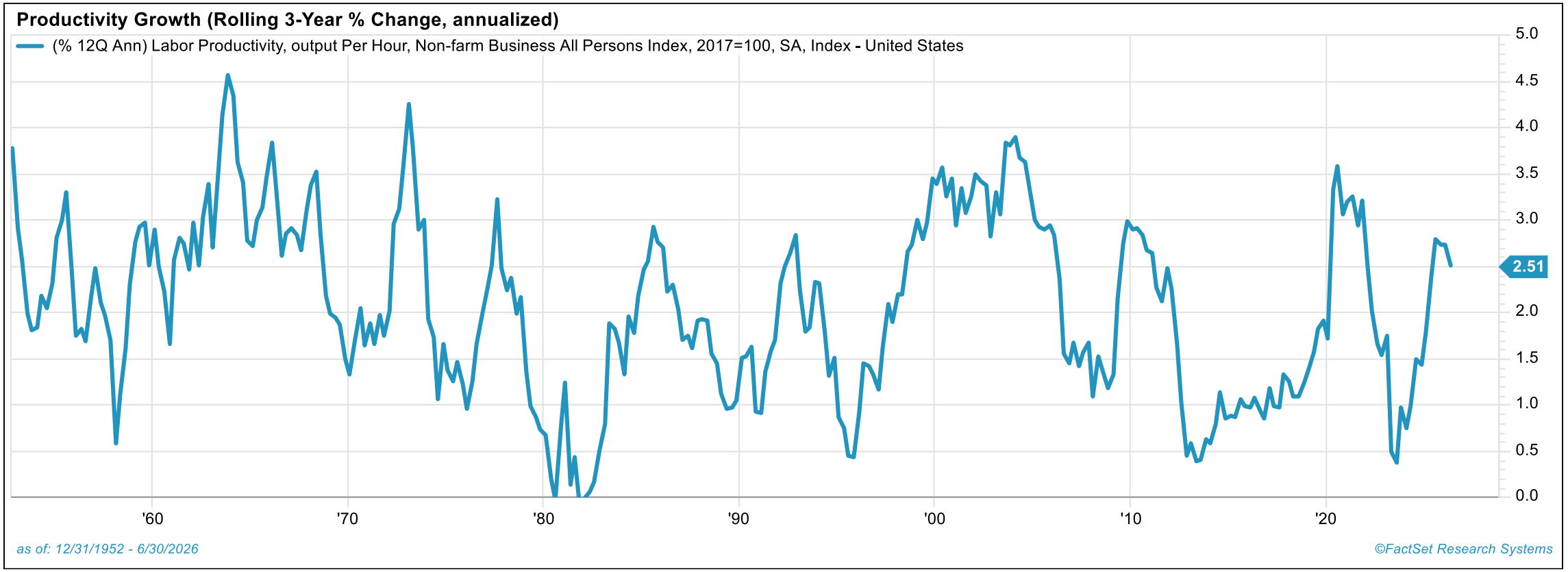
Capital Goods Order Rates Soaring

Over the last 12 months capital goods order rates have soared over 12.9%



A New Productivity Cycle Is Taking Shape

Productivity growth has accelerated to roughly 2.5% after nearly two decades of generally subdued gains, raising the prospect of a higher sustainable growth rate for the economy.



EARNINGS + NOMINAL GDP

Earnings Growth

Nominal economic growth provides the foundation; operating leverage can amplify the earnings outcome.

+2.0%

ANNUALIZED EARNINGS PREMIUM SINCE 1995

S&P 500 earnings have compounded about two percentage points faster than nominal GDP from the 1995 starting point.

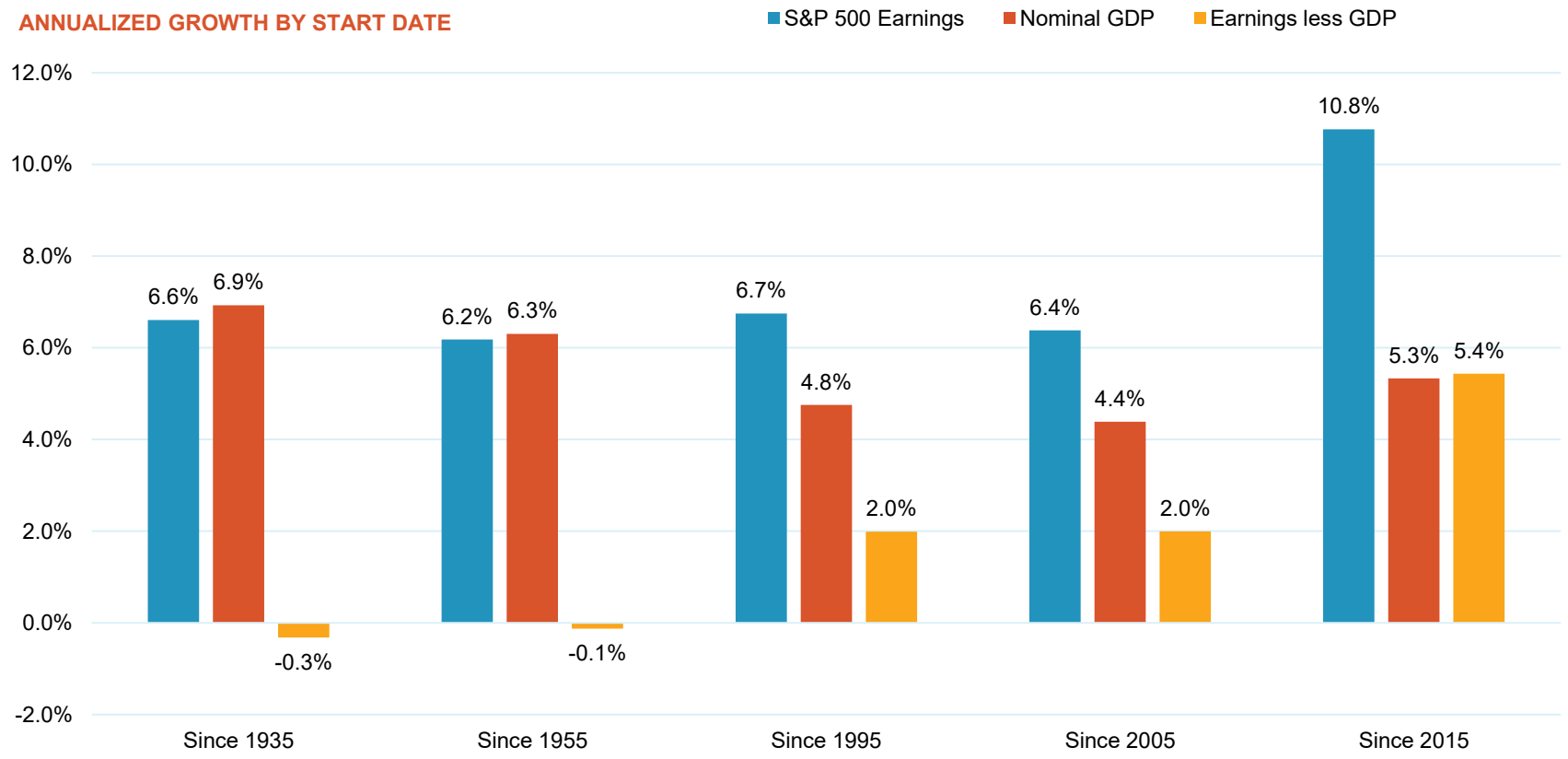
SINCE 2015

+5.4%

The difference between earnings growth and GDP growth has accelerated more recently.

A Stronger Nominal Economy Supports Stronger Earnings Growth

Nominal growth anchors the earnings backdrop, while margins, operating leverage and index composition can drive a premium.



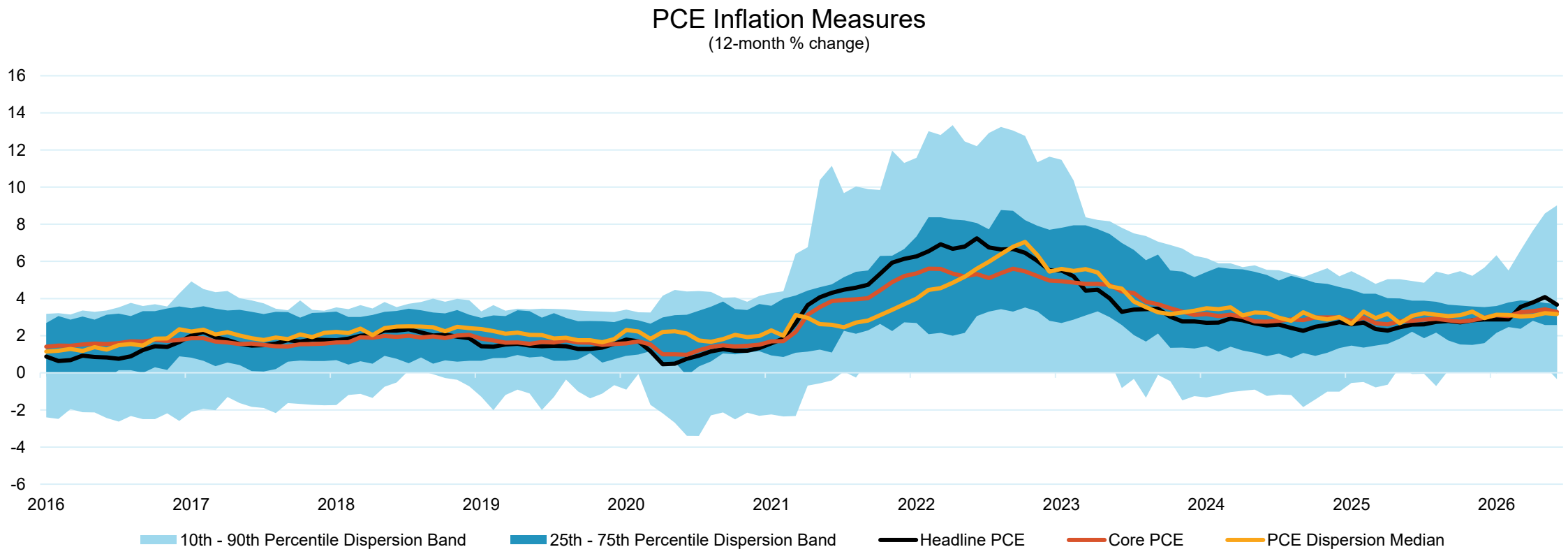
Note: S&P 500 earnings growth and nominal GDP growth are annualized compound rates from each starting period and data is through the end of 2025.

Investment implication: A higher nominal-growth environment can provide a healthier foundation for corporate revenue and earnings growth.

Sources: Robert Shiller; U.S. Bureau of Economic Analysis; Mariner calculations

Inflation Breadth Keeps the Fed Cautious

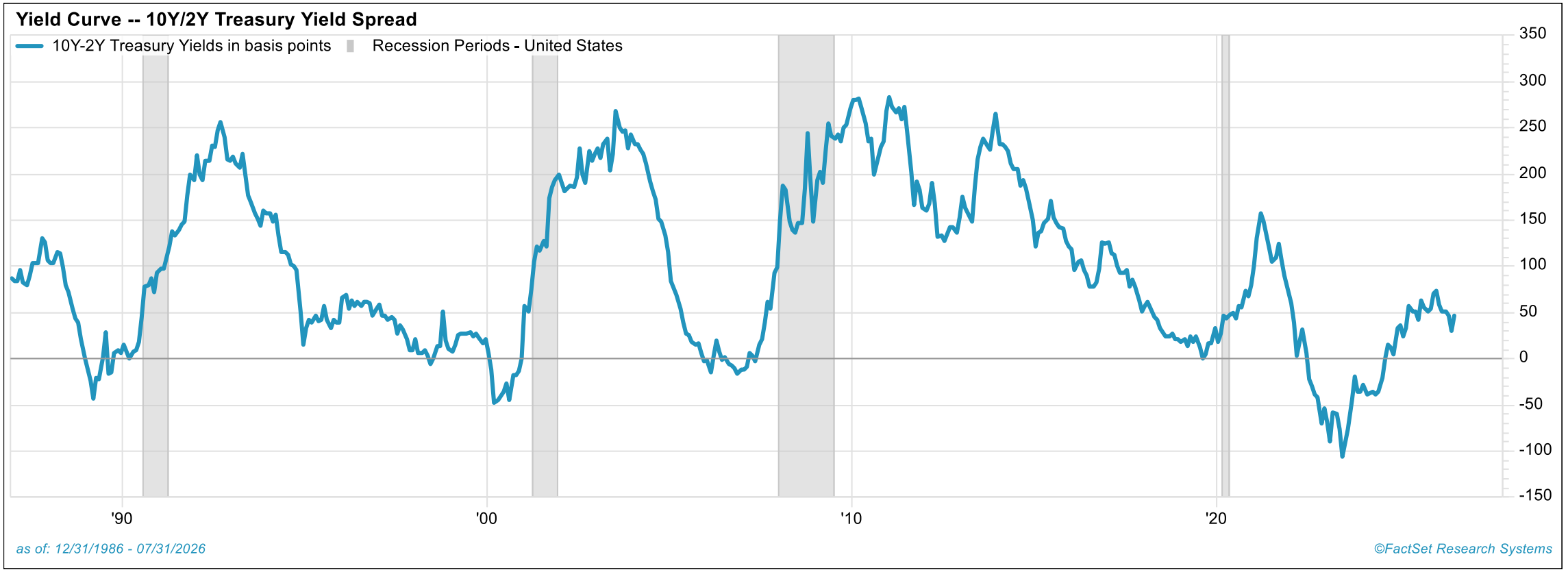
Price pressures extend beyond a handful of volatile categories, with median PCE inflation above 3% and the broader distribution of price changes shifting higher.



Source: U.S. Bureau of Economic Analysis; Federal Reserve Bank of San Francisco PCE Inflation Dispersion data. Data through June 2026.

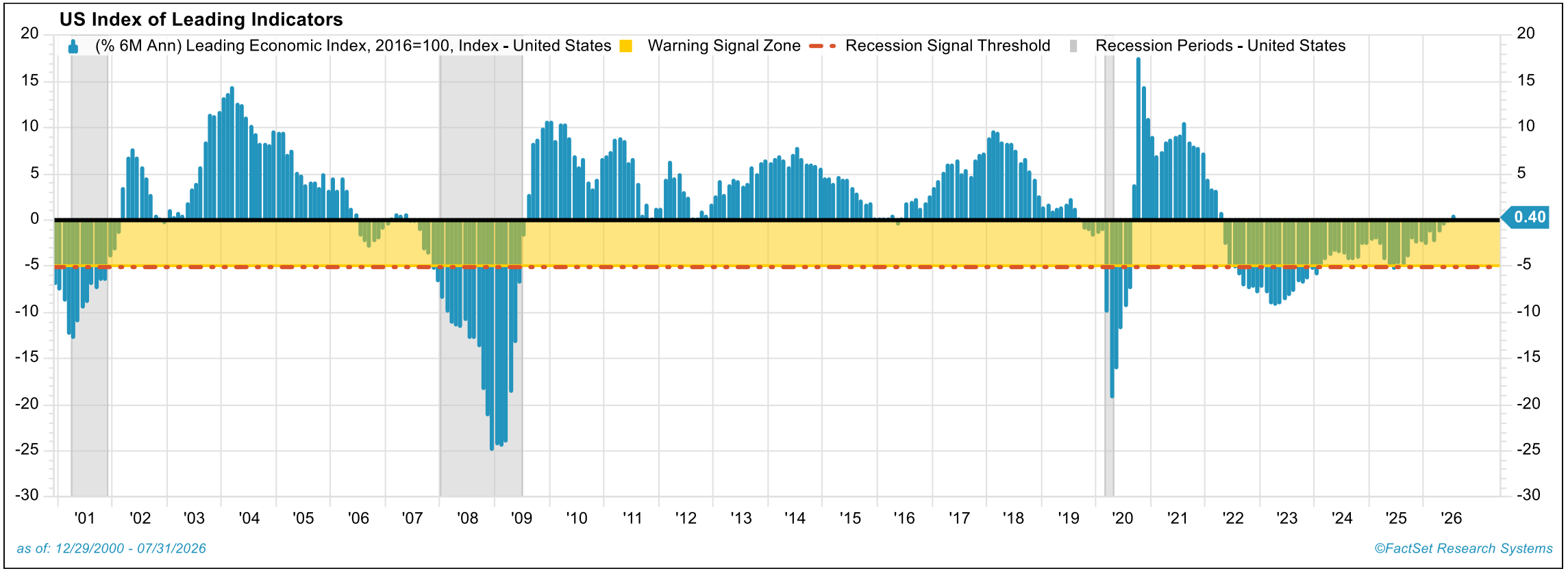
The Yield Curve Is No Longer Flashing the Same Warning

The 10-year/2-year spread has moved back above zero after one of the longest inversions on record, while incoming economic data remain resilient.



Leading Indicators Are No Longer Flashing the Same Warning

After years of contraction, six-month annualized LEI growth has turned positive, suggesting recession risks are receding as forward momentum improves.



Politics Are Context, Not Destiny

Long-run NDR data show market and macro outcomes vary across political regimes, but elections are only one input in a broader cycle-driven investment backdrop.

AVERAGE ANNUAL GAINS BY POLITICAL CONTROL

Government configuration	Stocks (DJIA)	Industrial production	Inflation (CPI)	Real stock returns*	Long-term govt bonds*	U.S. dollar**
Democratic President	7.96	4.52	4.24	3.57	2.45	1.50
Republican President	3.78	1.70	1.84	1.91	7.77	-1.72
Democratic Congress	6.18	4.30	4.32	1.78	5.44	-1.55
Republican Congress	5.10	1.37	1.20	3.86	4.21	1.11
Dem. Pres., Dem. Cong.	7.24	6.38	4.67	2.45	2.00	-3.64
Dem. Pres., Rep. Cong.	9.40	0.91	3.37	5.83	3.28	4.12
Rep. Pres., Rep. Cong.	2.67	1.64	-0.08	2.75	5.11	-3.89
Rep. Pres., Dem. Cong.	5.09	1.76	3.88	1.16	9.46	-0.80
All Periods Buy/Hold	**5.70**	**3.04**	**2.98**	**2.64**	**4.99**	**-0.31**

*Majority party = party with average of % control in the House and % control in the Senate greater than 50%. *Real stock returns and long-term government bonds begin in 1925; **U.S. dollar begins in 1971.*

Investment takeaway: Historical averages can help frame the discussion, but election outcomes should be viewed as context rather than a standalone forecast.

*Real Equity Returns: Dow Jones Industrial Average return, adjusted for CPI inflation. Long-Term Government Bonds: 20-year US Treasury total returns.
Source: Ned Davis Research (NDR)

Entering the “New Room” - Update



STRUCTURAL
REGIME SHIFT

From Globalization to Fragmentation

The macro backdrop is shifting from an era of global integration and disinflation toward one shaped by political separation, on-shoring and larger government.

KEY MESSAGE
More friction + more fiscal presence may point to a higher structural inflation regime.

A New Global Macro Regime Is Taking Shape

The world is moving from a globalization-led, disinflationary era to one defined by fragmentation, aging demographics, larger government and higher inflation pressure.

	OLD ROOM	PASSAGEWAY	NEW ROOM
	Global integration, low inflation and expanding trade		*Fragmentation, larger public sector and inflation risk*
01 GLOBALIZATION & TRADE	Rapid globalization; trade rose from 26% of global GDP in 1970 to 57% in 2024. Global deep poverty declined by more than 1B people.	→	Globalization as a share of world GDP appears to have peaked. On-shoring of manufacturing capabilities may become the norm.
02 INFLATION REGIME	A period of persistent disinflationary pressure as global integration lowered production costs and expanded supply chains.	→	Higher overall inflation pressure of 3%–4% may become a more durable feature of the new environment.
03 GEOPOLITICS & POWER	A period of relative world peace, particularly for developed nations, while economic power shifted toward autocratic blocs.	→	Global political friction may continue to escalate as countries align more directly with democratic or autocratic power bases.
04 GOVERNMENT & DEMOGRAPHICS	Government spending and debt levels in many cases grew faster than economic growth, making fiscal policy increasingly impactful.	→	Major economies are aging, adding power to a larger government presence. Government spending as a share of GDP should be higher long term.

Sources: IMF; World Bank; Mariner calculations

Two Planks in New Room Secular Theme "End Times" and "Fractured Age"



- End Times – youth economic expectations not being met.
- Irrespective of "elite" or "non-elite" status.
- College experience leading to disappointment and high debt.
- Lowering of unionization.
- GNI increase of 8% to corporate profits from worker income.

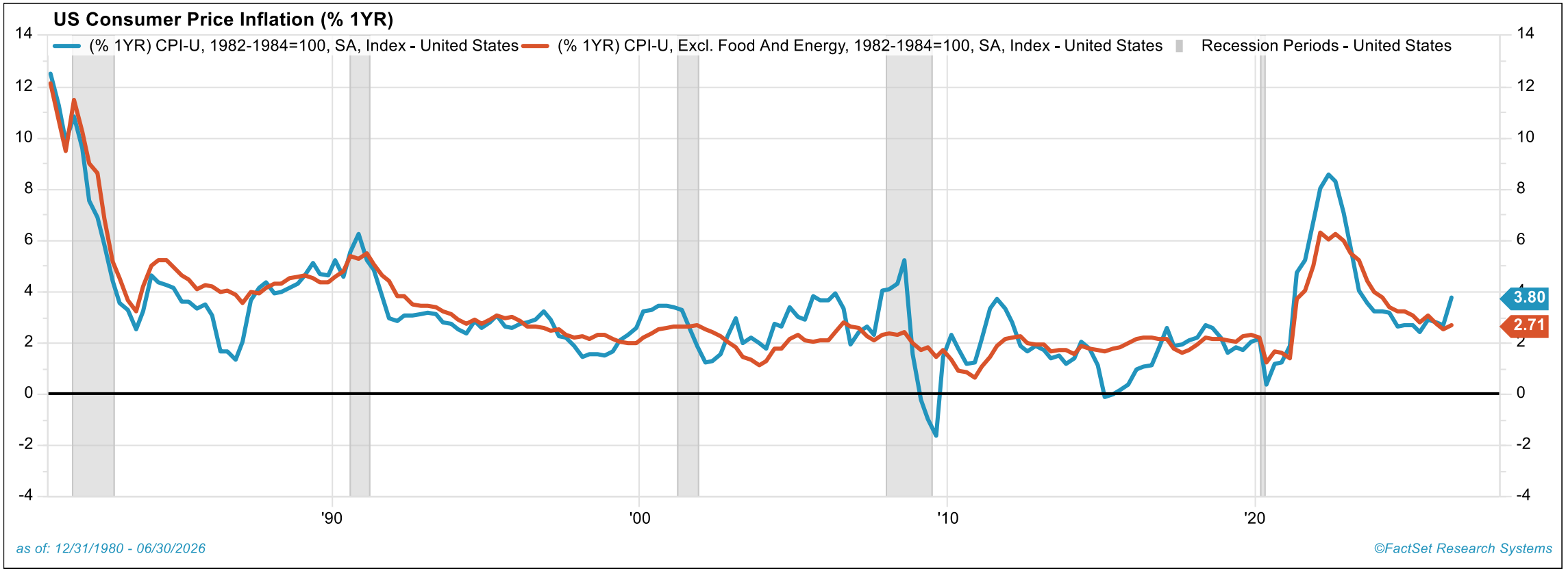
- Globalization takes center stage.
- Global trade increased from 26% of GDP to 57%.
- David Ricardo's "Comparative Advantage" put to the test.
- Leads to hollowing-out of western-world's manufacturing capacity.
- Lead to very low inflation, low interest rates, high risk-asset valuation levels.
- Nationalistic pushback.
- New "tribes" forming.
- Command vs. democratic.
- Trade barriers form?
- Multi-channel supply lines.
- Higher inflation pressure.
- Higher levels of uncertainty.



Source: FT. World Bank

Ricardo's "Comparative Advantage" at Work

Expanding global trade and specialization lowered production costs and helped create a powerful disinflationary tailwind for much of the past four decades.



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