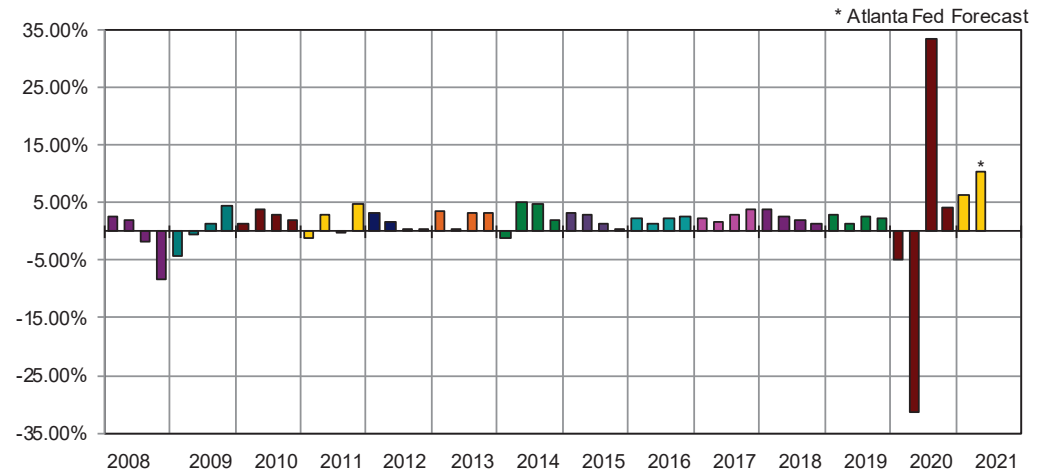


Data updated through 5/31/2021

GDP Quarterly % Change

Economic Growth

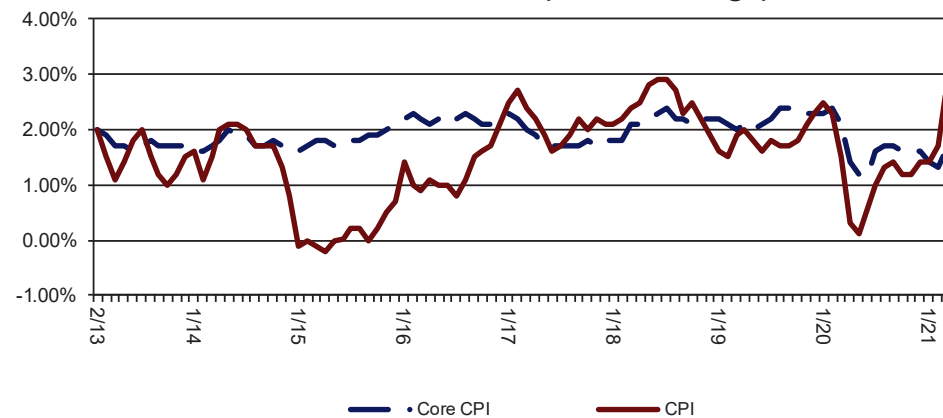
The U.S. economic recovery after 2009 was the longest on record, but the average growth rate was also the slowest of the past 11 recoveries. However, the COVID pandemic in 2020 brought on a deep global recession, with the U.S. economy suffering substantial job losses and a major blow to economic activity. In the second quarter of 2020, GDP fell 31.4% on an annualized basis before 3Q GDP rebounded 33.4%. 4Q GDP rose at a 4.3% rate and 1Q 2021 GDP advanced 6.4%. Many forecast growth in 2021 will be the best in decades, with many forecasting growth of 6.7%.



Inflation

In 2019, economic growth and personal consumption were healthy, but consumer prices were well controlled. The 2020 pandemic had a negative effect on consumer spending and dampened inflation. In April 2020 consumer prices fell by the most since the Great Recession. However, inflation has risen recently as the economy rebounds, supplies bottleneck and labor shortages continue. In the 12 months through April, CPI shows a 4.2% year-over-year gain and core CPI is up 3.0%.

Consumer Price Inflation (YOY % Change)



First Merchants Private Wealth Advisors products are not FDIC insured, are not deposits of First Merchants Bank, are not guaranteed by any federal government agency, and may lose value. Investments are not guaranteed by First Merchants Bank and are not insured by any government agency.

Deposit accounts and loan products are offered by First Merchants Bank, Member FDIC, Equal Housing Lender.

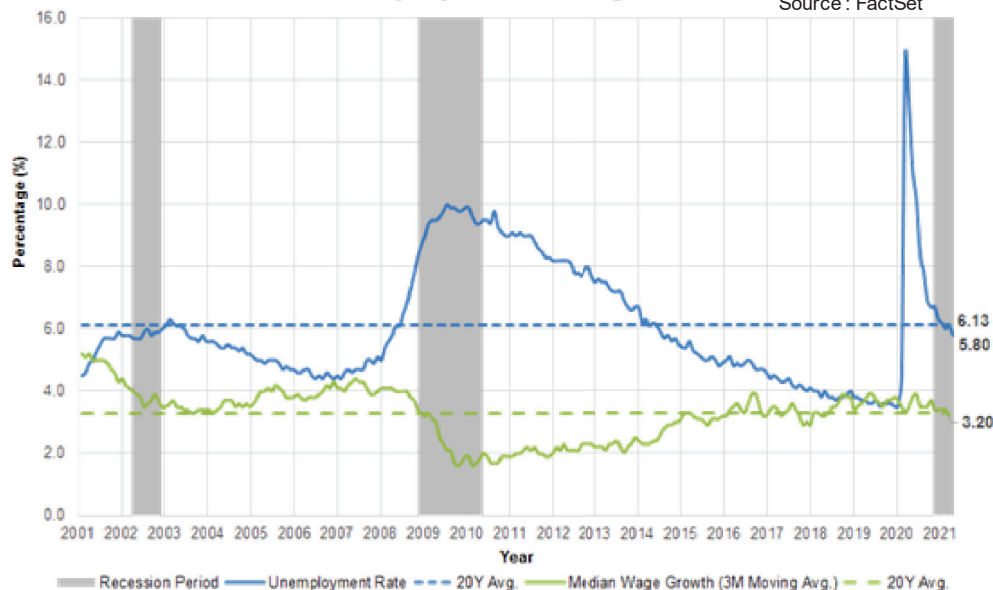


First Merchants
Private Wealth Advisors

Data updated through 5/31/2021

U.S. Unemployment & Wage Growth

Source: FactSet



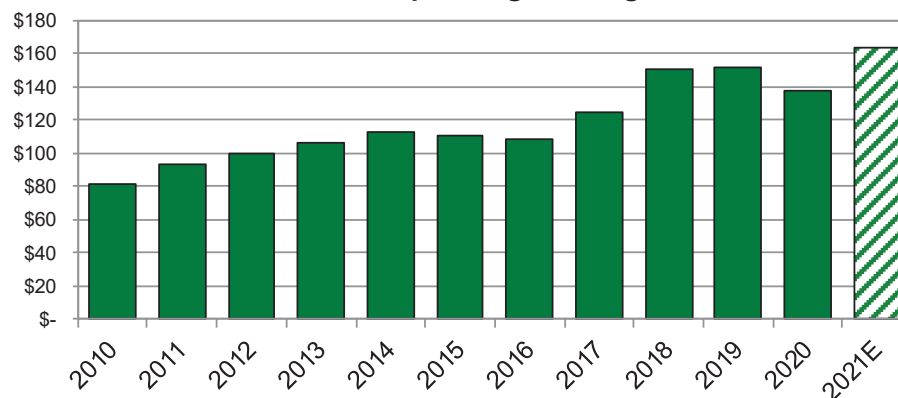
Labor Market

Lay-offs, jobless claims and unemployment all hovered near multi-decade lows until the pandemic hit in March 2020. Over 40 million jobless claims were filed in 2Q 2020 with the unemployment rate soaring to 14.8%. Although many jobs have returned, total employment remains 7 million below pre-pandemic levels. May showed payroll growth of 559,000 and the unemployment rate fell to 5.8% as vaccinations increase and restrictions are eased. On a positive note the IRS reports that applications for new Employer Tax ID's are near highs, indicating entrepreneurs are still willing to begin small businesses.

Corporate Profits

The S&P 500 posted healthy profit growth in 2018 due to tax changes and a strong economy. Profit growth in 2019 slowed dramatically as tax benefits faded and global growth waned. Then the pandemic hit corporate earnings hard in 2020, with earnings declining around 13%. Looking forward, S&P 500 earnings growth is expected to rebound by over 20% in 2021, but remains dependent on the course of the pandemic, vaccine distribution, government stimulus and any tax changes.

S & P Operating Earnings



First Merchants Private Wealth Advisors products are not FDIC insured, are not deposits of First Merchants Bank, are not guaranteed by any federal government agency, and may lose value. Investments are not guaranteed by First Merchants Bank and are not insured by any government agency.

Deposit accounts and loan products are offered by First Merchants Bank, Member FDIC, Equal Housing Lender.

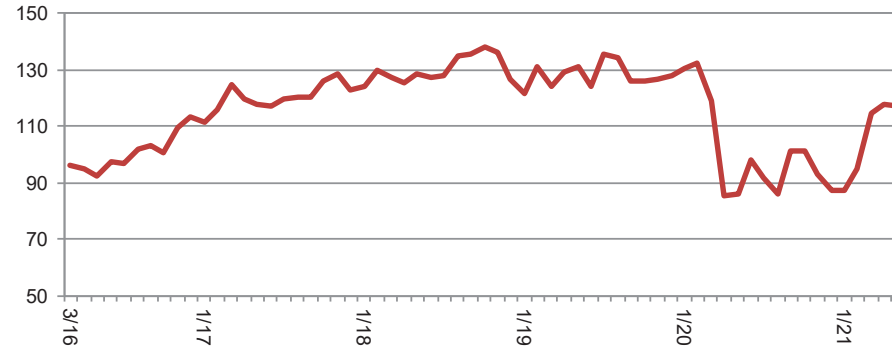


First Merchants
Private Wealth Advisors

Consumer Confidence & Spending

The Conference Board's Consumer Confidence Index topped out at 132.8 in February 2020, but by August dropped to a pandemic low of 84.8. The May reading of 117.2 shows that confidence is improving, but remains below levels prior to COVID. Pre-pandemic U.S. consumer confidence and spending was supported by good household income and low unemployment, but in 2021 will be determined by the course of the virus, and economic growth in the U.S and globally.

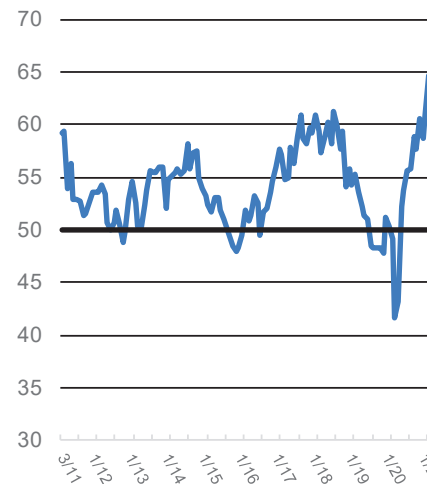
Consumer Confidence (Conference Board)



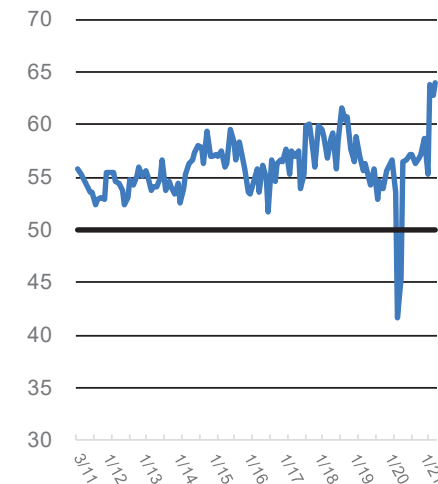
U.S. Business Environment

The U.S. ISM manufacturing index climbed to a then 14 year high of 61.3 in August 2018 before weakening global growth and then the coronavirus pushed the index down to an eleven year low of 41.5 in April 2020. A reading of 64.7 in March 2021 (best since 1983) shows the sector is rebounding back, and May still showed a robust 61.2 reading. The ISM service index rose to an all-time high of 64 in May, indicating the hard hit services sector is still rebounding. ISM surveys indicate changes in growth from the prior month, not absolute levels of activity. Any number above 50 implies sector expansion and readings above 60 are rare.

ISM Manufacturing Index



ISM Services Index



First Merchants Private Wealth Advisors products are not FDIC insured, are not deposits of First Merchants Bank, are not guaranteed by any federal government agency, and may lose value. Investments are not guaranteed by First Merchants Bank and are not insured by any government agency.

Deposit accounts and loan products are offered by First Merchants Bank, Member FDIC, Equal Housing Lender.



**First Merchants
Private Wealth Advisors**