

1st Quarter 2026

Data as of January 14, 2026

Nationwide Market InsightsSM

Our perspective on the market and economic forces influencing investment planning and retirement



Nationwide[®]



Nationwide Market InsightsSM

One of the challenges of planning for a more secure financial future comes in understanding the market and economic forces that affect investment performance and influence investment decisions. With *Nationwide Market Insights*, we present insights and informative commentary about the economy and the financial markets from Nationwide's staff of economists. You can share *Nationwide Market Insights* with clients to help answer questions about investment performance and inspire greater confidence in the guidance you provide.

When you work with Nationwide, you not only get tools and resources from Nationwide Economics, but also the strength and stability of a Fortune 100 company standing behind the wide range of financial products we offer — from mutual funds and annuities to life insurance and retirement plans.

Plus, you can count on consultative support from the Nationwide Team of Specialists for assistance with the retirement planning challenges you and your clients face. Contact your wholesaler to learn more about *Nationwide Market Insights* and other resources available from Nationwide Economics or the many solutions Nationwide offers.

Executive Summary

Risk assets finished 2025 on a strong note, with double-digit annual equity returns and corporate credit spreads remaining tight as investors look forward to positive economic and corporate sector performance this year. We expect positive financial market trends to extend into 2026 with higher equity prices and a steeper Treasury yield curve.

On the economic front, we anticipate a solid expansion in 2026 on tailwinds from looser Fed policy, provisions from last year's fiscal stimulus package, lower policy uncertainty overall despite the recent jump in geopolitical risks, deregulation, positive wealth effects, loose financial conditions, and a broadening of investment growth outside the AI sector. Unemployment is expected to edge higher in early 2026 but then decline as labor demand strengthens.

The Federal Reserve finished 2025 with another 25-basis-point rate cut in December, lowering the policy rate by 75bps from where it started the year. We anticipate another 50-basis-points of Fed rate cuts starting in June as a new Fed Chair takes the helm and inflation likely peaks and moves lower by year end.

Table of contents

Financial Markets

Federal Reserve	4
Fixed Income	8
Equities	15
Currencies	19
Commodities	20

U.S. Economy

GDP Growth Forecast	23
Labor Market	28
Consumers	30
Businesses	33
Inflation	37
Housing	38
Economic Policy	40

Financial Markets

Highlights

- 4 Fed lowered interest rates in December but signals a pause
- 7 Loose financial conditions are a tailwind for growth
- 12 Corporate bond spreads moves in tandem with relative issuance
- 16 Valuation is a key driver of the stock market's robust rise
- 18 Equity bull market run isn't out of step with past rallies
- 21 Consumer and corporate balance sheets don't flag major risks

Fed lowered interest rates in December and signals a pause

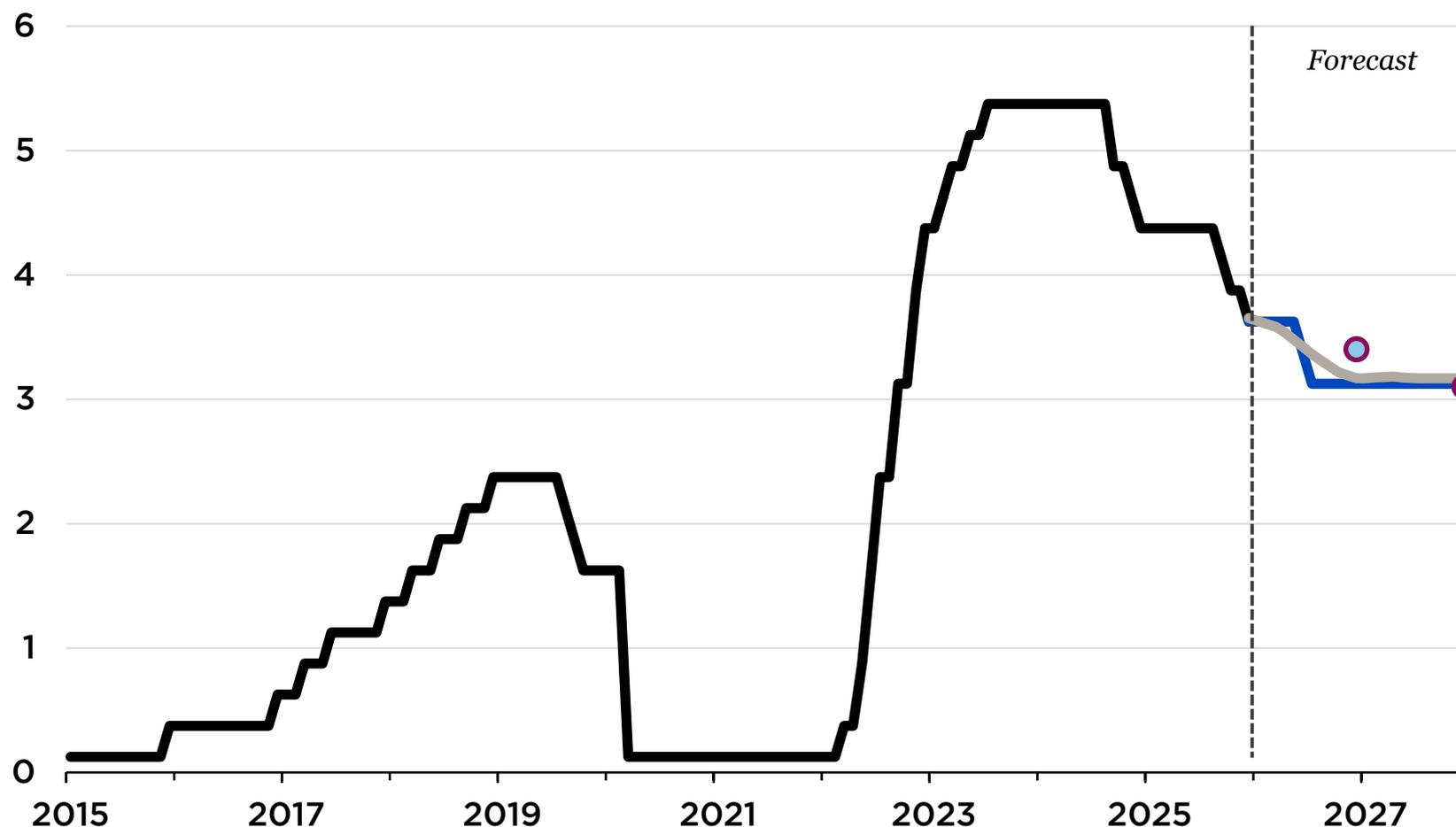
The Fed lowered interest rates another 25 basis points (bps) in December, amounting to 75bps of total easing in 2025. Policymakers signaled interest rates will stay on hold in early 2026.

We anticipate the Fed will resume its cutting cycle in June after inflation peaks and a new Fed Chair takes the reins. We expect 50 basis points of rate cuts in 2026.

- Nationwide Economics' forecast
- Current bond market expectations
- FOMC's December 2025 median forecasts
- FOMC's September 2025 median forecasts

Federal funds rate

Percent



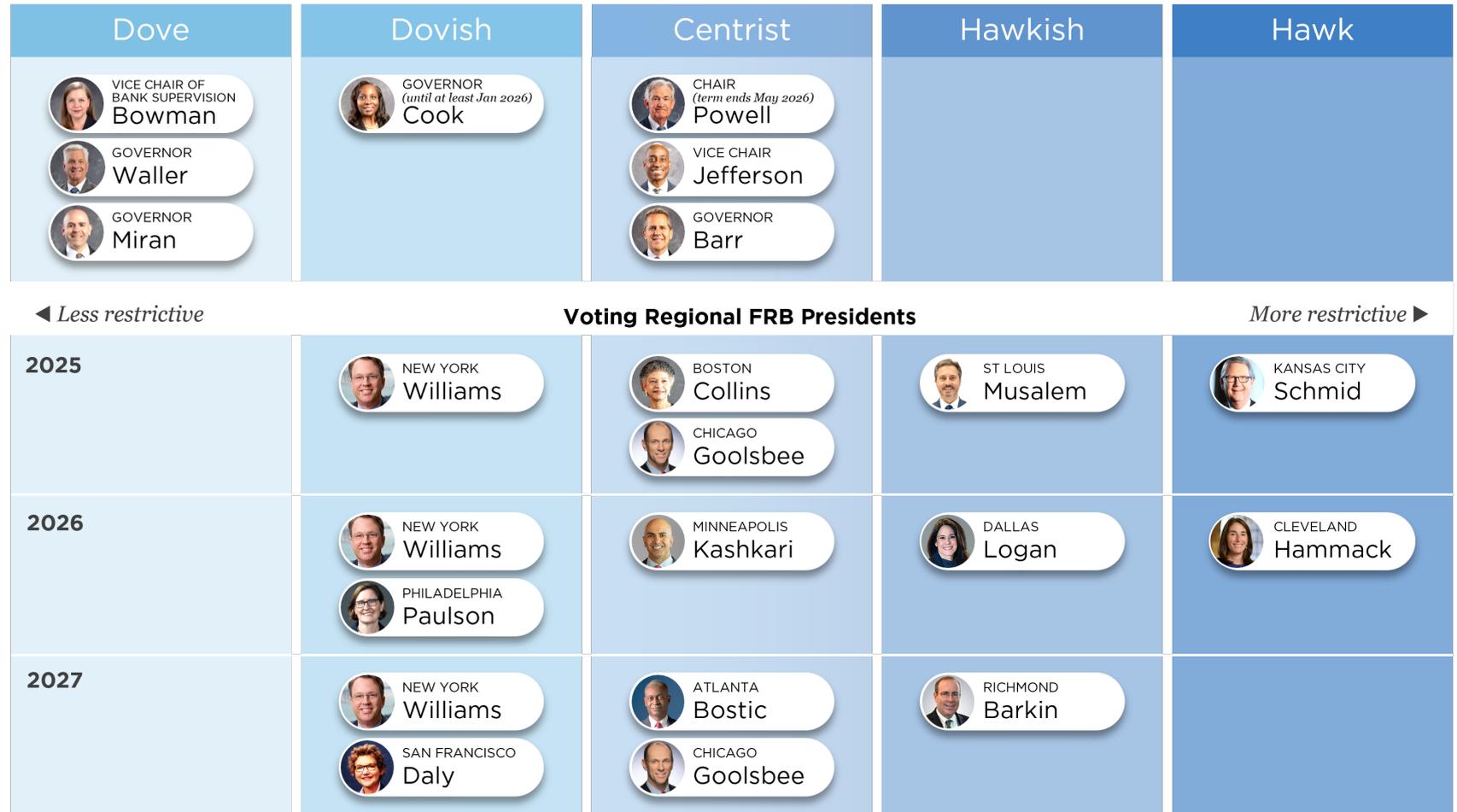
Source: Federal Reserve, Bloomberg, Nationwide Economics

Balance of FOMC voting members tilts slightly more dovish in 2026

Despite remaining sharply divided, the composition of Federal Open Market Committee (FOMC) voting members will likely tilt slightly more dovish in 2026 – meaning the policy-setting committee will be more inclined to lower interest rates given a certain set of economic conditions.

However, the composition could tilt sharply more dovish depending on the Supreme Court’s decision on whether Fed Governor Cook can remain on the Board of Governors and any steps the administration may take in 2026 to alter the makeup of the FOMC.

Policy tilts of Federal Open Market Committee voting members



Note: Atlanta Fed President Raphael Bostic intends to resign after his current term expires in February 2026

Source: Federal Reserve, Bloomberg Economics, Nationwide Economics

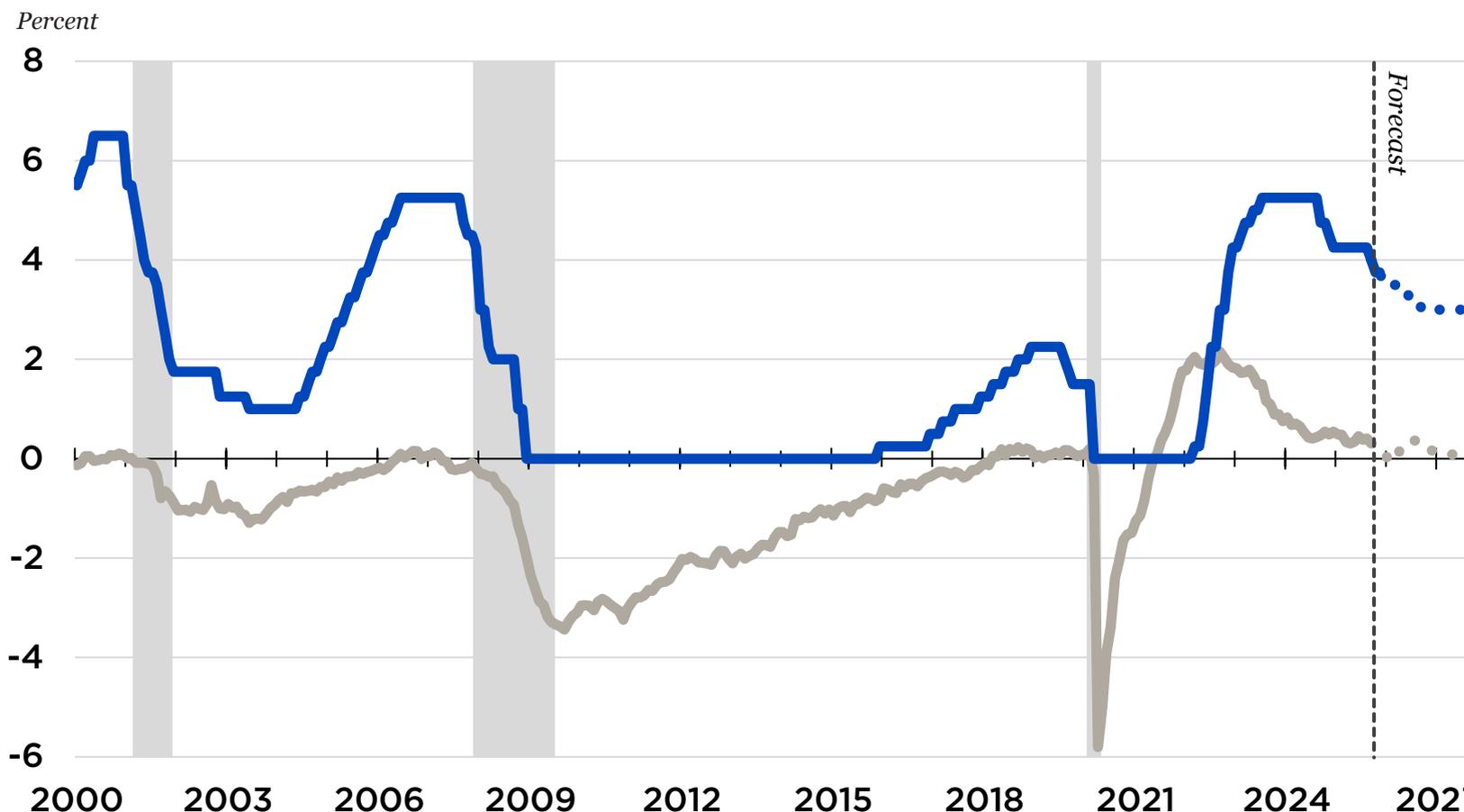
Fed easing removes excessively restrictive interest rates

The current Fed cutting cycle is unusual in that policymakers are loosening policy even as the economy continues to perform well, with unemployment relatively low and inflation above target.

However, the Fed is lowering the policy rate from a previously restrictive level as inflation eases and the unemployment rate moves gradually higher.

— Fed funds rate (Lower bound)
 — Deviation from Fed's inflation and employment mandate

Fed funds rate and progress to dual mandate



Note: Deviation from the Fed's inflation and employment mandate defined as equal-weighted percentage point average deviation from two percent PCE inflation and the Fed's long-run NAIKU estimate. Dotted lines represent forecasts using Nationwide Economics' baseline.

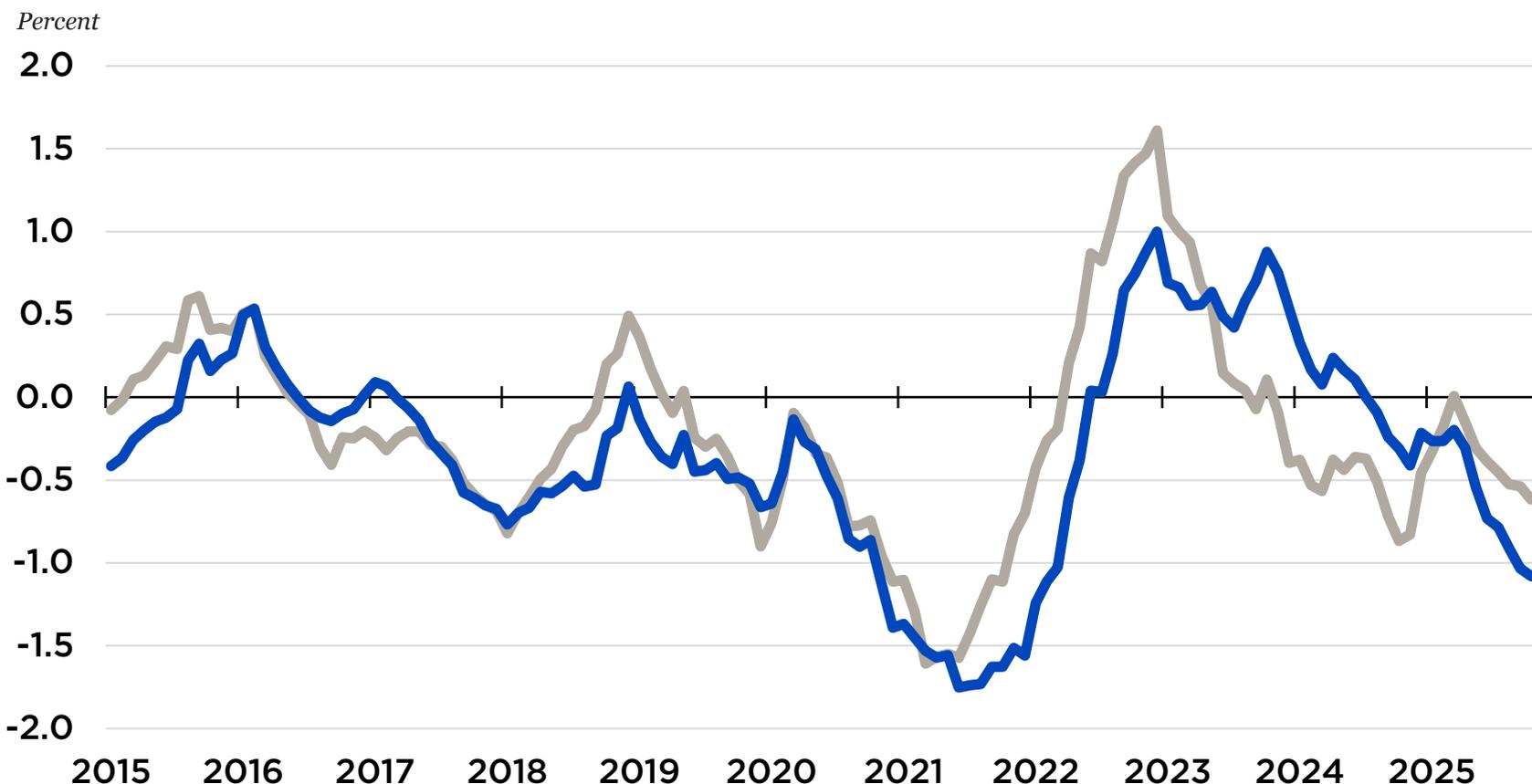
Source: Bureau of Economic Analysis, Haver Analytics, Nationwide Economics

Loose financial conditions are a tailwind for growth

The economy defied consensus expectations for a slowdown in 2025 in part due to easier financial conditions supporting stronger-than-expected growth. Fed rate cuts, strong equity gains, supportive credit conditions led by lower interest rates, low market volatility, and a weaker dollar kept financial conditions loose and mitigated headwinds from tariffs and immigration policy. We expect financial conditions to remain accommodative in 2026.

— One-year lookback
 — Three-year lookback

Financial conditions impact on growth



Note: Positive (negative) values measure headwinds (tailwinds) to GDP growth over the next year and three-years. A zero value means that the cumulative effect on growth of current and past changes in all financial variables sums up to zero, while a reading of 1 percent above (below) the zero line means that financial conditions are a notable headwind (tailwind) to economic activity that is equivalent to a 100-basis-point drag (boost) on GDP growth over the following year.

Source: Federal Reserve, Haver Analytics, Nationwide Economics

Which fixed income asset class fared best in 2025?

High yield corporate bonds proved to be the highest return in fixed income markets in 2025. Mortgage-backed securities and Treasuries delivered the second-largest returns. Overall, the economic and financial market backdrop was constructive for riskier fixed income assets.

Yearly changes by asset class

	2019	2020	2021	2022	2023	2024	2025
IG Corporate	14.5%	TIPS 11.2%	TIPS 6.1%	Agencies -7.9%	HY Corporate 13.4%	HY Corporate 8.2%	HY Corporate 8.6%
HY Corporate	14.3%	Treasuries 10.6%	HY Corporate 5.3%	Municipals -8.5%	IG Corporate 8.5%	Agencies 3.2%	MBS 8.6%
Treasuries	8.9%	IG Corporate 9.9%	Municipals 1.5%	MBS -11.8%	Municipals 6.4%	IG Corporate 2.1%	Treasuries 8.2%
TIPS	8.8%	Bloomberg Agg 7.5%	IG Corporate -1.0%	HY Corporate -11.9%	Bloomberg Agg 5.5%	TIPS 1.8%	IG Corporate 7.8%
Bloomberg Agg	8.7%	HY Corporate 7.1%	MBS -1.0%	TIPS -12.6%	Agencies 5.1%	Bloomberg Agg 1.3%	Bloomberg Agg 7.3%
Municipals	7.5%	Agencies 5.5%	Agencies -1.3%	Bloomberg Agg -13.0%	MBS 5.0%	MBS 1.2%	TIPS 6.9%
MBS	6.4%	Municipals 5.2%	Bloomberg Agg -1.5%	IG Corporate -15.8%	TIPS 3.8%	Municipals 1.1%	Agencies 6.1%
Agencies	5.9%	MBS 3.9%	Treasuries -3.6%	Treasuries -16.3%	Treasuries 3.2%	Treasuries -1.7%	Municipals 4.3%

Note: IG corporate represents investment grade corporate debt; HY corporate represents high yield corporate debt
 Source: Bloomberg, Nationwide Economics

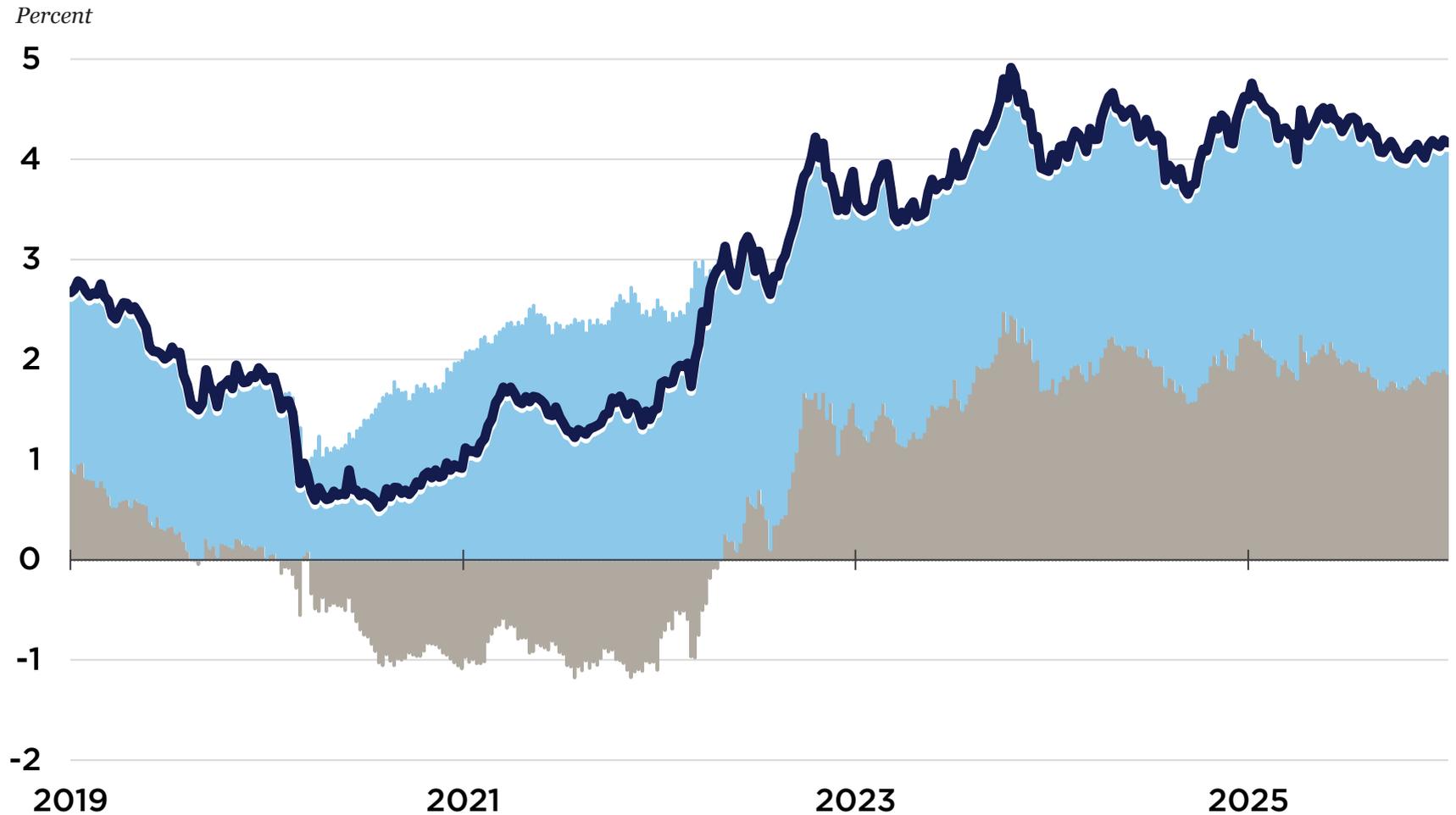
Treasury market reflects resilient economic trends

The benchmark nominal 10-year U.S. Treasury yield has steadied as signs of a softening labor market are offset by persistently solid economic activity and a likely pause in the Fed cutting cycle. Rising Japanese government bond yields, meanwhile, have lent upward pressure. Real U.S. Treasury yields remain firm as inflation expectations hold steady.

We expect a buoyant economy to keep the benchmark 10-year U.S. Treasury yield elevated this year.

- 10-year nominal Treasury yield
- 10-year inflation breakeven
- 10-year real TIPS yield

Breakdown of the 10-year U.S. Treasury yield



Source: Bloomberg, Nationwide Economics

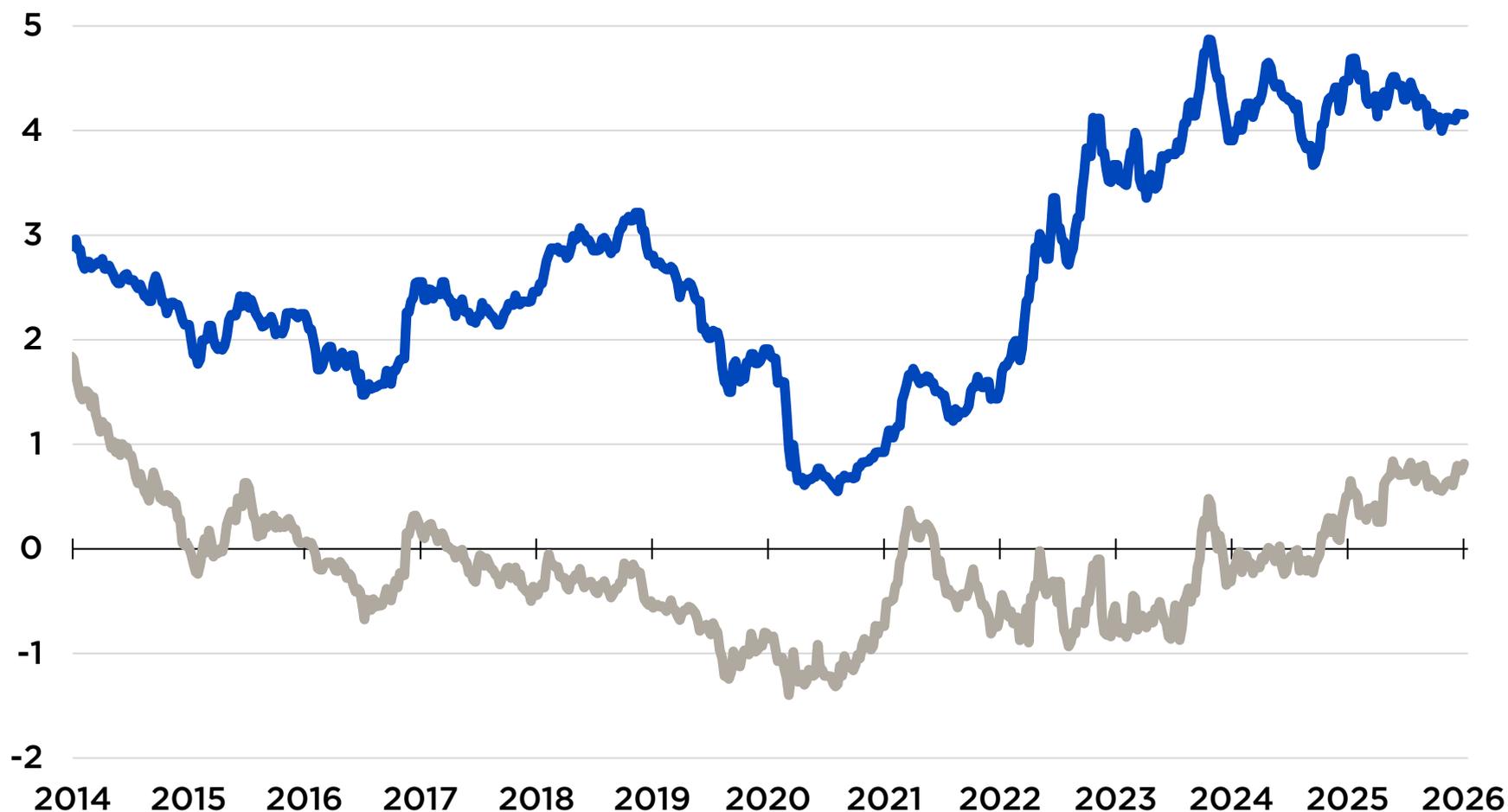
Bond term premium and the yield curve normalize

The term premium on 10-year U.S. Treasuries — the extra compensation investors demand to hold long-term debt — is holding steady at multi-year highs. After years of an abnormally negative and low bond term premium, it has returned to positive territory.

This has helped the yield curve to normalize into an upwardly sloping shape following years of inversion and flatness.

10-year U.S. Treasury yield

Percent



— Nominal yield
— Term premium estimate

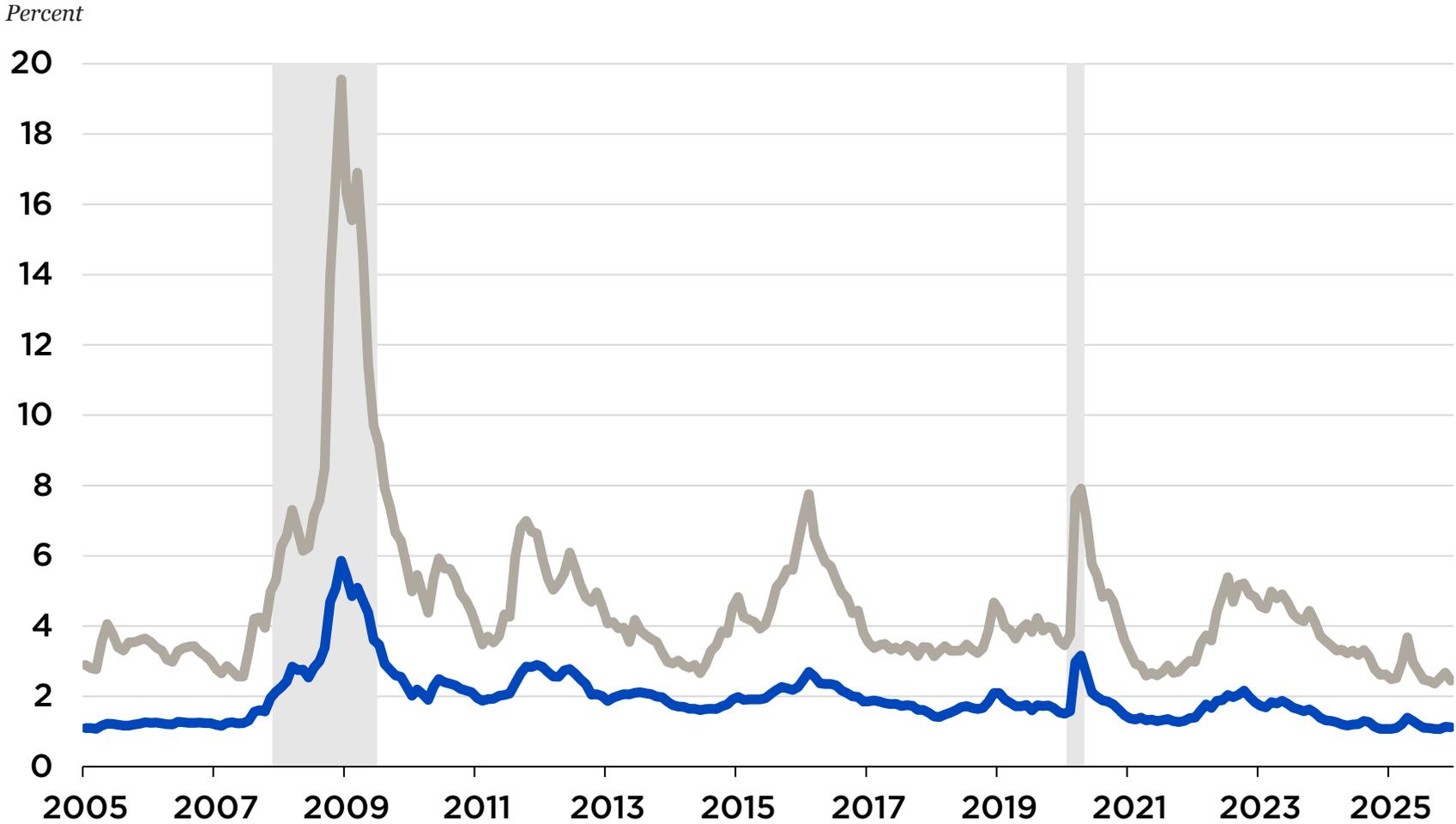
Source: FRBNY, Federal Reserve Board, Haver Analytics, Nationwide Economics

Corporate bond spreads remain extremely tight

Supportive fundamentals, including positive economic trends, solid balance sheets, and buoyant earnings and forward guidance, are keeping investment-grade and high-yield corporate bond spreads extremely tight.

- Investment grade
- High yield
- Recession

Investment-grade and high-yield option adjusted spreads



Source: Federal Reserve Board, ICE/Bank of America Merrill Lynch, Haver Analytics, Nationwide Economics

Corporate bond spreads move in tandem with relative issuance

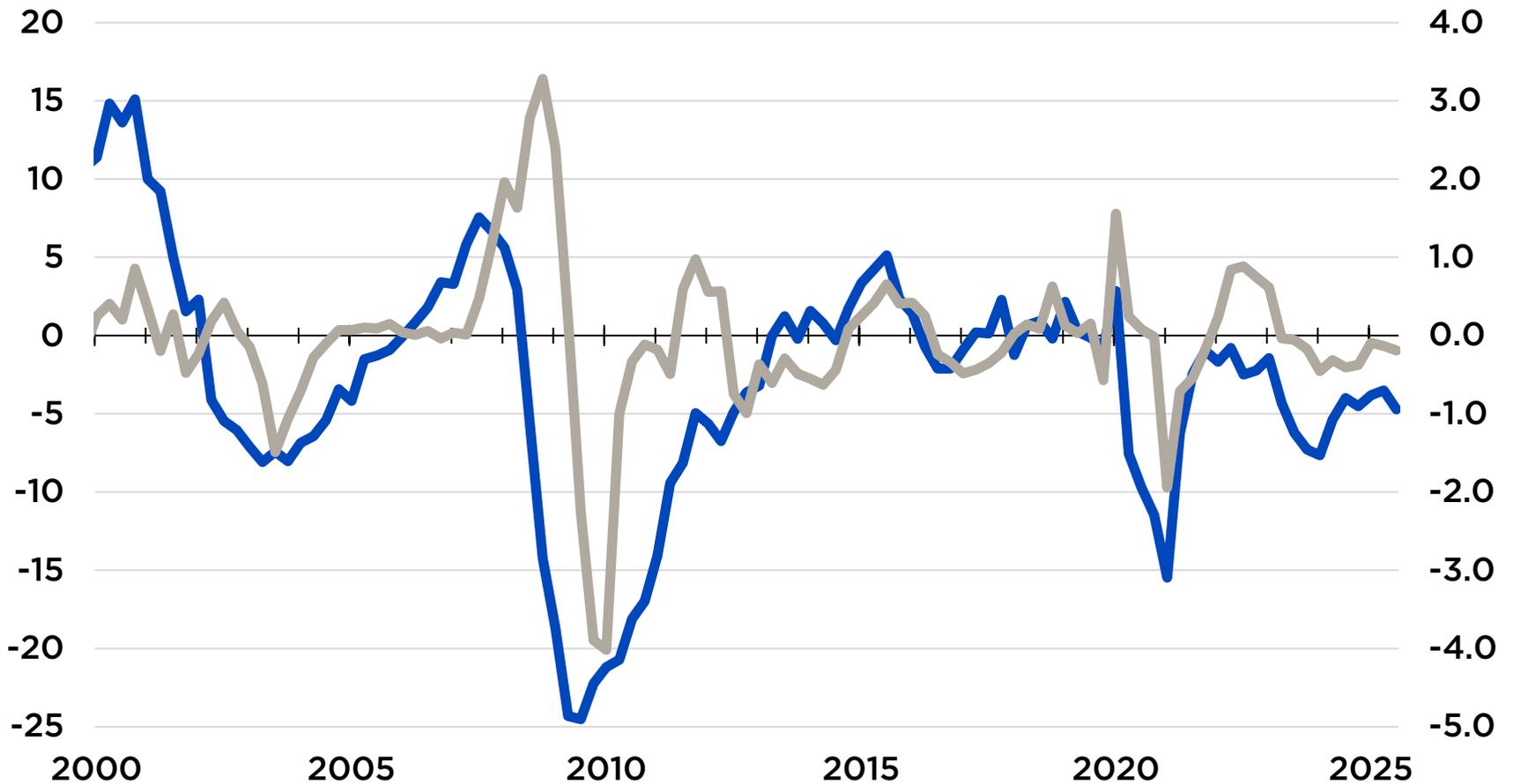
Corporate bond issuance has been relatively smaller compared to the large U.S. government debt issuance. Lower relative supply is buoying the value of corporate debt and other fixed income securities, keeping credit spreads tight.

— Corporate vs. federal debt outstanding
 — Corporate bond spreads *right axis*

Corporate and federal debt issuance relative to corporate bond spreads

Percent change year-over-year

Percentage points, year-over-year change



Source: Bloomberg, Nationwide Investments, Nationwide Economics

The era of ultra-low government bond yields looks to be over

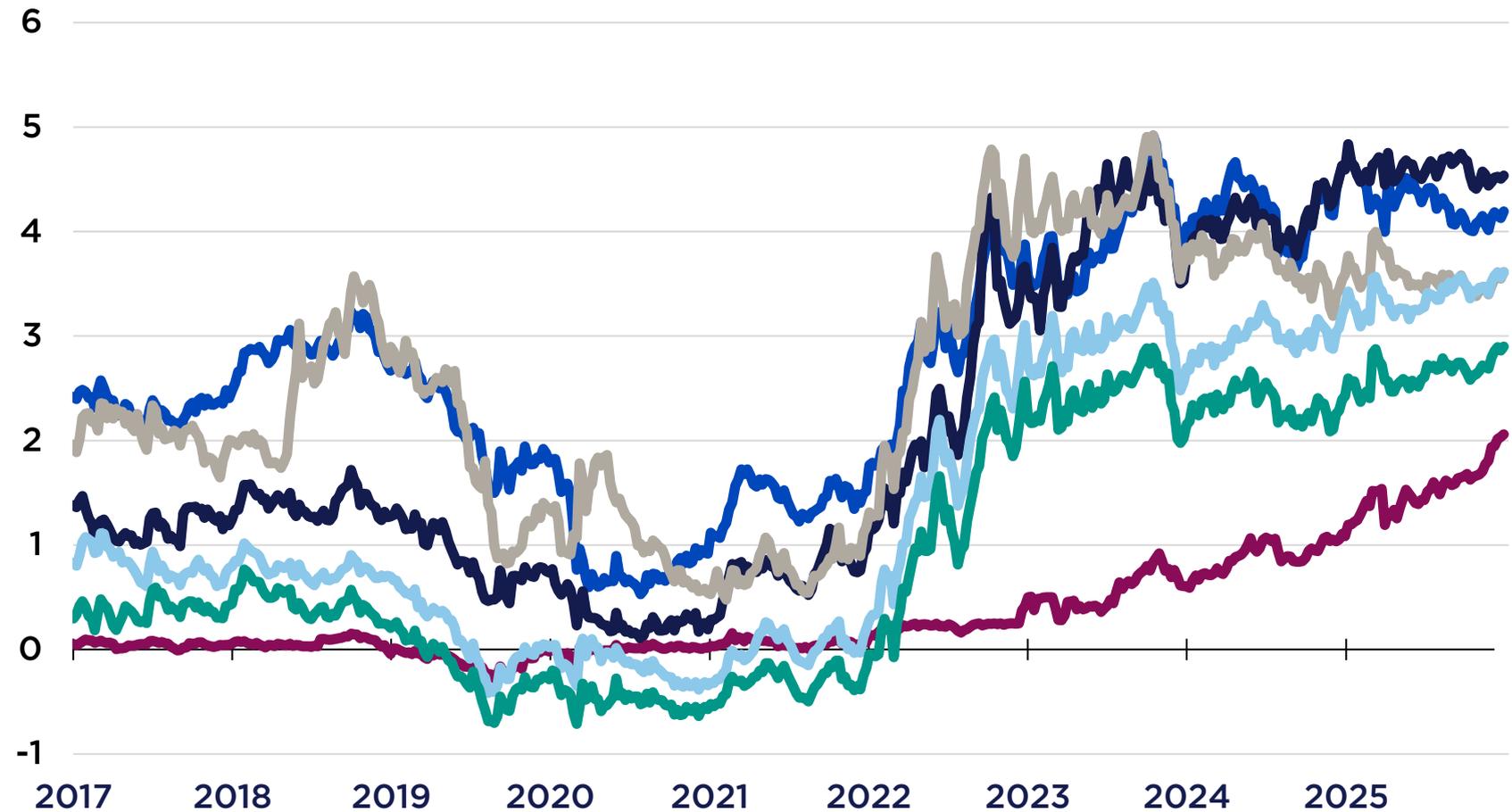
Interest rates on government debt across multiple economies rose last year, marking a significant departure from the post-Global Financial Crisis norm.

Of note, Japanese JGB yields are rising at a quicker pace as the new government intends to provide fresh fiscal stimulus and amid expectations of continued Bank of Japan policy normalization.

- U.S.
- Italy
- U.K.
- France
- Japan
- Germany

10-year sovereign bond yields

Percent



Source: Bloomberg, Nationwide Economics

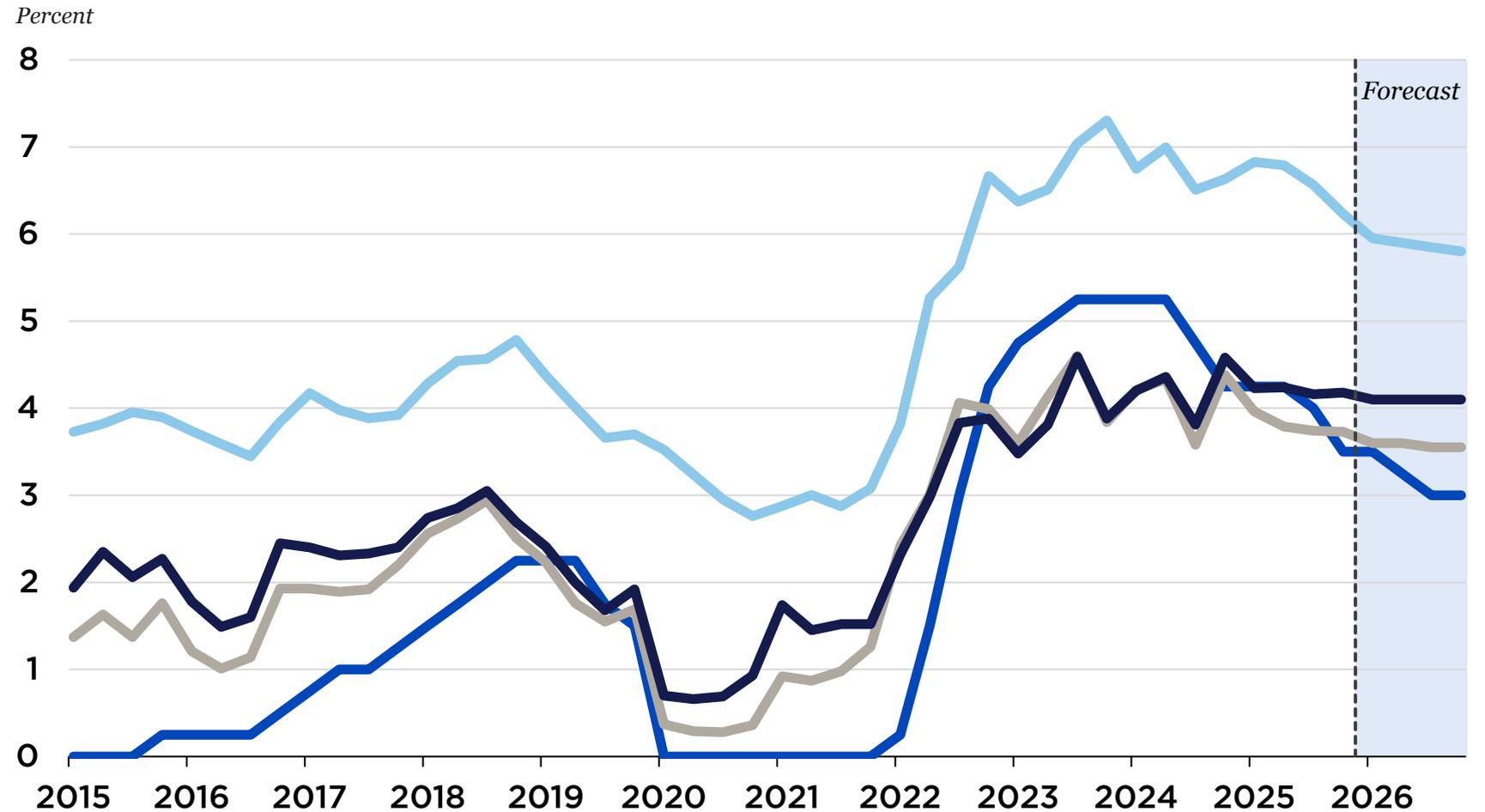
Interest rates poised to stay high

We expect long-term U.S. interest rates to remain elevated in 2026 as economic growth strengthens. An expected 50 basis points of additional Fed rate cuts by the end of 2026 and steady long-term interest rates will likely lead to a steeper Treasury yield curve.

Mortgage rates will gradually trend lower as the spread between mortgage rates and Treasuries narrows. President Trump’s directive for Fannie Mae and Freddie Mac to purchase MBS securities contributes to the narrowing of the spread.

- Fed funds rate
- U.S. Treasury 5-year yield
- U.S. Treasury 10-year yield
- 30-year mortgage rate

Nationwide Economics’ interest rate forecasts



Note: December 2025 forecast vintage
 Source: Haver Analytics, Nationwide Economics

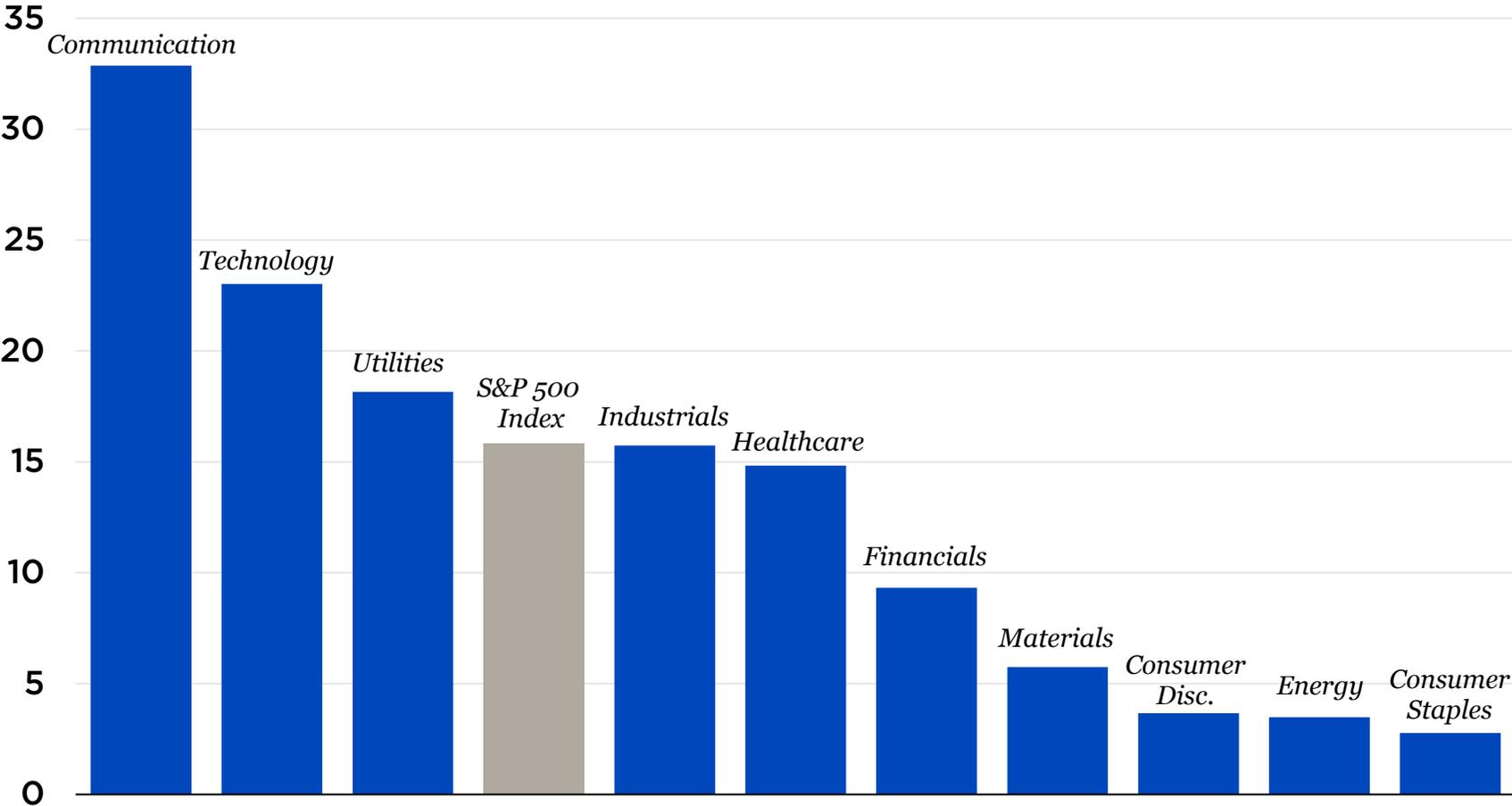
Equity market optimism is unevenly distributed

The strong 15 percent rise in the S&P 500® Index in 2025 was led by gains in technology stocks driven by ebullience surrounding artificial intelligence. Performance was disparate under the surface, with several sectors lagging far behind.

The relative underperformance of traditionally defensive sectors including consumer staples and healthcare indicates investors cast aside economic and financial worries in 2025.

S&P 500 returns by sector in 2025

Percent change

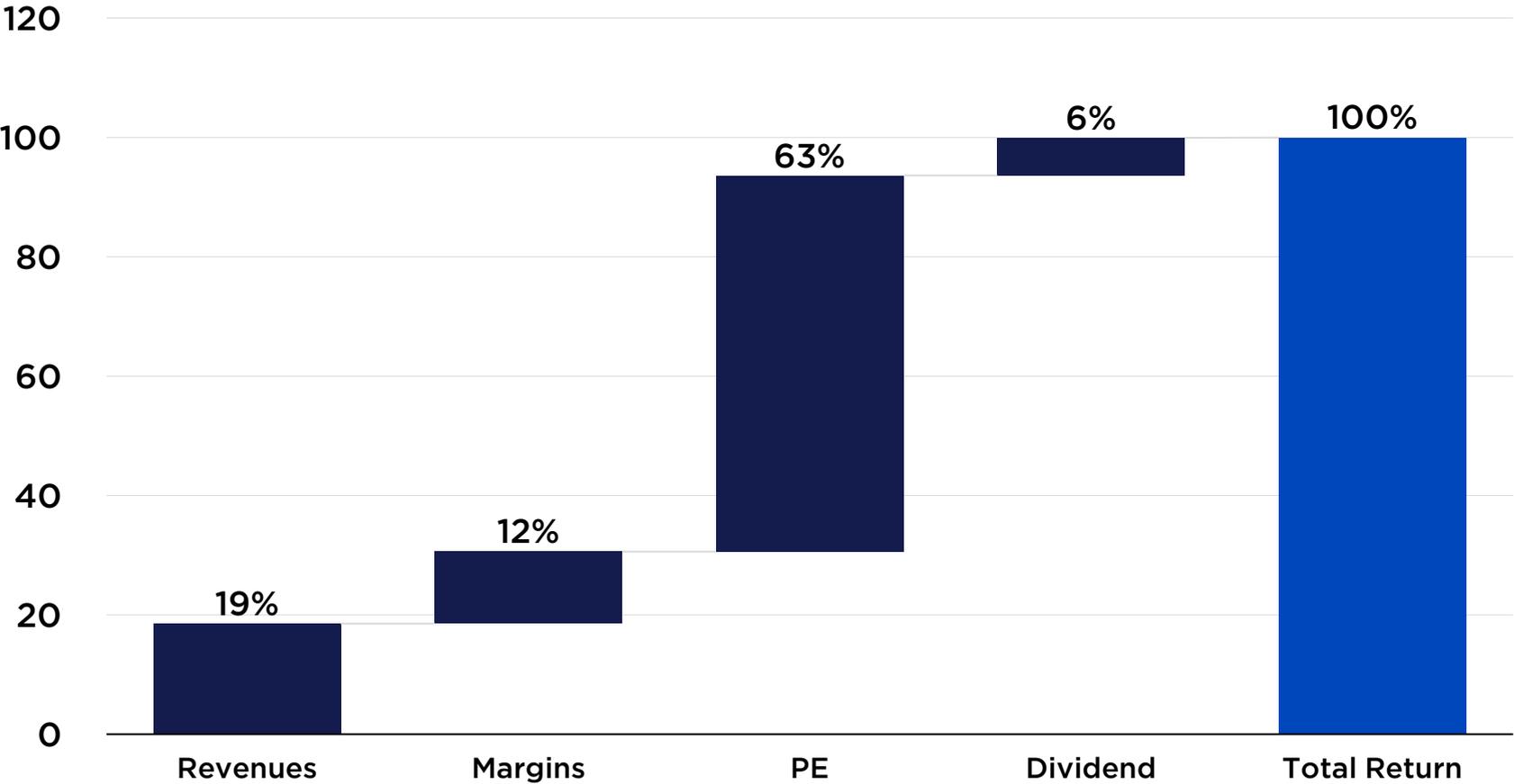


Source: Standard and Poor's, Haver Analytics, Nationwide Economics

Valuation is a key driver of the stock market's robust rise

Increases in valuation have been the main driver of the equity market's hearty gains in recent years. To be sure, positive fundamentals such as earnings have also contributed to the S&P 500's momentous rise.

Contribution to S&P 500 return since 10/12/2022
Percent



Source: FactSet, Nationwide Economics

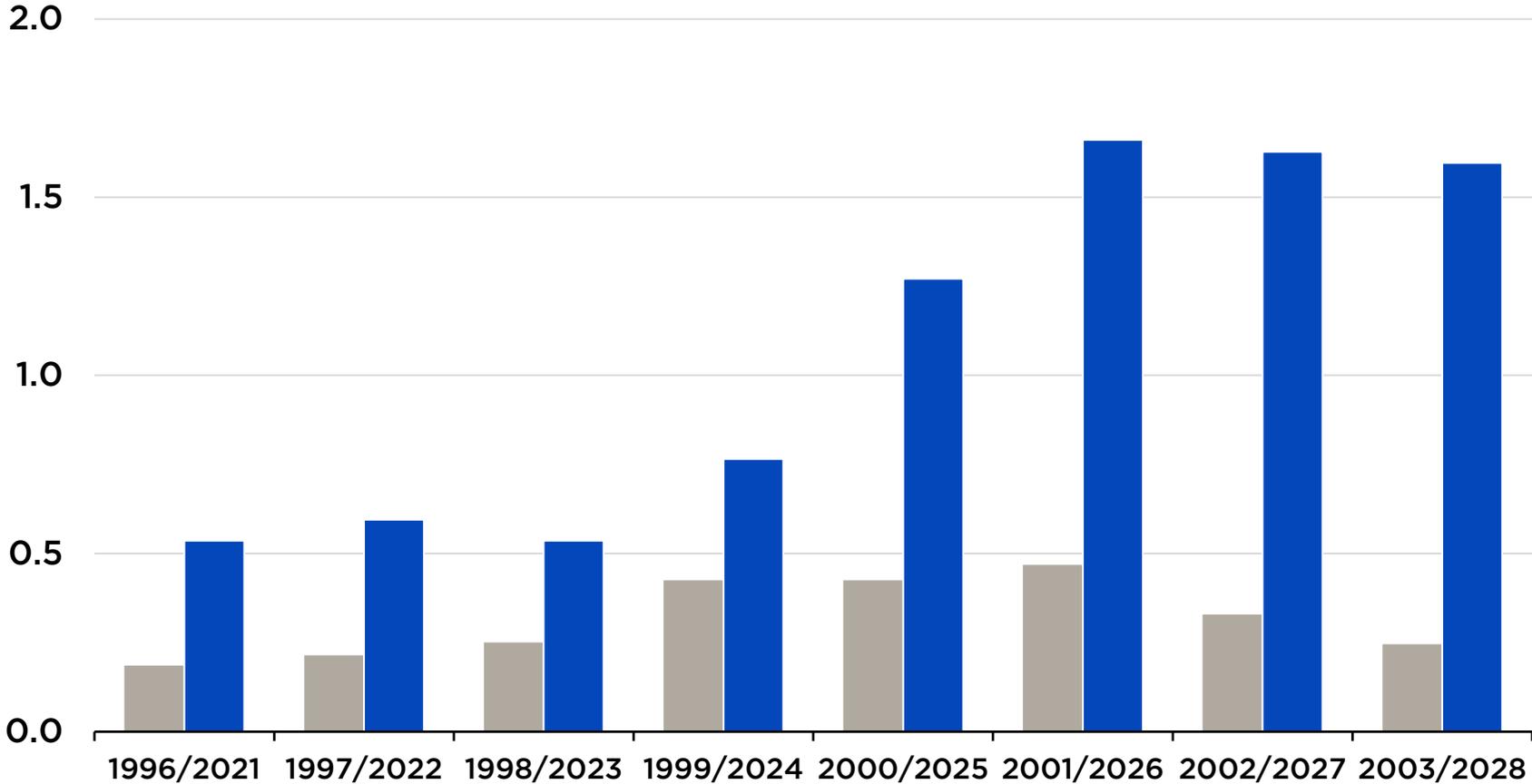
Corporations are spending tremendously on AI

Capital spending by the U.S. corporate sector on artificial intelligence is running well ahead of investment in past technologies. But unlike past cycles, expenditures relative to total cash flows remain low helping to underpin financial and economic stability.

■ AI investment
■ Telecom investment

Capital expenditures by tech buildout cycle

Percent of GDP



Note: AI investment includes actual and company guidance from Oracle, Microsoft, Meta, Amazon and Google. Telecom companies include Level 3 Communications, WorldCom, Global Crossing, Nortel Networks, Verizon, AT&T, Nokia, Cisco Systems, Williams Companies and XO Communications. Assumes Oracle will bare 1/3 of "Stargate" project. Uses a combination of Nationwide and CBO forecast for GDP beyond 2024.

Source: Company Filings, Bureau of Economic Analysis, Bloomberg, Haver Analytics, Nationwide Economics

Equity bull market run isn't out of step with past rallies

The current U.S. equity market bull market is not running ahead of past rallies, suggesting room for further gains in 2026.

- October 12, 2022
- March 23, 2020
- March 9, 2009
- October 9, 2002
- October 9, 1987
- August 12, 1982

Bull market durations since 1980

Historical bull market returns; 100 = start of the bull market



Source: FactSet, Standard & Poor's, Nationwide Economics

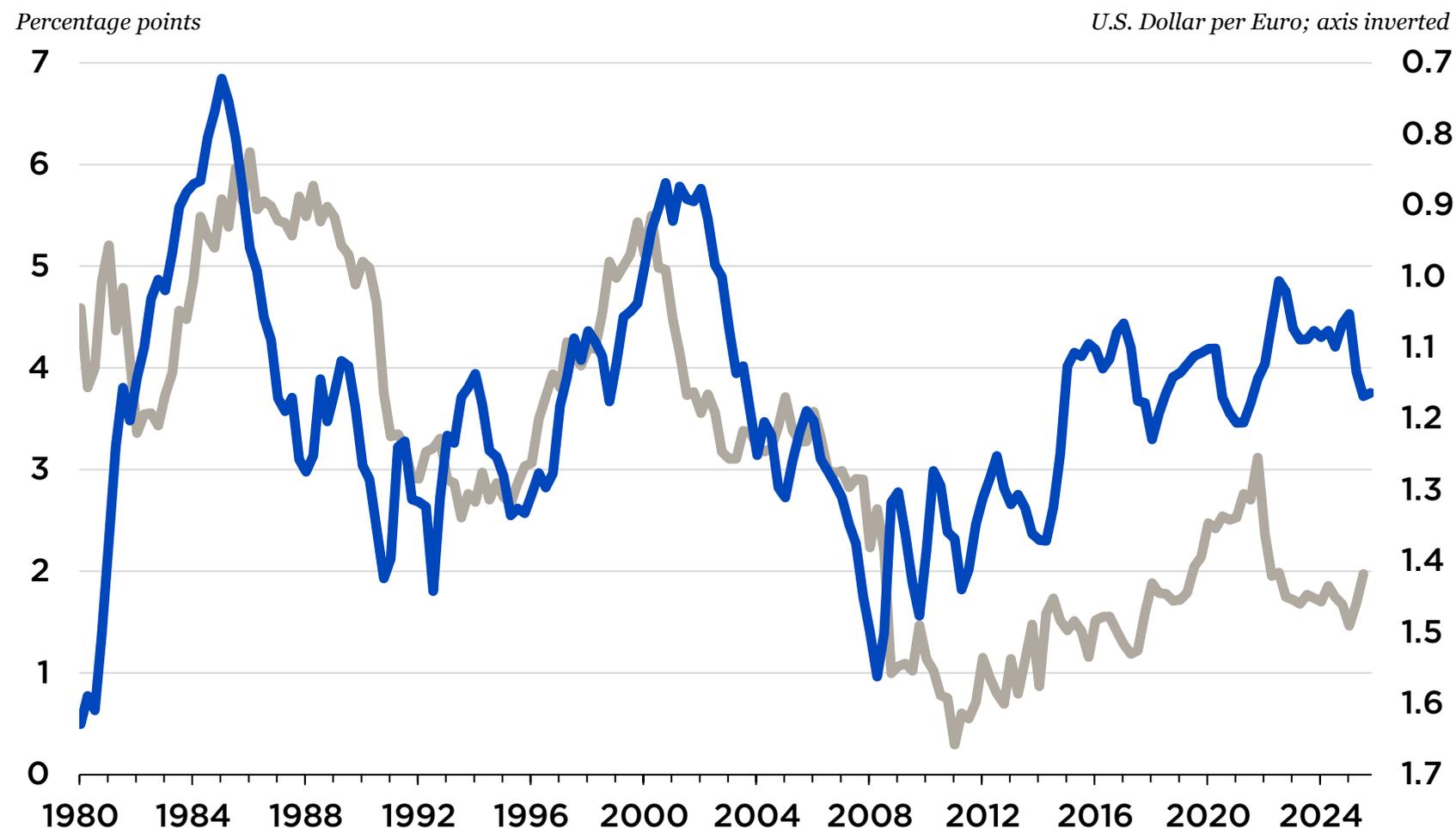
Interest rates aren't the dominate drivers of FX they used to be

The U.S. dollar weakened in 2025 but remains firm relative to history. The greenback securely remains the world's reserve currency despite fears to the contrary.

The dollar remains decoupled from its traditional relationship with interest rate differentials between economies as other factors affect the currency's value.

— Euro area minus U.S. natural rate of interest *left axis*
 — USDEUR exchange rate *right axis*

U.S./Europe Interest rate differential and the exchange rate

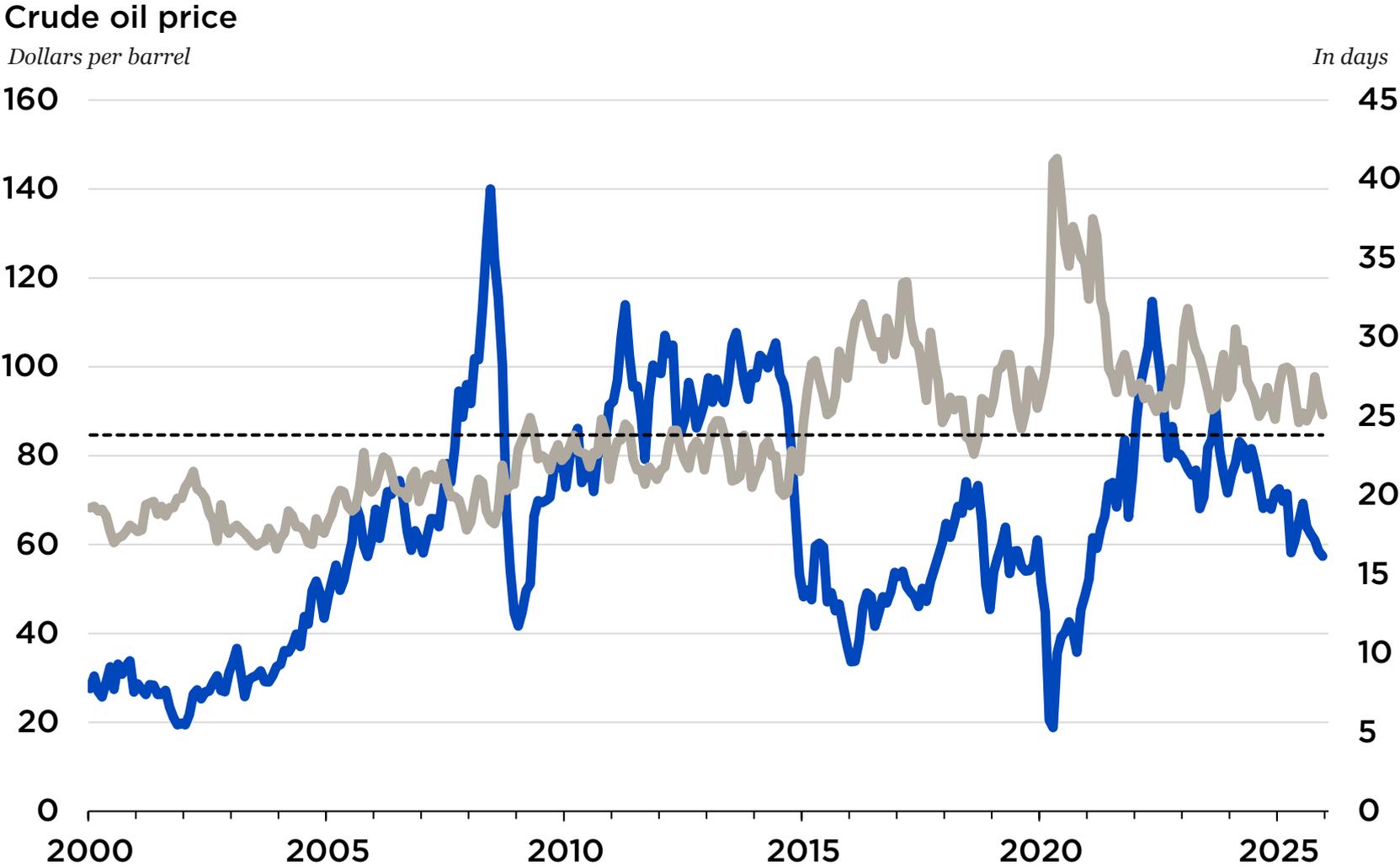


Note: Natural rates of interest using Holston, Laubach, Williams model. Synthetic Euro before 1999 is calculated using 1997 GDP weights.
 Source: Federal Reserve Board, Haver Analytics, Nationwide Economics

Balanced market suggests little pressure on oil prices

Oil supply appears to moderately outstrip demand, placing downward pressure on oil prices. As such, prices so far have not reacted to geopolitical risks surrounding Venezuela and Iran that could potentially disrupt global oil supply.

- West Texas Intermediate spot price *left axis*
- Days of U.S. oil supply *right axis*
- - - Average days of oil supply, 2000-present *right axis*

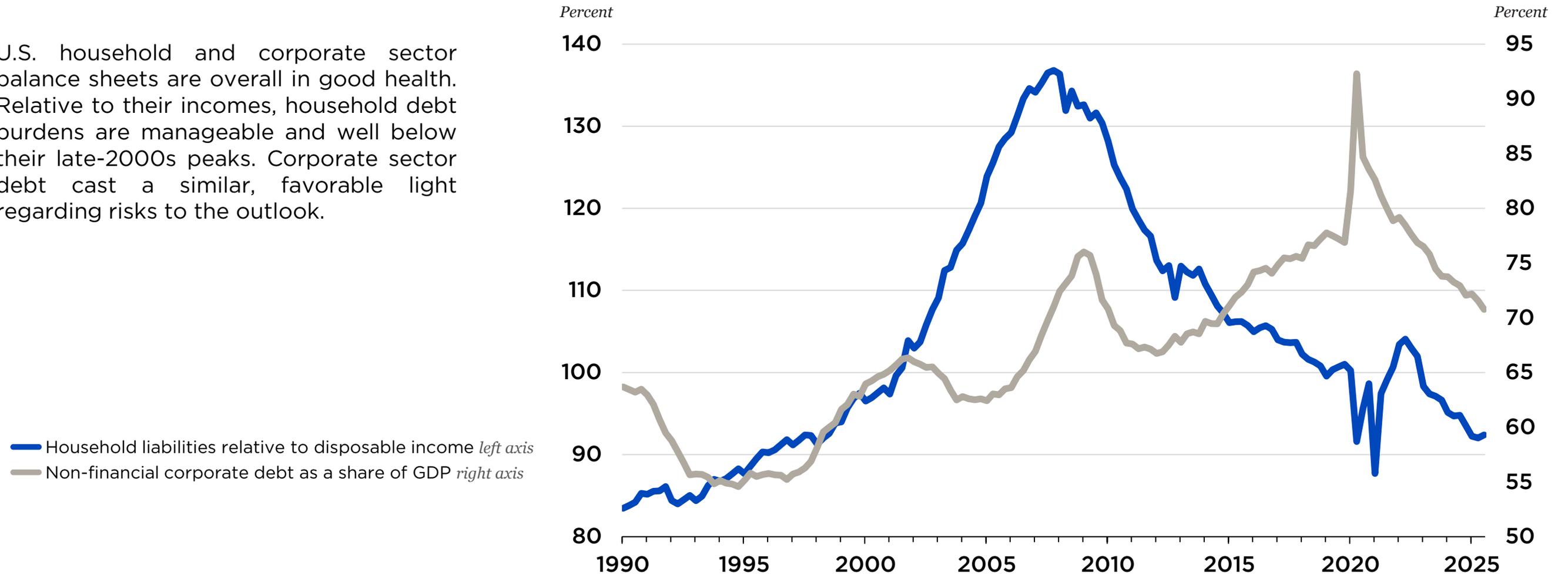


Source: U.S. Department of Energy, NYM-NYMEX Exchange, Nationwide Economics

Consumer and corporate balance sheets don't flag major risks

U.S. household and corporate sector balance sheets are overall in good health. Relative to their incomes, household debt burdens are manageable and well below their late-2000s peaks. Corporate sector debt cast a similar, favorable light regarding risks to the outlook.

Household and non-financial corporate balance sheets



Source: Federal Reserve, Haver Analytics, Nationwide Economics

U.S. & Global Economy

Highlights

- 26 Economy maintains resilient momentum
- 28 It's a "low hire, low fire" job market
- 36 Surveys flag less upside risks for prices
- 41 Tariff passthrough varies by industry
- 43 One Big Beautiful Bill Act is expected to fuel stronger investment in 2026

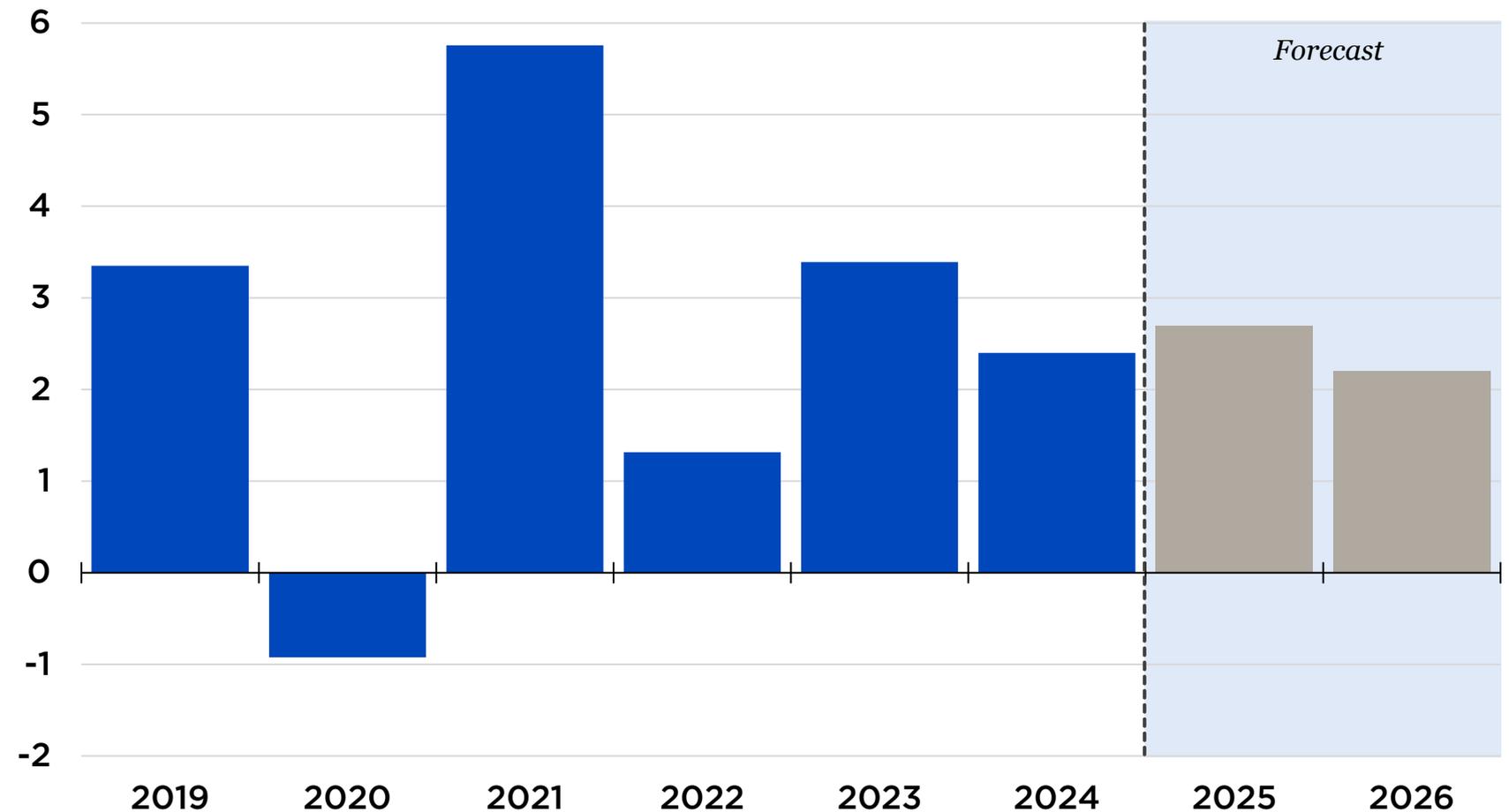
Faster growth expected in 2026

The economy likely finished 2025 on a solid note despite the drag from the government shutdown. We anticipate healthy growth in 2026. Looser Fed policy, provisions from the recently-passed fiscal stimulus package, lower policy uncertainty overall despite the recent spike in geopolitical tensions, deregulation, loose financial conditions and fading labor market and inflation headwinds are expected to throttle the economy faster.

- GDP growth
- GDP growth, forecast

GDP growth – historical and forecast

Percent, Q4/Q4 change



Source: Bureau of Economic Analysis, Haver Analytics, Nationwide Economics

Where are we in the business cycle?

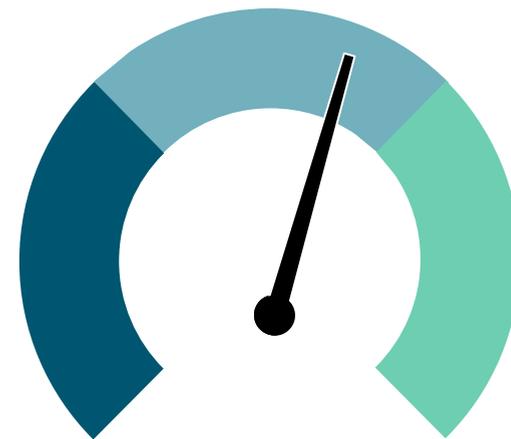
The economy remains in a late-cycle phase, but no signs of a recession are on the horizon.



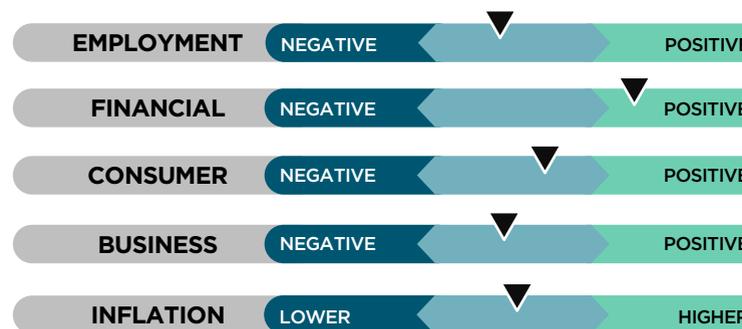
Solid growth expected

The economy appears to be on relatively stable footing. Growth will be positive and the economy will stay far from recession territory.

Current Scorecard



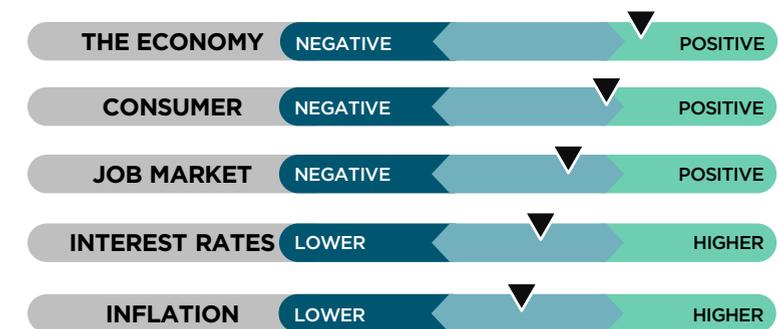
NEGATIVE POSITIVE



Future Scorecard



NEGATIVE POSITIVE



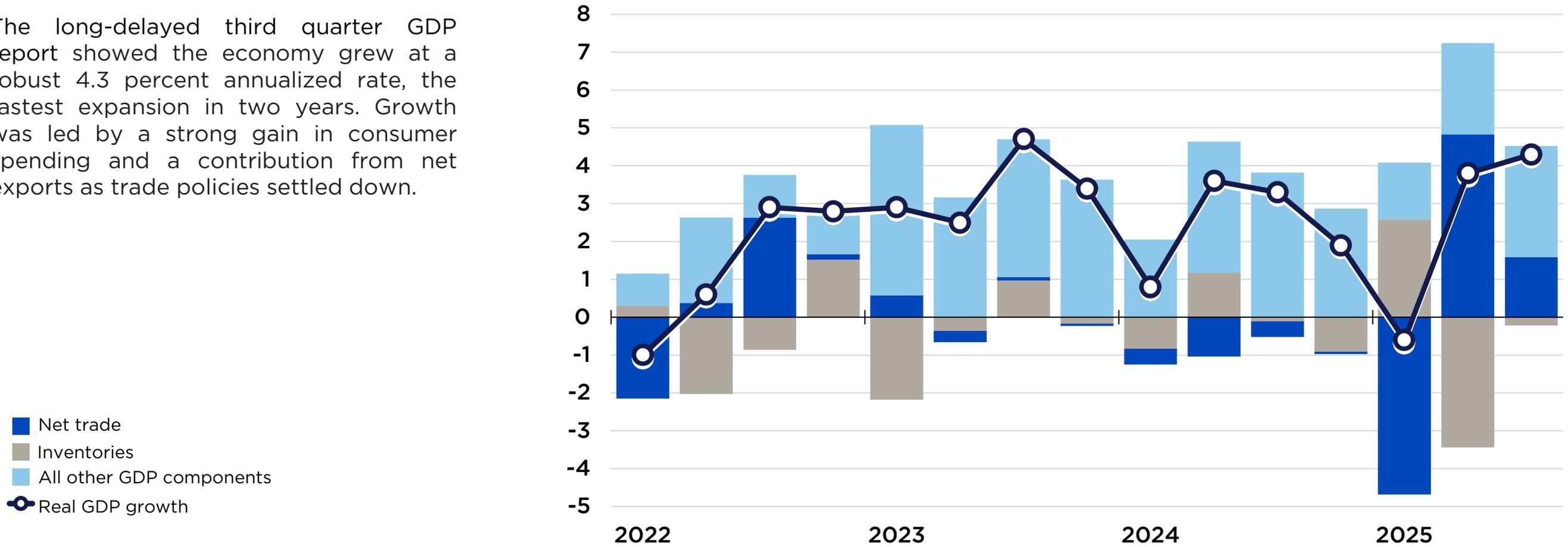
Source: Nationwide Economics

Economy maintains buoyant momentum

The long-delayed third quarter GDP report showed the economy grew at a robust 4.3 percent annualized rate, the fastest expansion in two years. Growth was led by a strong gain in consumer spending and a contribution from net exports as trade policies settled down.

Contribution to GDP growth: inventories and trade versus less volatile factors

Percentage point contribution to q/q annualized growth



Source: BEA, Haver Analytics, Nationwide Economics

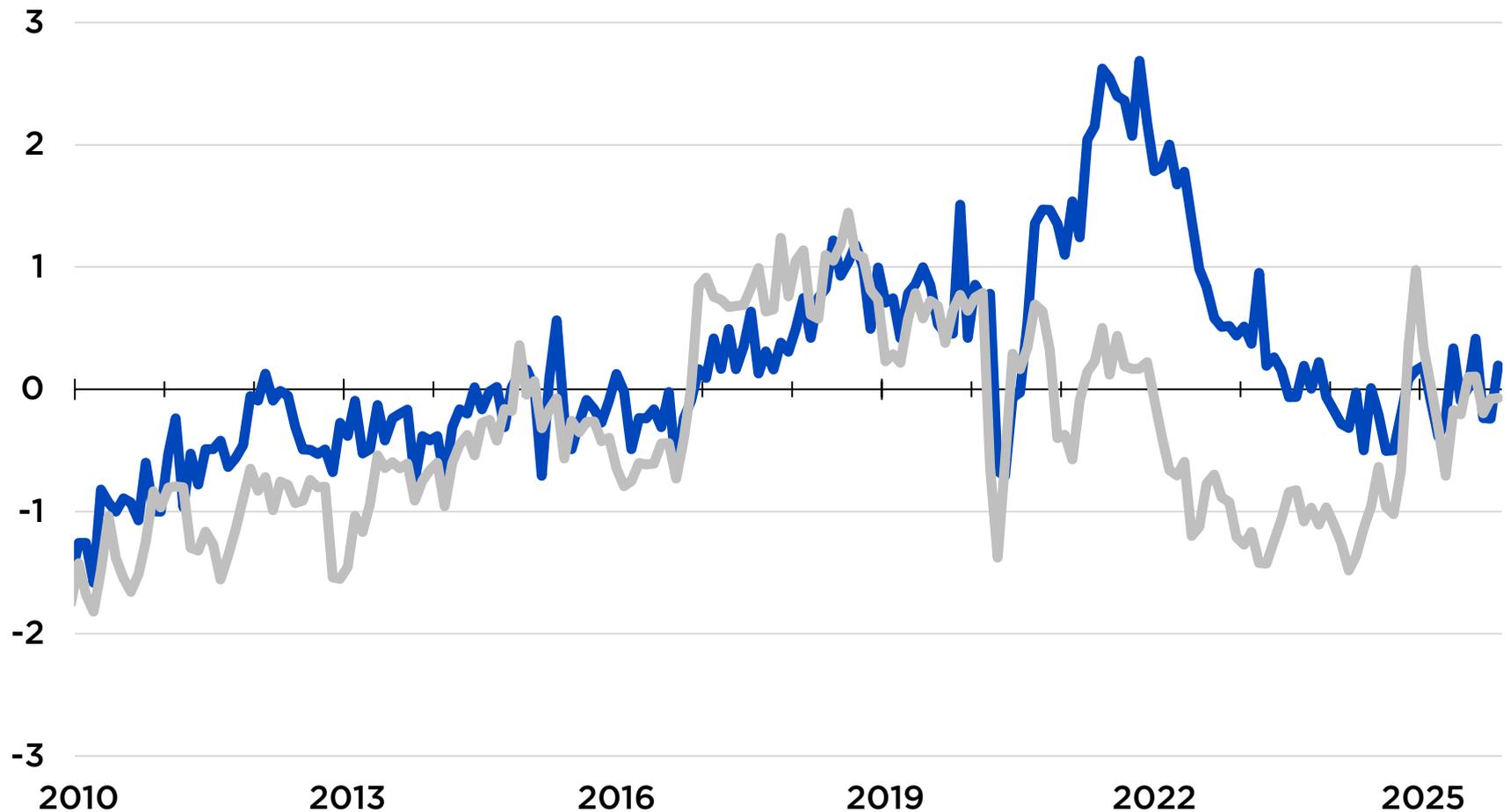
Soft and hard data now tell similar stories

Soft, or survey-based, economic data generally displayed a dim picture of the economy in 2025 but they now paint a more encouraging picture on balance. The hard, or activity-based, data meanwhile have tempered downside risks and cast a favorable light on the economy.

— Hard data
— Soft data

NFIB Small Business Optimism Index: hard vs. soft components

Average z-score



Source: NFIB, Haver Analytics, Nationwide Economics

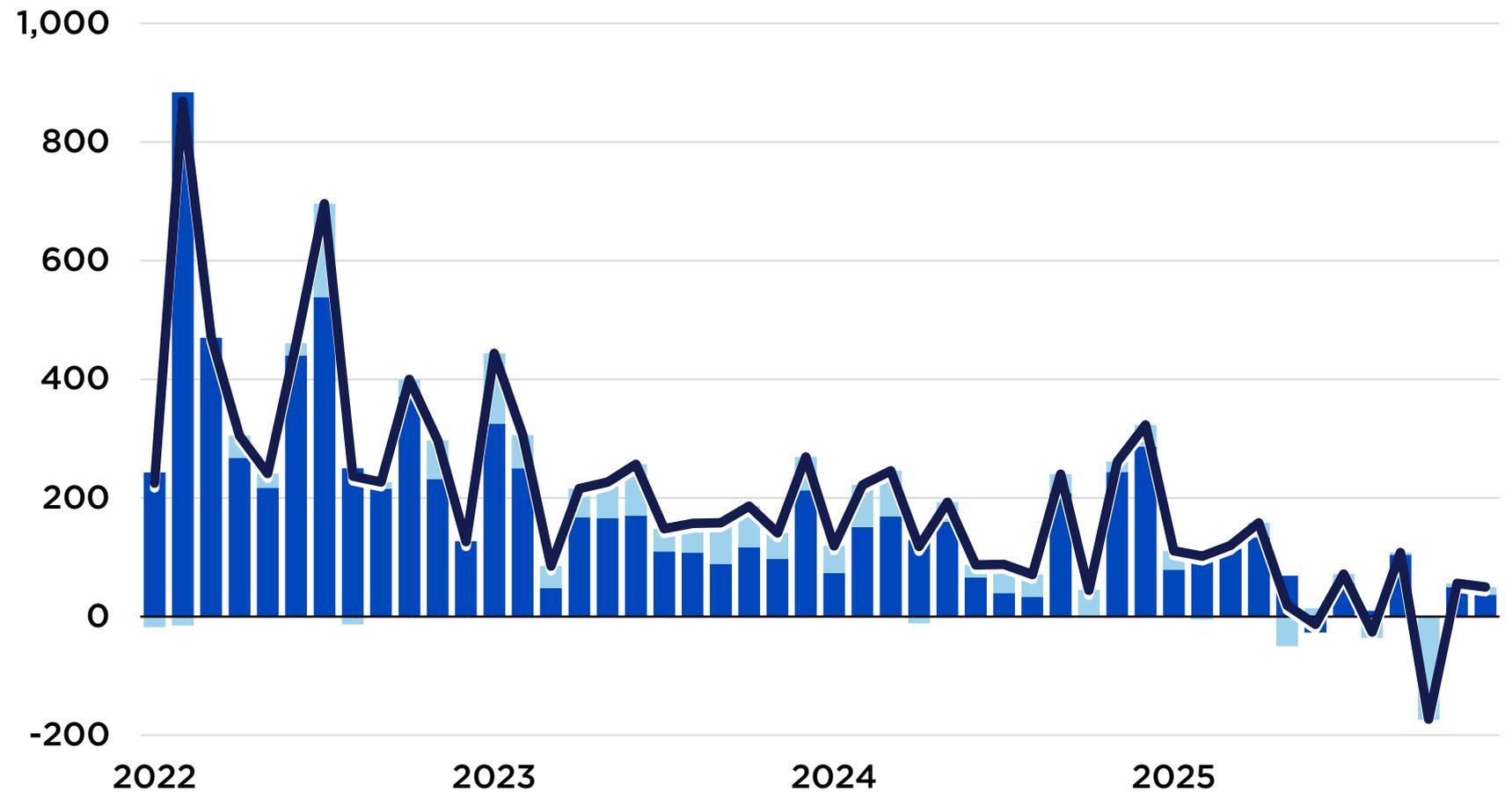
It's a "low hire, low fire" job market

Employment remains in a "low hire, low fire" environment. The 50,000 rise in total nonfarm payrolls in December was just enough to keep the unemployment rate largely steady. Meanwhile, the decline in the unemployment rate back to 4.4 percent at the end of last year shows that the slowing in labor demand is in tandem with the decline in the supply of labor. Overall, we see labor supply and demand as in balance currently.

- Private sector
- Federal, state, and local government
- Nonfarm payrolls

Employment growth

Monthly change; thousands



Source: Bureau of Labor Statistics, Haver Analytics, Nationwide Economics

Positive real income growth is the key dynamic to watch

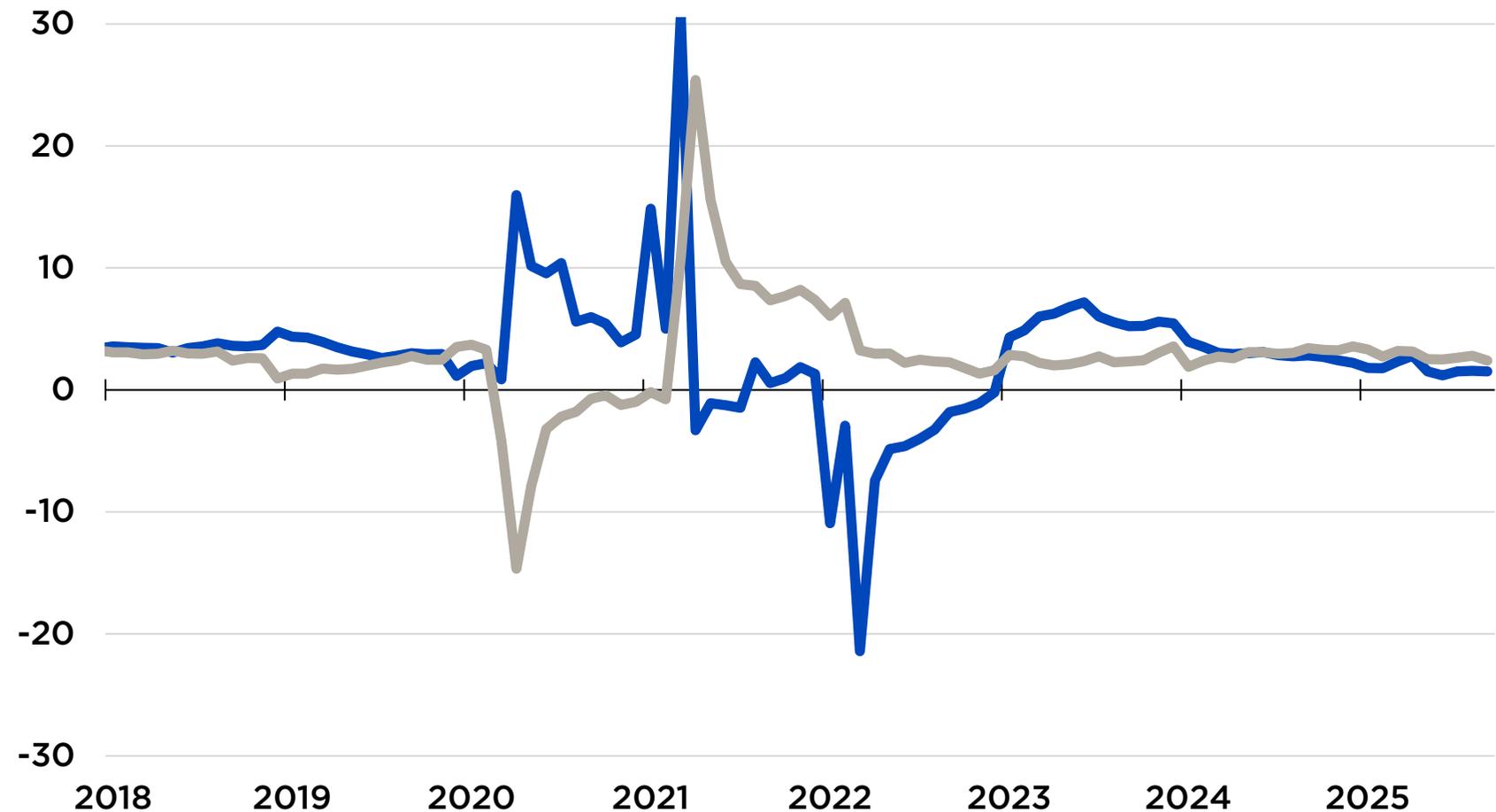
Looking beyond month to month swings, the real income growth trend remains positive. This is among the most important elements of the economy to watch since consumer outlays drive about 70 percent of total economic activity.

We should expect consumers to keep spending so long as real incomes are rising.

- Real disposable income growth
- Real personal consumption expenditures

Real income and spending growth

Year-over-year percent change



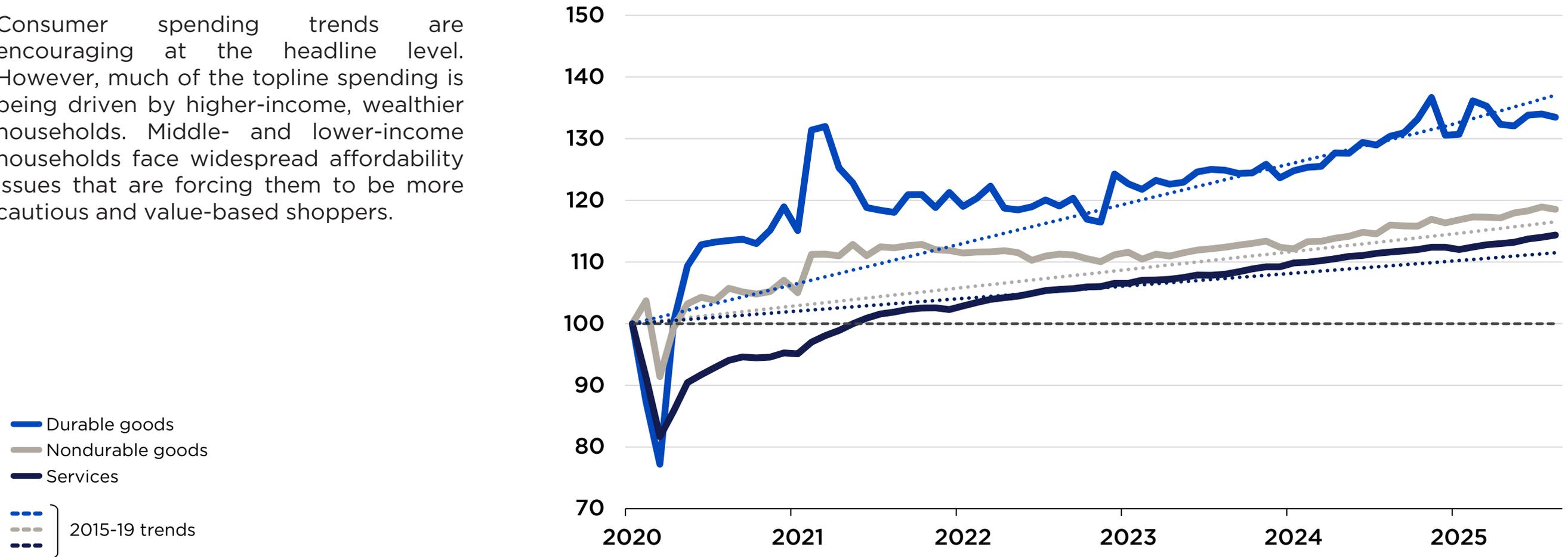
Source: Bureau of Economic Analysis, Haver Analytics, Nationwide Economics

Consumer spending trends remain positive

Consumer spending trends are encouraging at the headline level. However, much of the topline spending is being driven by higher-income, wealthier households. Middle- and lower-income households face widespread affordability issues that are forcing them to be more cautious and value-based shoppers.

Real consumer spending

Index, Feb. 2020 = 100



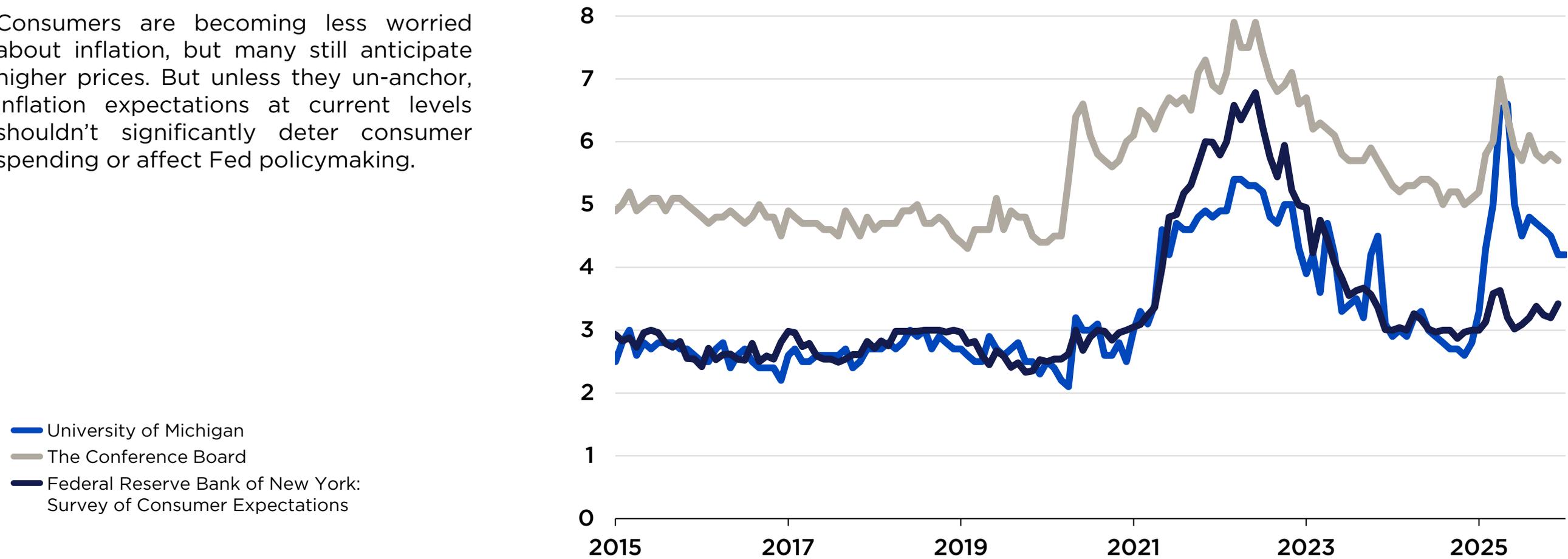
Source: Bureau of Economic Analysis, Haver Analytics, Nationwide Economics

Easing, but still elevated, consumer inflation expectations

Consumers are becoming less worried about inflation, but many still anticipate higher prices. But unless they un-anchor, inflation expectations at current levels shouldn't significantly deter consumer spending or affect Fed policymaking.

Year-ahead inflation expectations

Percent



- University of Michigan
- The Conference Board
- Federal Reserve Bank of New York: Survey of Consumer Expectations

Source: University of Michigan, The Conference Board, Federal Reserve Bank of New York, Haver Analytics, Nationwide Economics

Modestly rising delinquencies warrant caution

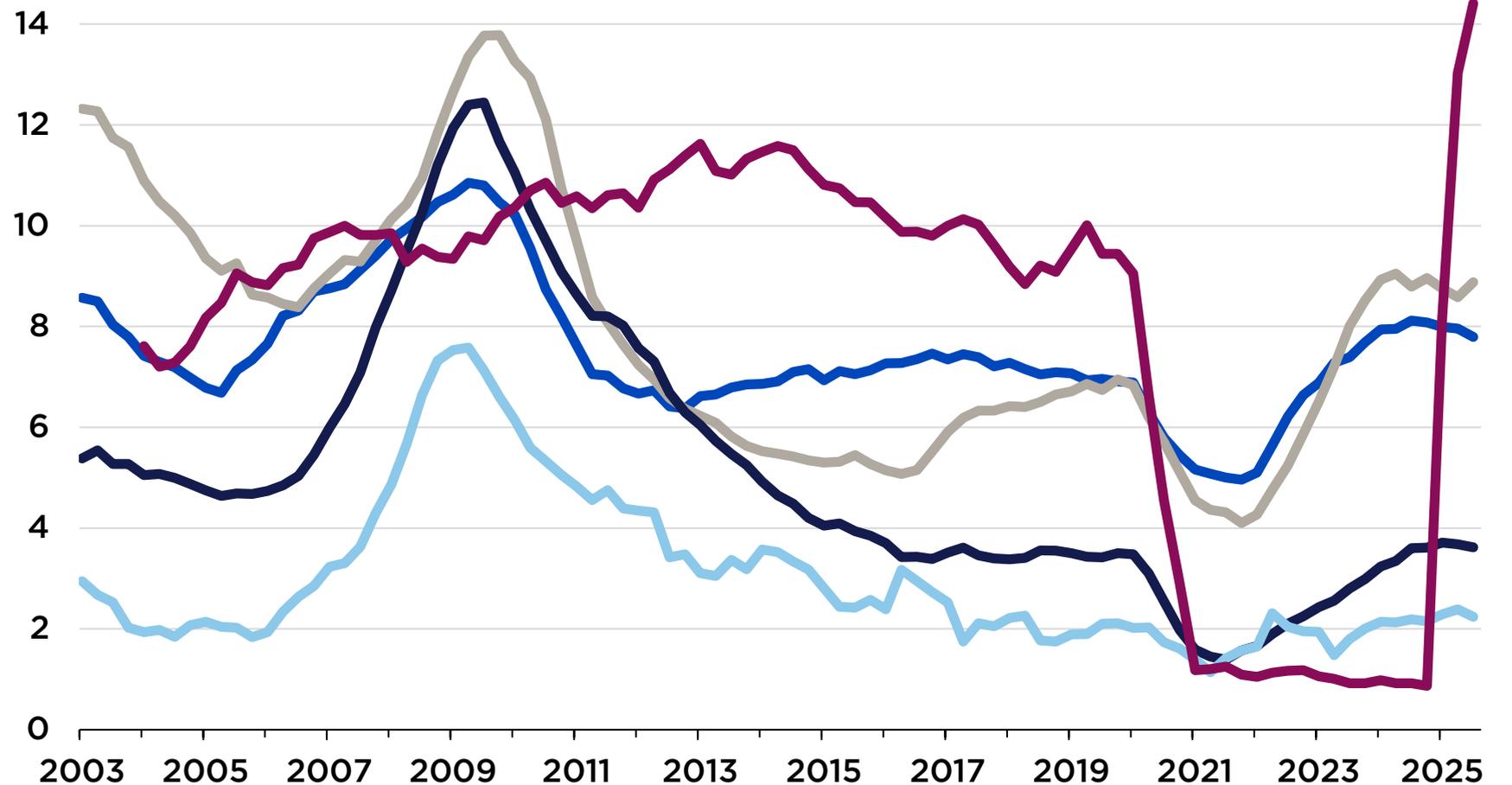
Delinquencies and charge-offs are elevated, namely among lower income households, spurred by high prices and borrowing costs and moderating earnings growth. However, risks overall appear contained in aggregate.

Reporting on student loan delinquencies has restarted after a pause that began during the pandemic, causing the spike in 2025.

- Auto loan
- Credit card
- Mortgage
- HE revolving
- Student loan

Transition into delinquency (30+) by loan type

Percent of balance



Source: New York Fed Consumer Credit Panel/Equifax, Nationwide Economics

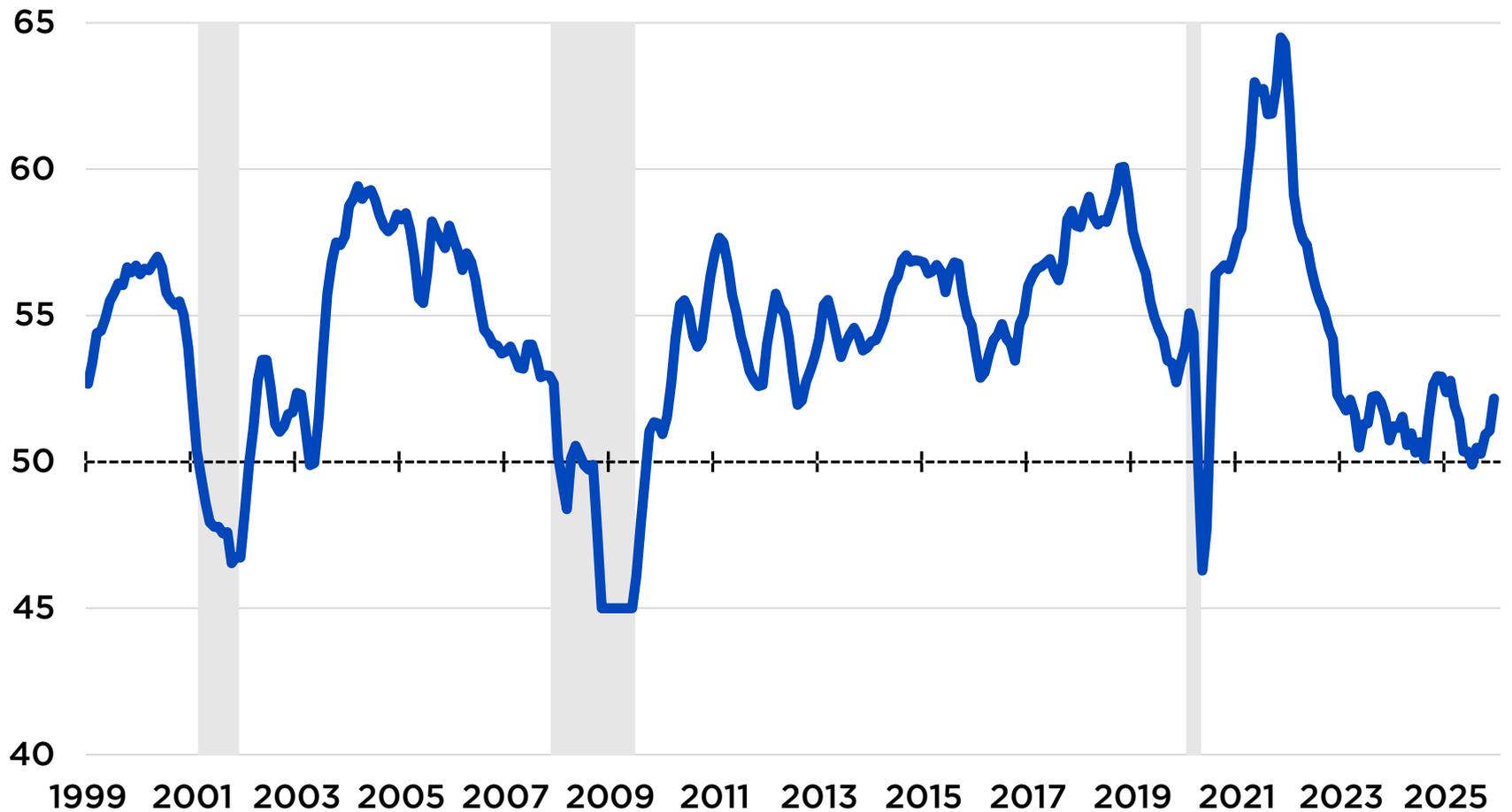
ISM readings point to a cyclical upturn

The ISM Reports on Business, which includes both Manufacturing (PMI) and Services (PMI), signal firming growth in late 2025. The expansion is being powered by the services sector while manufacturing remains in the doldrums. We anticipate firm ISM readings over the course of 2026 as economic growth remains solid.

— Economy-weighted ISM composite PMI
 ■ Recession

Economy-weighted ISM composite PMI

Index; > 50 = expansion; three-month moving average



Source: Bureau of Economics Analysis, Institute for Supply Management, Haver Analytics, Nationwide Economics

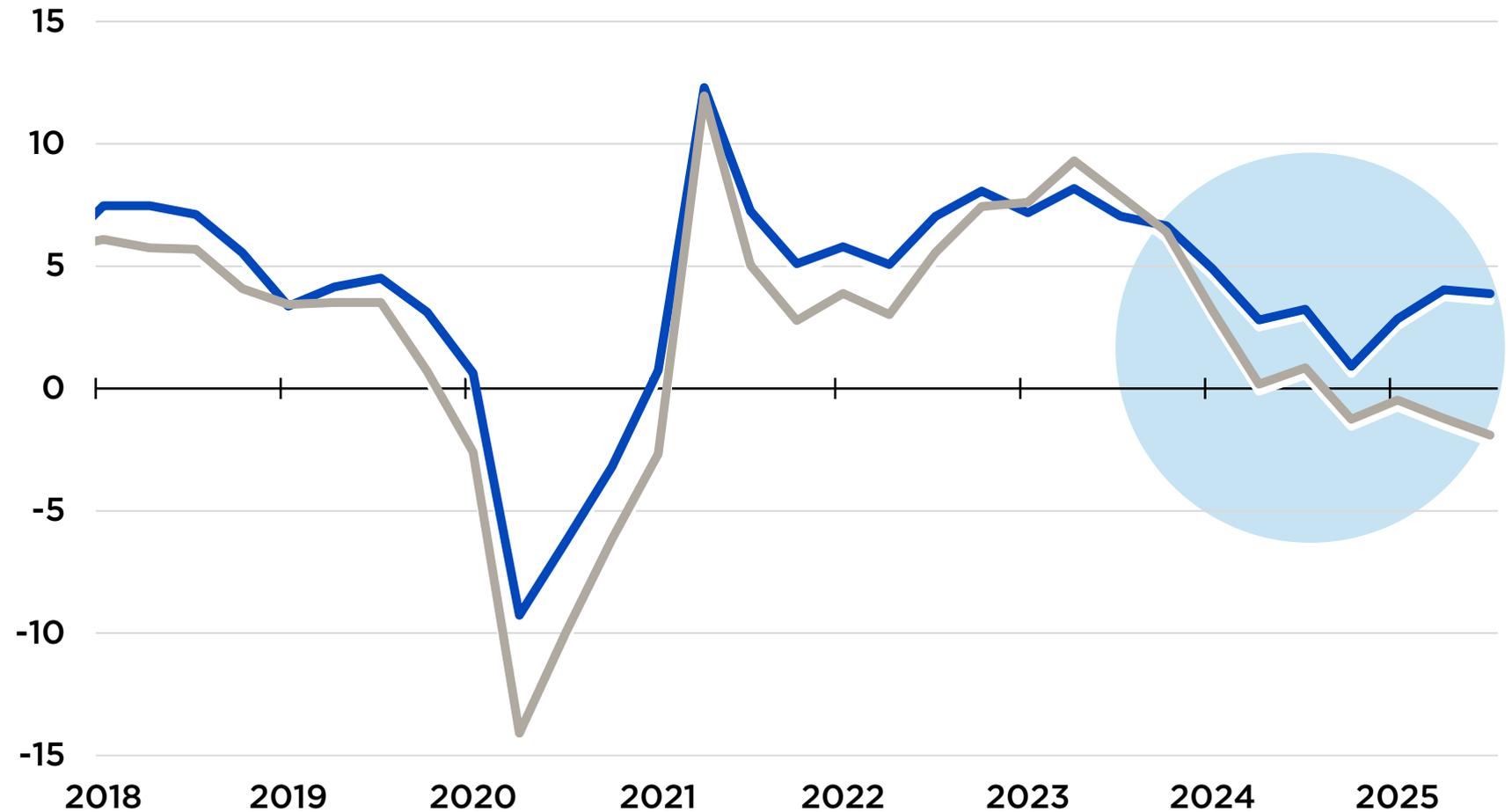
AI investment's outsized boost

Investment in artificial intelligence (AI) is not only driving the equity market's strong performance but is also offering a significant positive contribution to economic activity. Excluding AI investment, trend growth in total business investment would have been negative last year.

- Business fixed investment
- Business fixed investment excluding relevant AI spending categories

Nonresidential business fixed investment

Percent, year-over-year change



Source: Bureau of Economic Analysis, Haver Analytics, Nationwide Economics

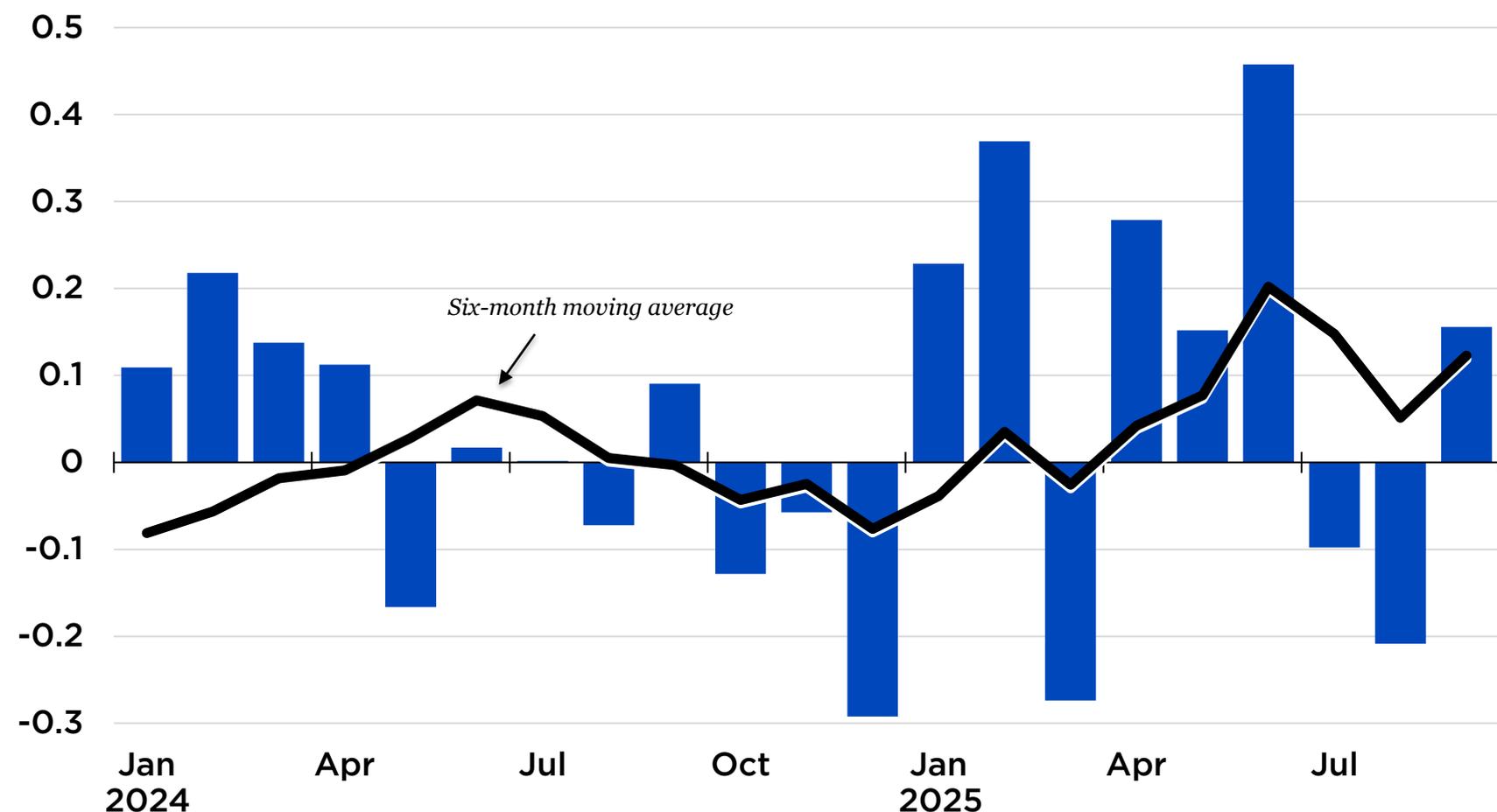
Tariff passthrough is manageable

Tariffs aren't exerting significant upward pressure on inflation. The burden remains manageable and uneven across different components of spending.

We expect tariffs to continue to exert some upward pressure on prices, but the push will likely remain moderate and fade rather quickly. We anticipate that corporations will likely continue to leverage a range of strategies to mitigate the need to pass the full brunt of tariffs onto customers.

Core PCE goods prices exposed to tariffs

Month-over-month percent change



Note: Includes new motor vehicles, motor vehicle parts, furnishings and durable household goods, household supplies, personal care products, jewelry and watches, clothing, audio and video equipment, sporting goods, toys, and pharmaceutical goods.

Source: BEA, Haver Analytics, Nationwide Economics

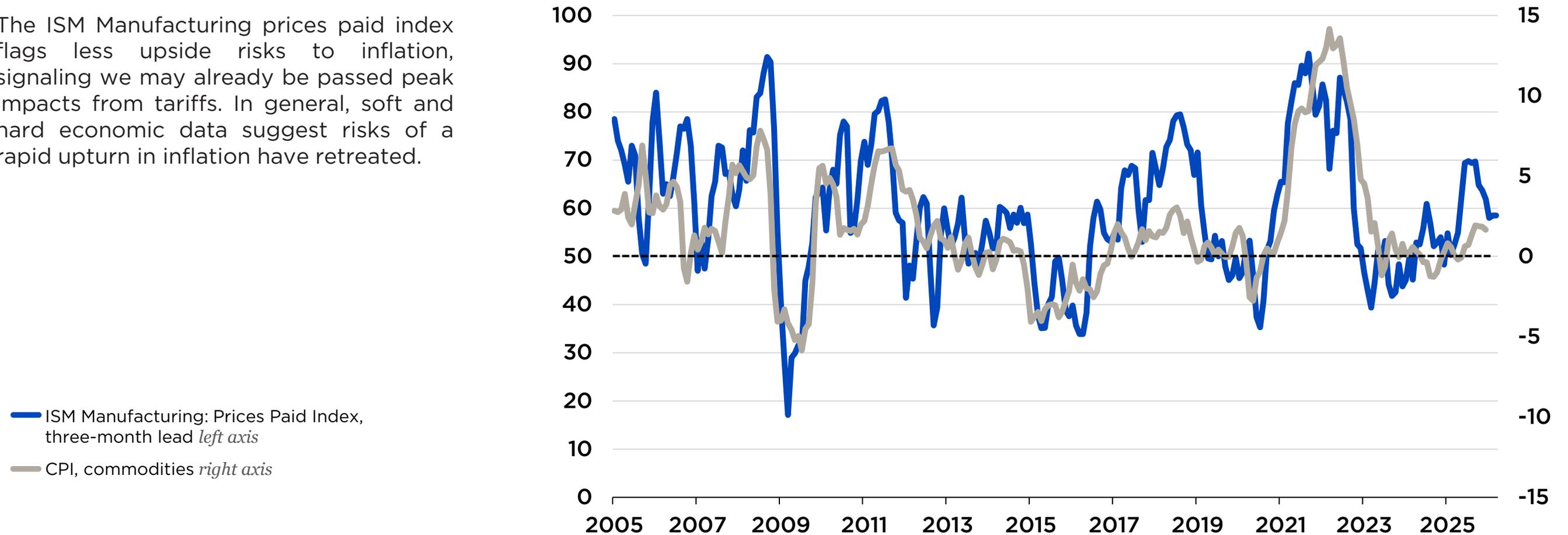
Surveys flag less upside momentum for prices

The ISM Manufacturing prices paid index flags less upside risks to inflation, signaling we may already be passed peak impacts from tariffs. In general, soft and hard economic data suggest risks of a rapid upturn in inflation have retreated.

ISM Manufacturing and consumer prices

Index; above 50 = expansion

Year-over-year percent change



— ISM Manufacturing: Prices Paid Index, three-month lead *left axis*
 — CPI, commodities *right axis*

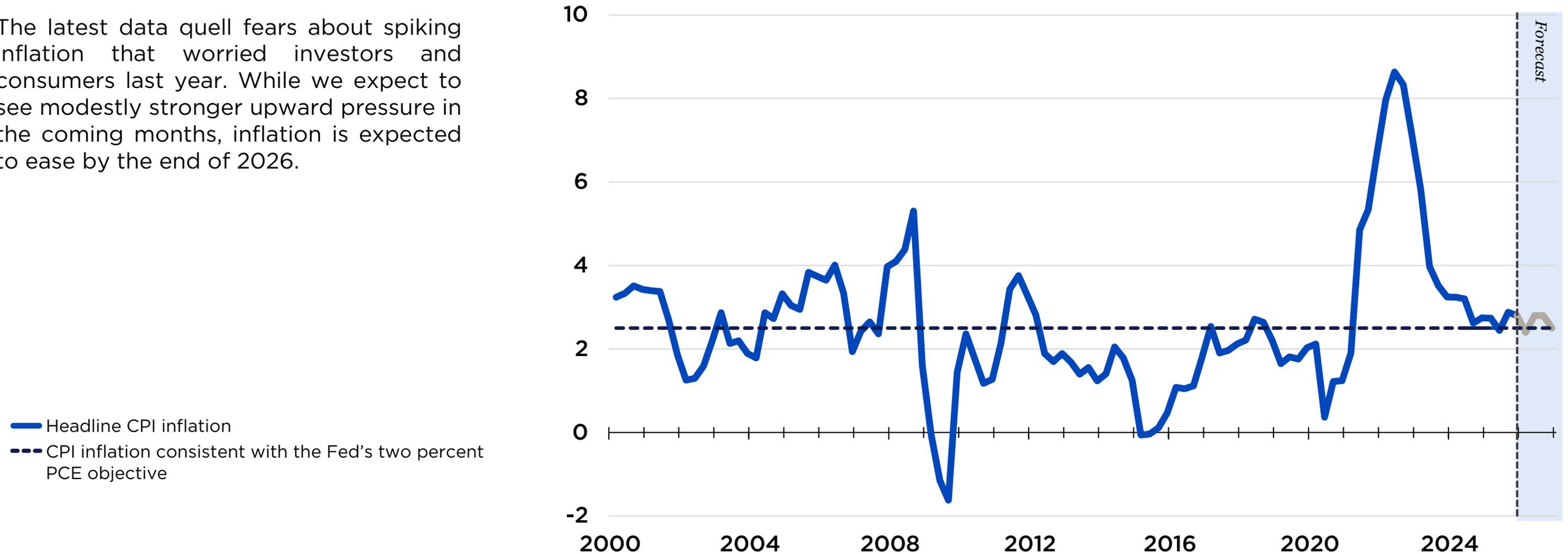
Note: October number for CPI is an average of November and September
 Source: Institute for Supply Management, Haver Analytics, Nationwide Economics

A modest, short-lived inflation acceleration is expected

The latest data quell fears about spiking inflation that worried investors and consumers last year. While we expect to see modestly stronger upward pressure in the coming months, inflation is expected to ease by the end of 2026.

Headline CPI inflation

Year-over-year percent change



Source: Bureau of Labor Statistics, Haver Analytics, Nationwide Economics

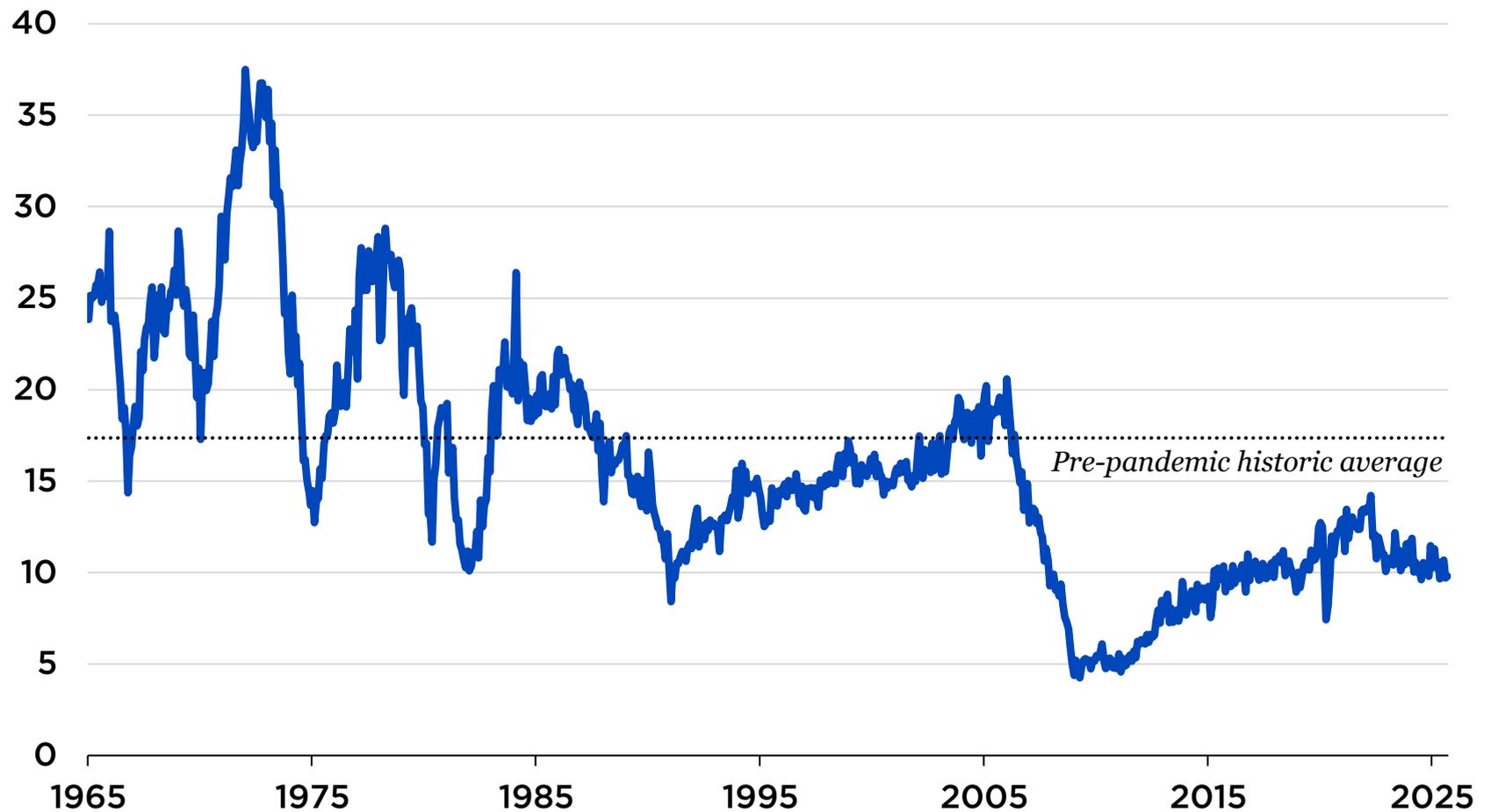
Housing construction activity remains weak

Homebuilder activity continues along a lackluster track, with weakness evident in single- and multifamily construction. The pace of construction remains well below the long-term average and aligns with downbeat homebuilder sentiment.

We do not expect housing construction to pick up meaningfully in 2026 though the administration's recent policy announcements may provide a short-term boost to activity.

Housing starts versus household growth

Housing starts per 1,000 households



Source: Census Bureau, Nationwide Economics calculations

Home sales perk up on lower mortgage rates

Buyers rushed back into the housing market at the end of 2025 after mortgage rates dropped in the final stretch of the year.

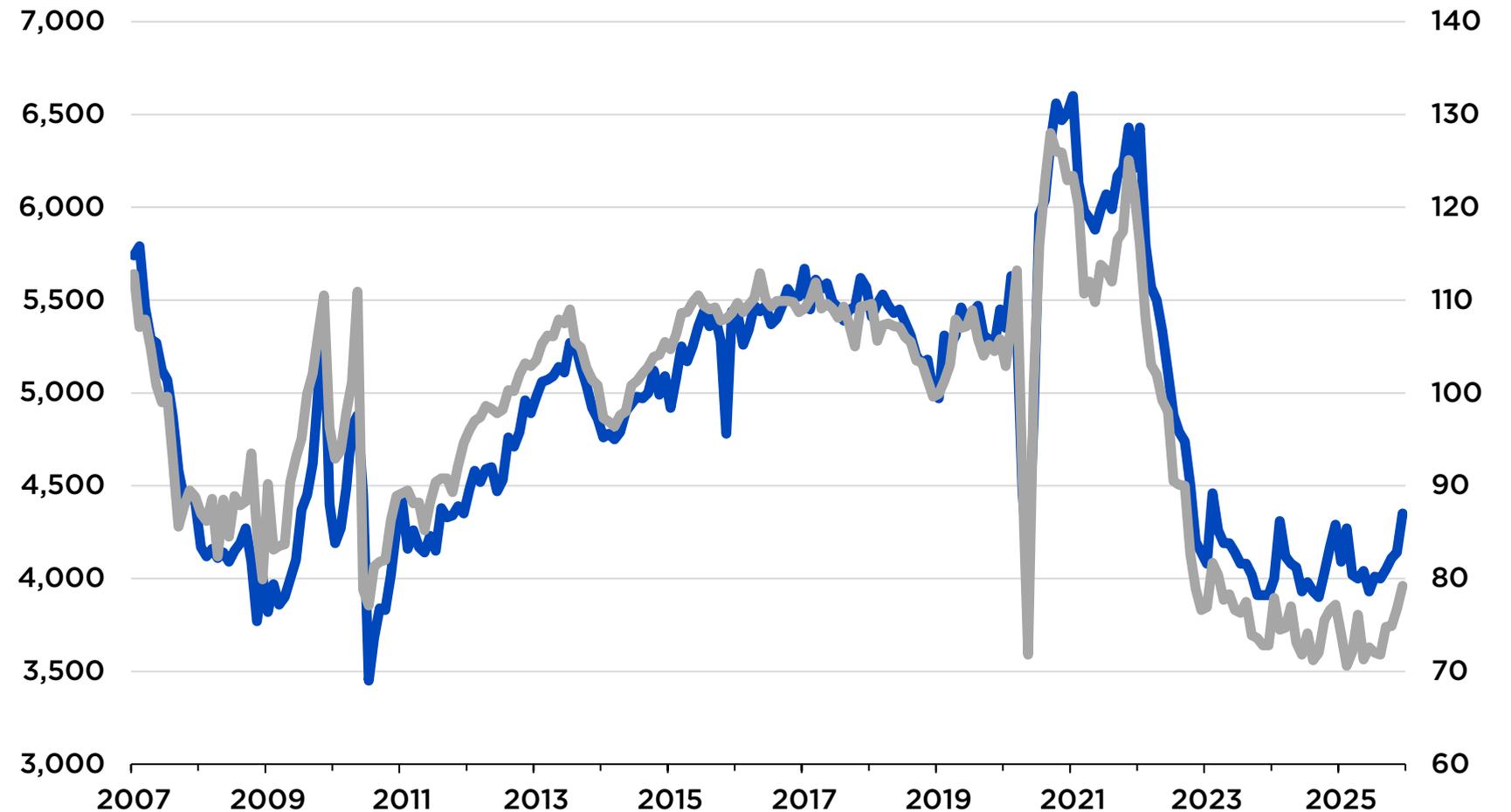
The administration’s announcements aimed to improve housing affordability may reinvigorate home sales in the near term. However, ongoing affordability and supply challenges, coupled with concerns about the job market, will likely continue constraining home sales in 2026.

— Existing home sales
— Pending home sales: one-month lead *right axis*

Existing and pending home sales

Thousands, annualized

Index, 2001 = 100



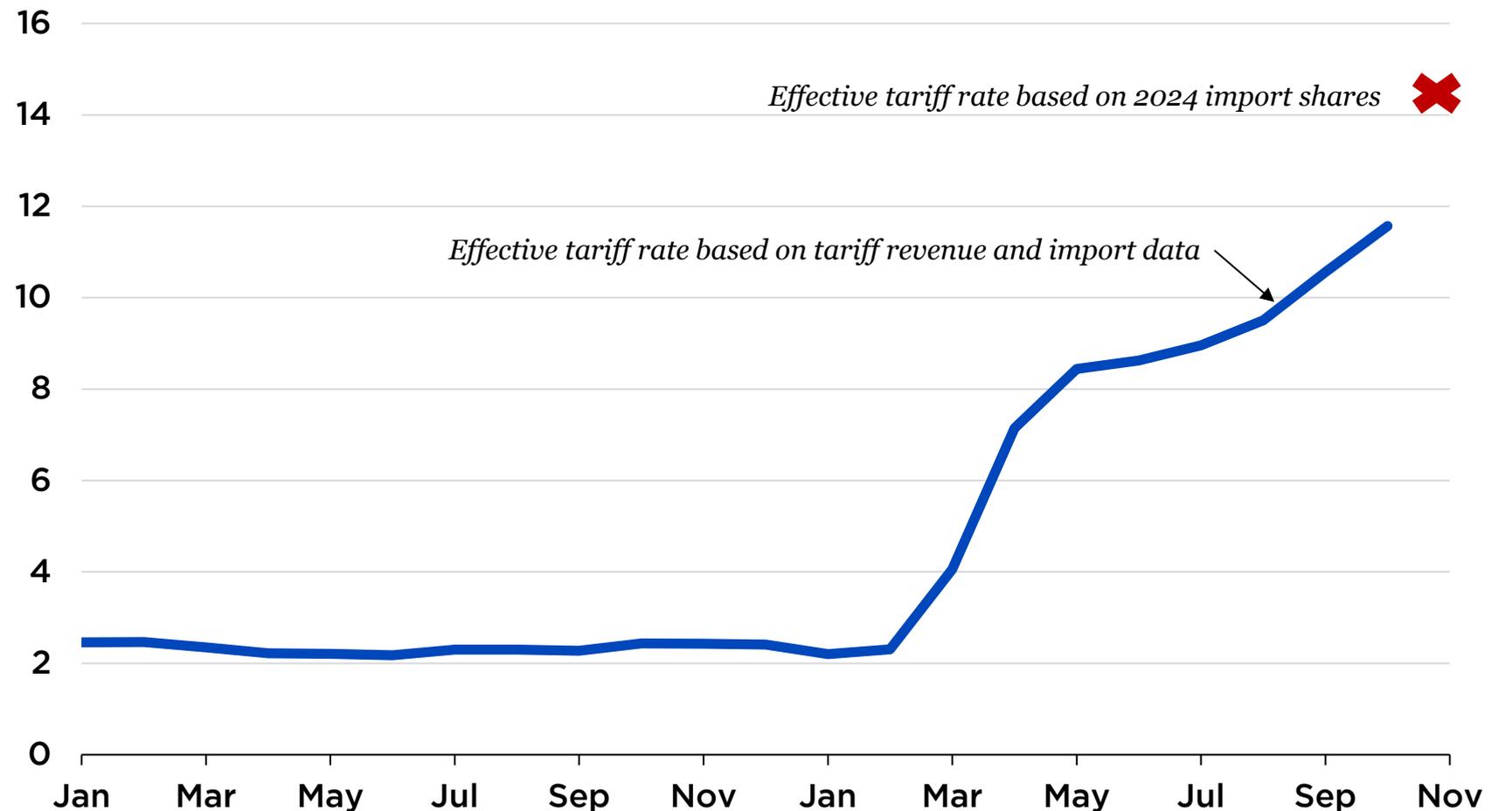
Source: NAR, Haver Analytics, Nationwide Economics

Bulk of effective tariff rate already digested

Tariff revenue and import data show the effective tariff rate has climbed in recent months. The effective rate may increase a little more as tariffs are digested by businesses and consumers in 2026, but the brunt of the tariff shock is likely behind us.

Effective tariff rate

Percent



Note: Effective rate based on 2024 import shares is a static estimate that also accounts for various tariff exemptions and carveouts.

Source: Census Bureau, Haver Analytics, Nationwide Economics

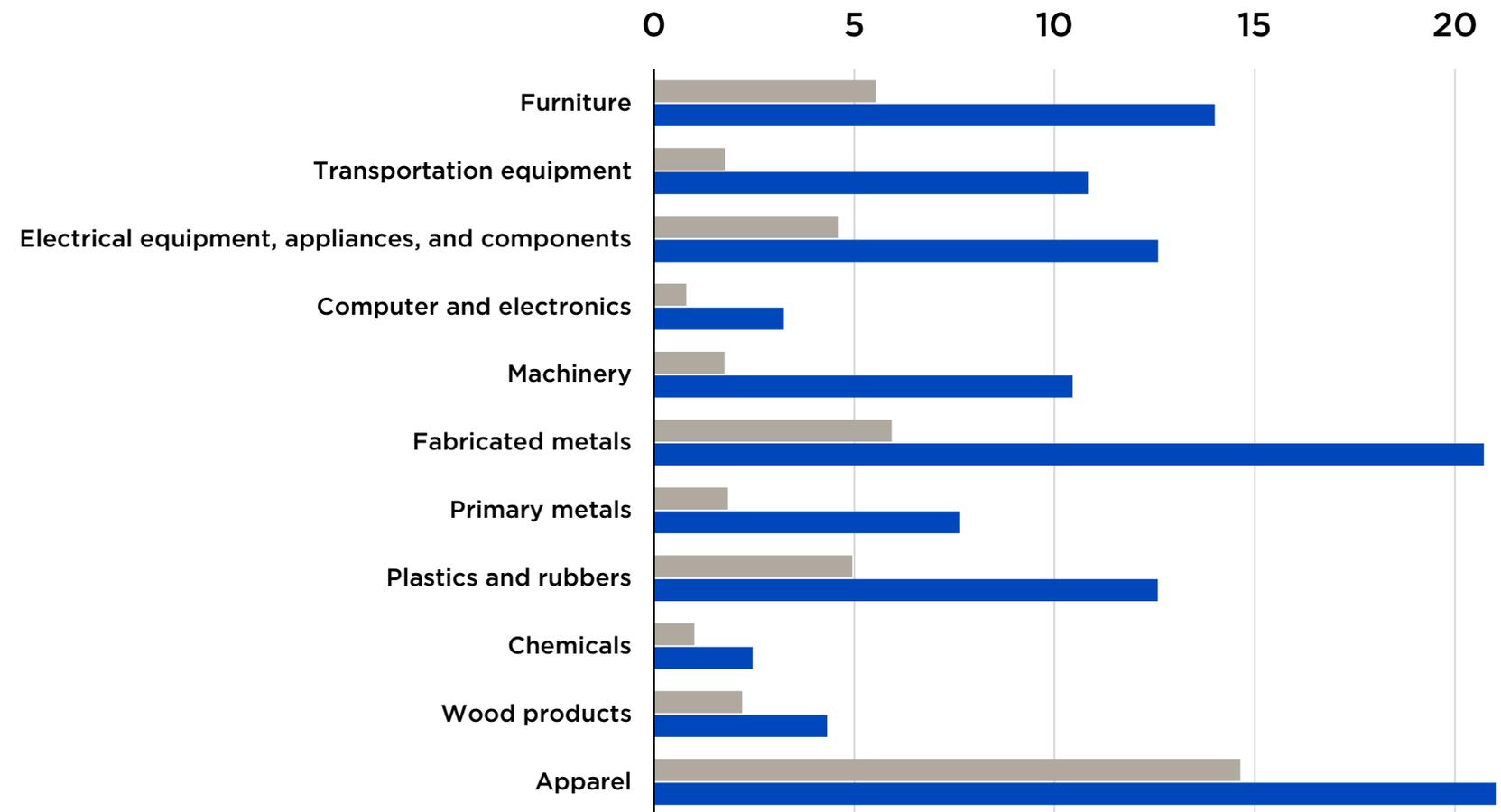
Tariff passthrough varies by industry

Granular data show the varied impact of tariffs across industries. Certain industries are passing the levies to their customers while others prefer to take a more modest approach. Corporations are utilizing various methods to mitigate the negative impacts of tariffs, including absorption in margins, containing labor costs via slower hiring, and sharing the financial burden with vendors in their supply chain.

■ 2024 average
 ■ 2025 year-to-date average

Effective tariff rates by type of manufactured good

Percent



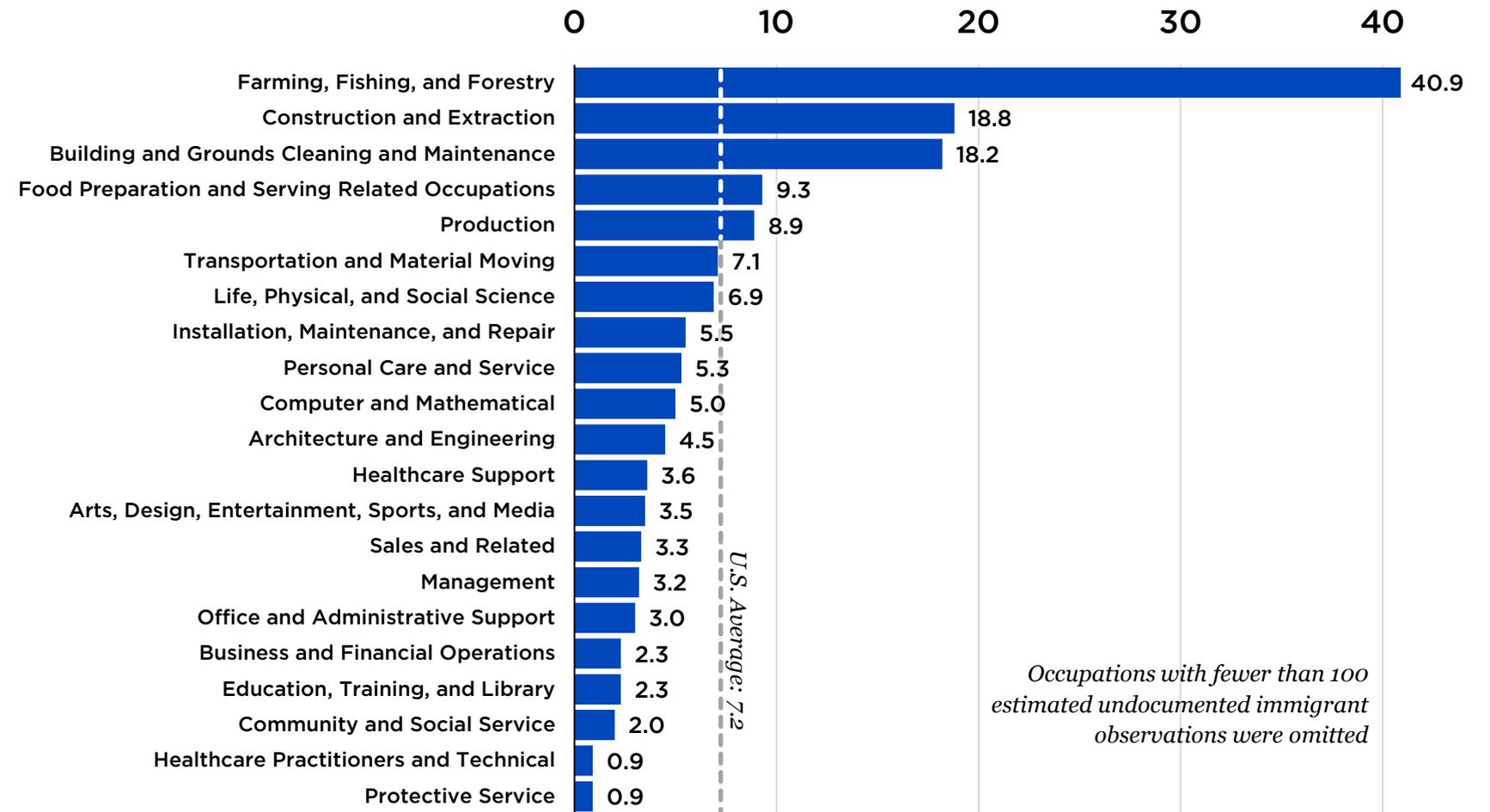
Source: Census Bureau, Haver Analytics, Nationwide Economics

Immigration clampdown reduces labor supply

The influx of migrants in the post-pandemic era loosened labor supply constraints, filled needed low-skilled jobs, and helped cool wage inflation. The Trump administration has been enacting its desired immigration agenda, which reduces the pool of available labor, most notably in the agriculture and construction sectors.

Estimated undocumented immigrant employment share by occupation

Percent



Source: *The Burning Glass Institute; authors' calculations using CBO, 'The Demographic Outlook: 2024 to 2054'; Baker, B. and Warren, R., April 2024, U.S. Department of Homeland Security: Office of Homeland Security Statistics, 'Estimates of the Unauthorized Immigrant Population Residing in the United States: January 2018 - January 2022'; American Community Survey, U.S. Consensus Bureau, 2023 1-year estimates*

One Big Beautiful Bill is expected to fuel stronger investment in 2026

Provisions of last year’s One Big Beautiful Bill Act (OBBBA) are anticipated to spark stronger business investment and consumer spending, mitigating lingering tariff and immigration headwinds.

Stimulus and tax incentives from OBBBA in 2026 and beyond

Consumer Stimulus

No tax on tips

\$1K - \$2K/yr added to take-home pay



No tax on overtime

Boosts pay for hourly workers by up to \$7.2K/yr



No tax on auto loan interest

Saves \$500-\$1,500/yr on qualifying loans



Social Security tax relief

\$1K-\$3K annual tax relief for low/middle-income retirees



Tax Incentives for Businesses

Permanent 199A small business deduction

Expands pass-through deduction for small business owners; \$50B-\$100B annual savings



Full expensing for manufacturing

Deduction for new factories, improvements, and production structures



R&D and interest expense deductions

Boosts innovation and saves tech/manufacturing firms \$20B-\$30B per year



Estate (“death”) tax exemption increase

Raises exemption to protect family farms/businesses from inheritance tax



100% bonus depreciation

Allows write-offs of up to \$2.5M and doubles small business expensing limits to spur hiring and expansion



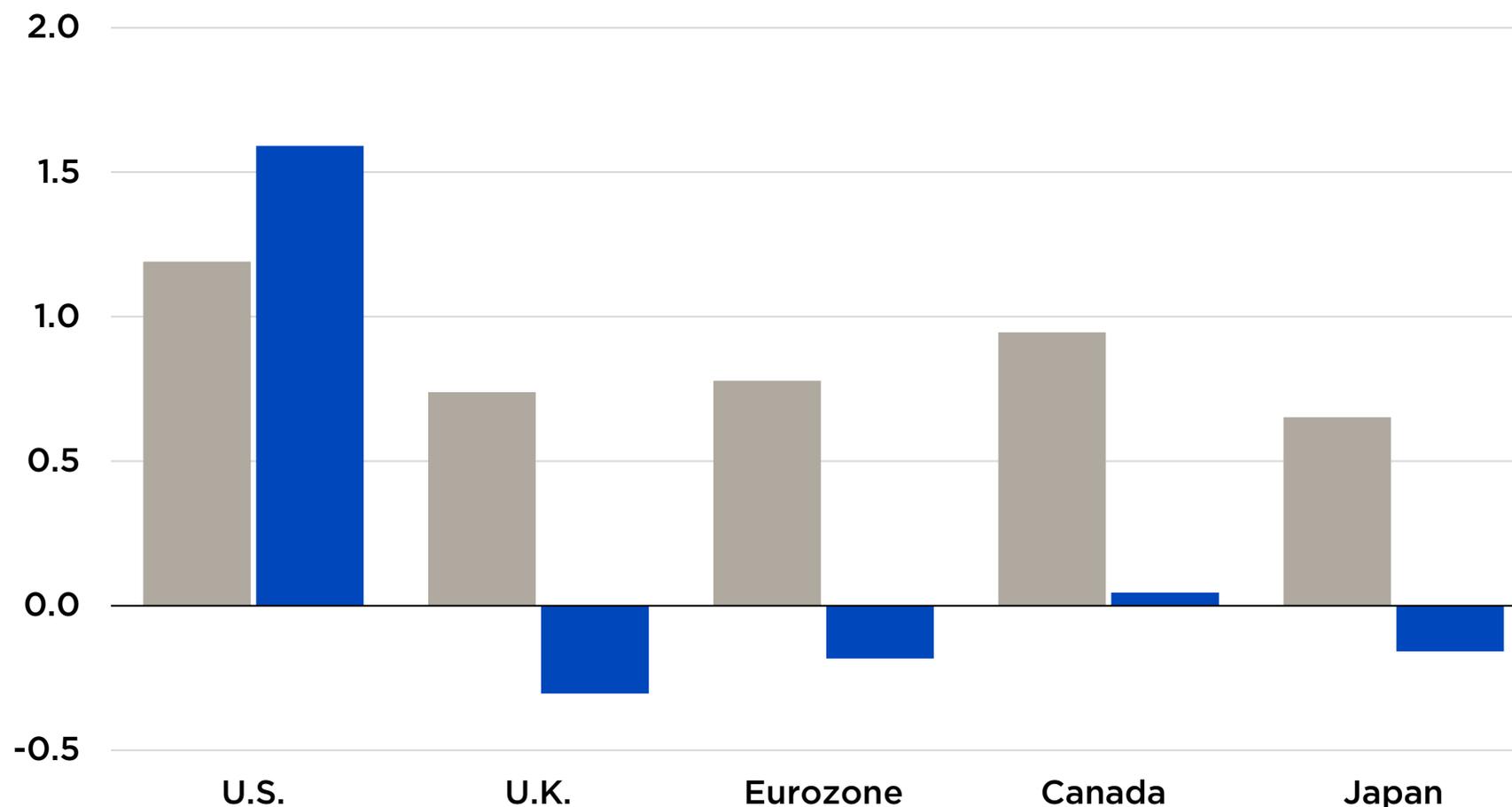
Source: Congressional Budget Office, Committee for a Responsible Federal Budget, Nationwide Economics

U.S. productivity growth outshines its peers

U.S. productivity growth appears to be surpassing its pre-pandemic run rate and other advanced economies. If it proves true and efficiency gains from AI can be captured, strong U.S. productivity growth will enhance the economy’s long-term potential and support its expansion outstripping its peers, as well as limit upside inflation pressures.

■ 2023 - 2025
 ■ 2010 - 2019 average

Productivity growth
 Year-over-year percent change



Note: Output per person

Source: Bureau of Economic Analysis, Bureau of Labor Statistics, Office for National Statistics, Statistics Canada, Cabinet Office/Ministry of Health, Labour & Welfare, European Central Bank, Haver Analytics, Nationwide Economics

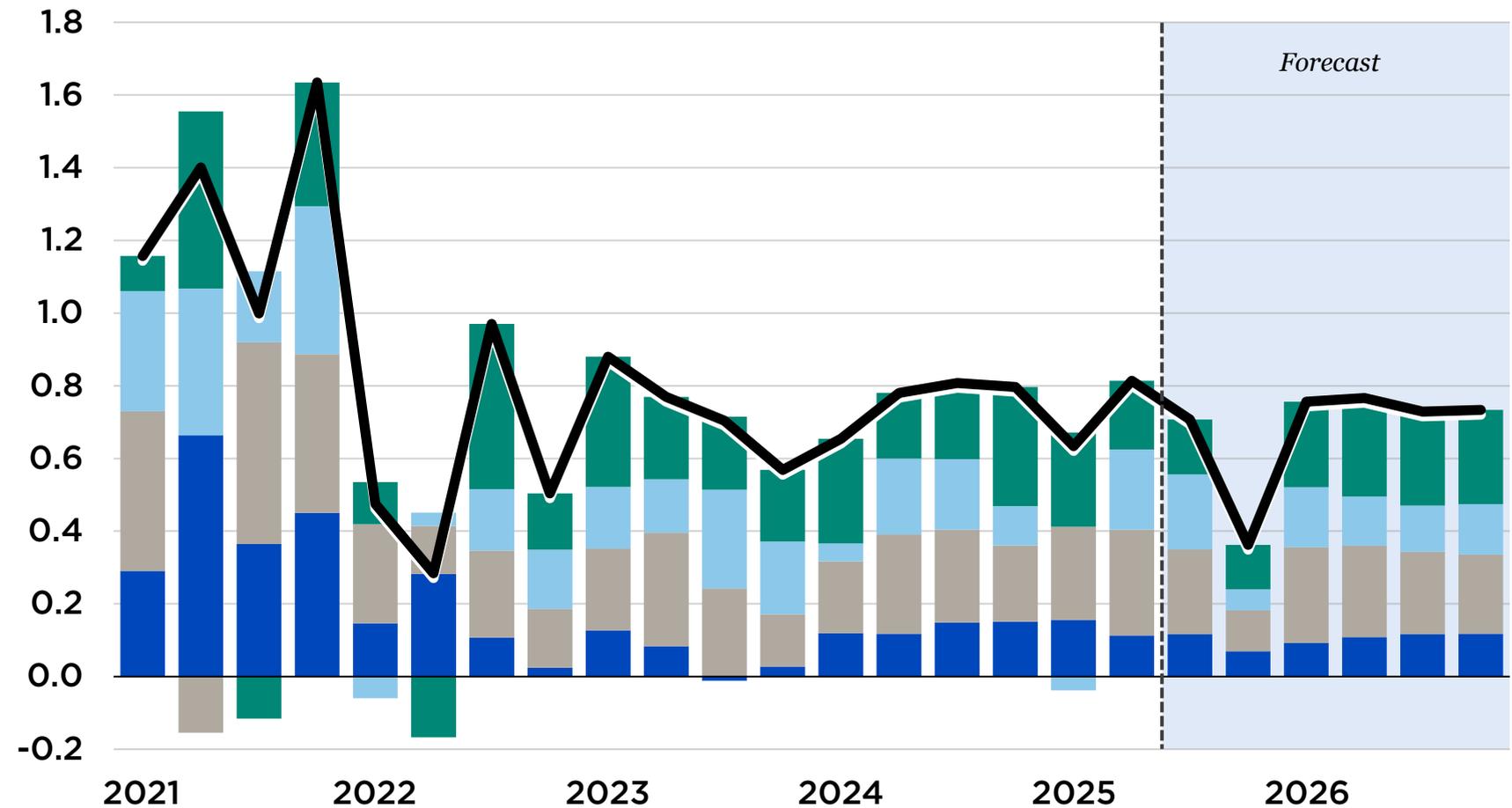
Global economy withstands policy pressures

The global economy fared well in 2025 despite pressures from tariffs and policy uncertainty. Most economists expect global economic growth to have accelerated in H2 2025 and be positive in 2026. Geopolitical risks will likely remain high this year and pose downside risks to global economic growth.

- Advanced economies excluding US
- Emerging markets excluding China
- U.S.
- China
- World

Contribution to world GDP growth

Percentage point contribution to quarterly growth



Source: Oxford Economics, Haver Analytics, Nationwide Economics



Not a deposit • Not FDIC or NCUSIF insured • Not guaranteed by the institution • Not insured by any federal government agency • May lose value

The information in this report is general in nature and is not intended as investment or economic advice, or a recommendation to buy or sell any security or adopt any investment strategy. Additionally, it does not take into account any specific investment objectives, tax and financial condition or particular needs of any specific person.

The economic and market forecasts reflect our opinion as of the date of this report and are subject to change without notice. These forecasts show a broad range of possible outcomes. Because they are subject to high levels of uncertainty, they will not reflect actual performance. We obtained certain information from sources deemed reliable, but we do not guarantee its accuracy, completeness or fairness.

S&P 500® Index: An unmanaged, market capitalization-weighted index of 500 stocks of leading large-cap U.S. companies in leading industries; gives a broad look at the U.S. equities market and those companies' stock price performance.

S&P Indexes are trademarks of Standard & Poor's and have been licensed for use by Nationwide Fund Advisors. The Products are not sponsored, endorsed, sold or promoted by Standard & Poor's and Standard & Poor's does not make any representation regarding the advisability of investing in the Product.

Bloomberg U.S. Aggregate Bond Index: An unmanaged, market value-weighted index of U.S. dollar-denominated, investment-grade, fixed-rate, taxable debt issues, which includes Treasuries, government-related and corporate securities, mortgage-backed securities (agency fixed-rate and hybrid adjustable-rate mortgage pass-throughs), asset-backed securities and commercial mortgage-backed securities (agency and non-agency).

Bloomberg® and its indexes are service marks of Bloomberg Finance L.P. and its affiliates including Bloomberg Index Services Limited, the administrator of the index, and have been licensed for use for certain purposes by Nationwide. Bloomberg is not affiliated with Nationwide, and Bloomberg does not approve, endorse, review or recommend this product. Bloomberg does not guarantee the timeliness, accurateness, or completeness of any date or information relating to this product.

NFIB Small Business Optimism Index: A monthly indicator of the state and outlook of the small business sector in the U.S.. It is based on a survey of about 620 members of the National Federation of Independent Business (NFIB). The index is a composite of ten seasonally adjusted components that measure the expectations and outlook of small business owners regarding the economy, sales, employment, and other business-related factors.

ISM Manufacturing Purchasing Managers' Index (PMI) is a monthly economic indicator that measures the level of business activity in the U.S. manufacturing sector and is calculated from five major components: new orders, production, employment, supplier deliveries, and inventories.

Consumer Price Index (CPI): The CPI measures the average change in price over time of a market basket of consumer goods and services. The market basket includes everything from food items to automobiles to rent.

ISM Report on Business: Includes both Manufacturing (PMI) and Services (PMI), which are composite indexes that measure economic activity in the manufacturing and non-manufacturing sectors, respectively, based on surveys of purchasing managers.

Nationwide Funds distributed by Nationwide Fund Distributors LLC, member FINRA, Columbus, Ohio. Nationwide Investment Services Corporation, member FINRA, Columbus, Ohio.

Nationwide, the Nationwide N and Eagle and Nationwide is on your side are service marks of Nationwide Mutual Insurance Company © 2026 Nationwide

NFM-13126AO.50