Monthly Economic Indicators
May 2026

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June 15, 2026

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Contents

About RCLCO Fund Advisors

RCLCO Institutional Advisory Services, the predecessor to RCLCO Fund Advisors, LLC (RFA), was formed in 2011. RFA was incorporated in 2013 and registered with the SEC as a registered investment advisor (RIA) in 2014. RFA specifically addresses the complex global investment environment facing pension funds and similar institutional investors. Our broad background across a wide variety of disciplines—including portfolio analysis, development feasibility, and urban planning—makes us uniquely adept at navigating property markets from both a "bottom-up" and "top-down" approach. The team is comprised of more than 30 members with diverse and relevant experience in research, consulting, investment management, property operations, and lending.

RFA is improving the traditional institutional real estate investment model by: providing customized and aligned advisory and investment management solutions to LPs; facilitating partnerships that generate greater LP control and transparency; and driving and achieving long-term objectives in allocation, access, diversification, and performance with greater fee effectiveness.

Monthly Highlights – May 2026

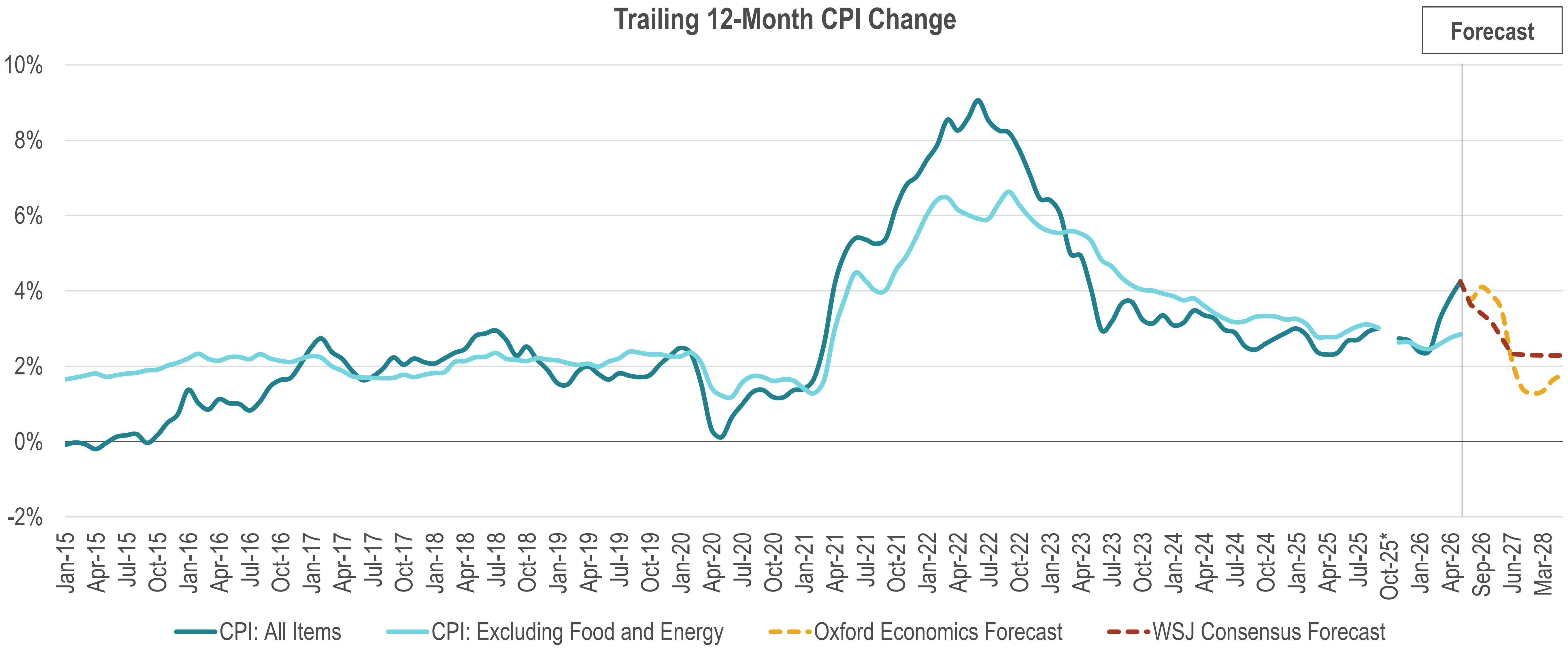
Inflation	• Annual headline CPI inflation rose 40 bps to 4.2% in May, with energy prices rising 23.5% . Annual core inflation rose 10 bps to 2.9%. • Producer prices rose at an even faster clip in May with Final Demand PPI up 6.5% YoY, All Commodities up 13.1%, and Construction Materials up 5.6%. • Annual total PCE accelerated 30 bps to 3.8% and core PCE rose 10 bps to 3.3% in April*, well above the Fed's 2% target rate. • The 5-year TIPS-implied inflation rate held steady in May at 2.6%. Consumer expectations for year-ahead inflation moderated 20 bps to 4.6% while 5-year expectations fell 50 bps to 3.4% in June.
Interest Rates	• The 10-Year UST ended May at 4.45%, 5 bps above its April-end level. The yield remained in the 4.4-4.5% range in mid-June. • Average commercial real estate mortgage rates held steady at 6.3% in March*. The spread to the UST remained below the long-term average. • The Federal Reserve is expected to hold rates steady for a fourth consecutive meeting in June. The current target range stands at 3.5–3.75%.
Employment	• US employers added 172K net new jobs in May, well above expectations. Three-month average job growth rose to 188K. • The unemployment rate held steady at 4.3% in May. The labor force participation rate was also unchanged at 61.8%. • Annual wage growth fell 20 bps to 3.4% in May. Over the last three months, wages rose 2.8% (annualized), remaining well behind CPI.
Sentiment & Retail Sales	• Consumer sentiment rose in June but remained near record lows amid the Iran conflict. Views of current conditions and future expectations both improved. • The ISM Purchasing Managers' Index (PMI) for manufacturing and services both rose and remained in expansion in May. • Total retail sales rose 0.5% MoM and 4.9% YoY in April*. Core retail sales rose 0.5% MoM and grew 5.8% for the year.
Housing	• Average 30-year mortgage rates rose to 6.5% in May, with the spread to the 10-Year UST remaining near the long-term average. • For existing homes, trailing-year average median home prices rose 1.2% YoY in May, and monthly home sales increased. • For new homes, trailing-year average median home prices fell 1.2% YoY in April*, and monthly home sales fell.

** Latest available data.*
Note: Annual inflation figures are not seasonally adjusted; monthly inflation figures are seasonally adjusted; core retail sales exclude motor vehicles, gas stations, building materials, and food services.

Inflation

Annual Headline and Core Inflation Accelerated to 4.2% and 2.9%, Respectively

Inflation Is Forecast to Remain Elevated in the Near Term Due to High Energy Prices



Data are as of May 2026.
**October CPI data were not released due to the government shutdown.*
Note: Figures represent seasonally adjusted CPI; October data were not released.
Source: U.S. Bureau of Labor Statistics; Federal Reserve Bank of St. Louis; Oxford Economics; WSJ Consensus Forecasts

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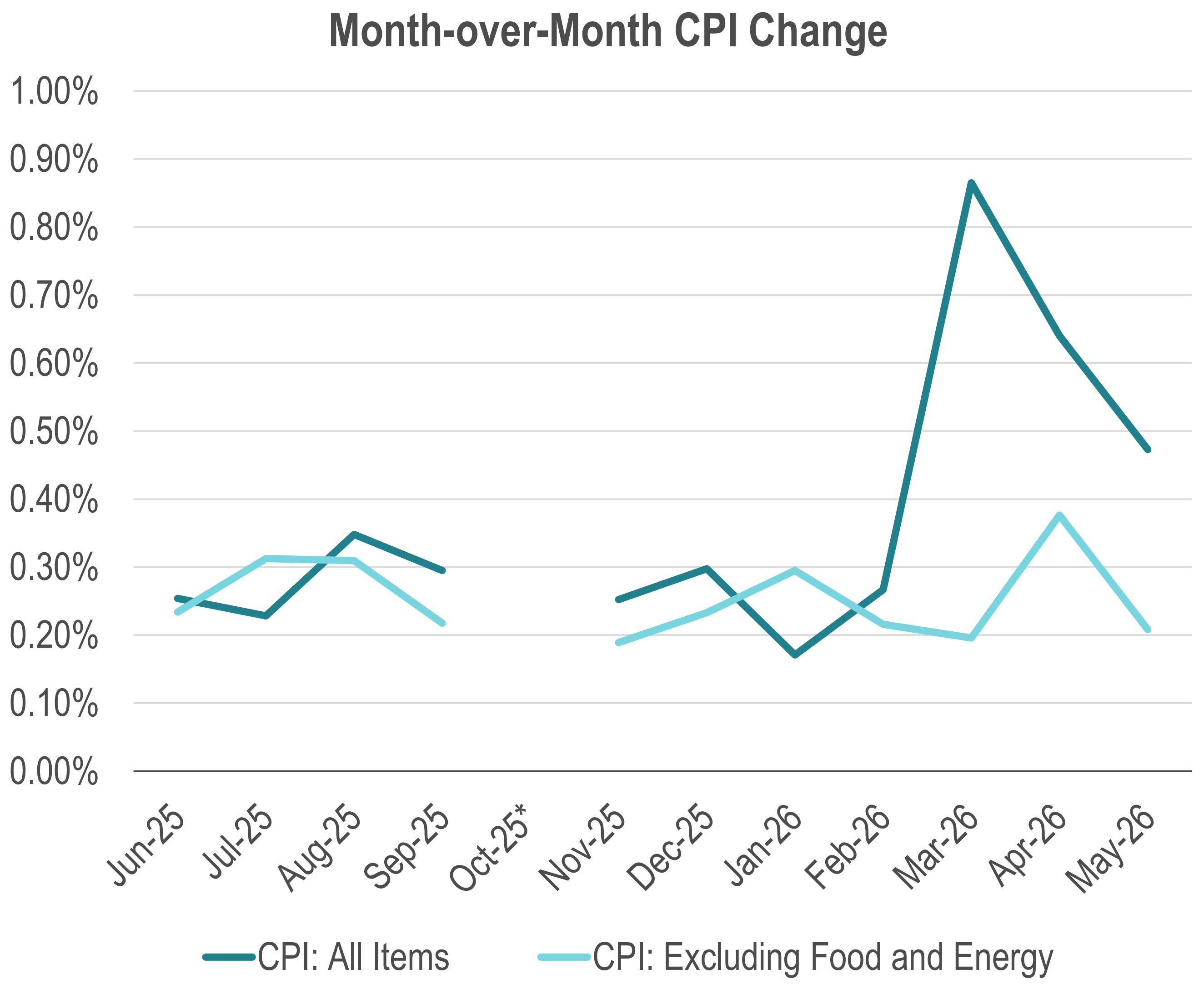
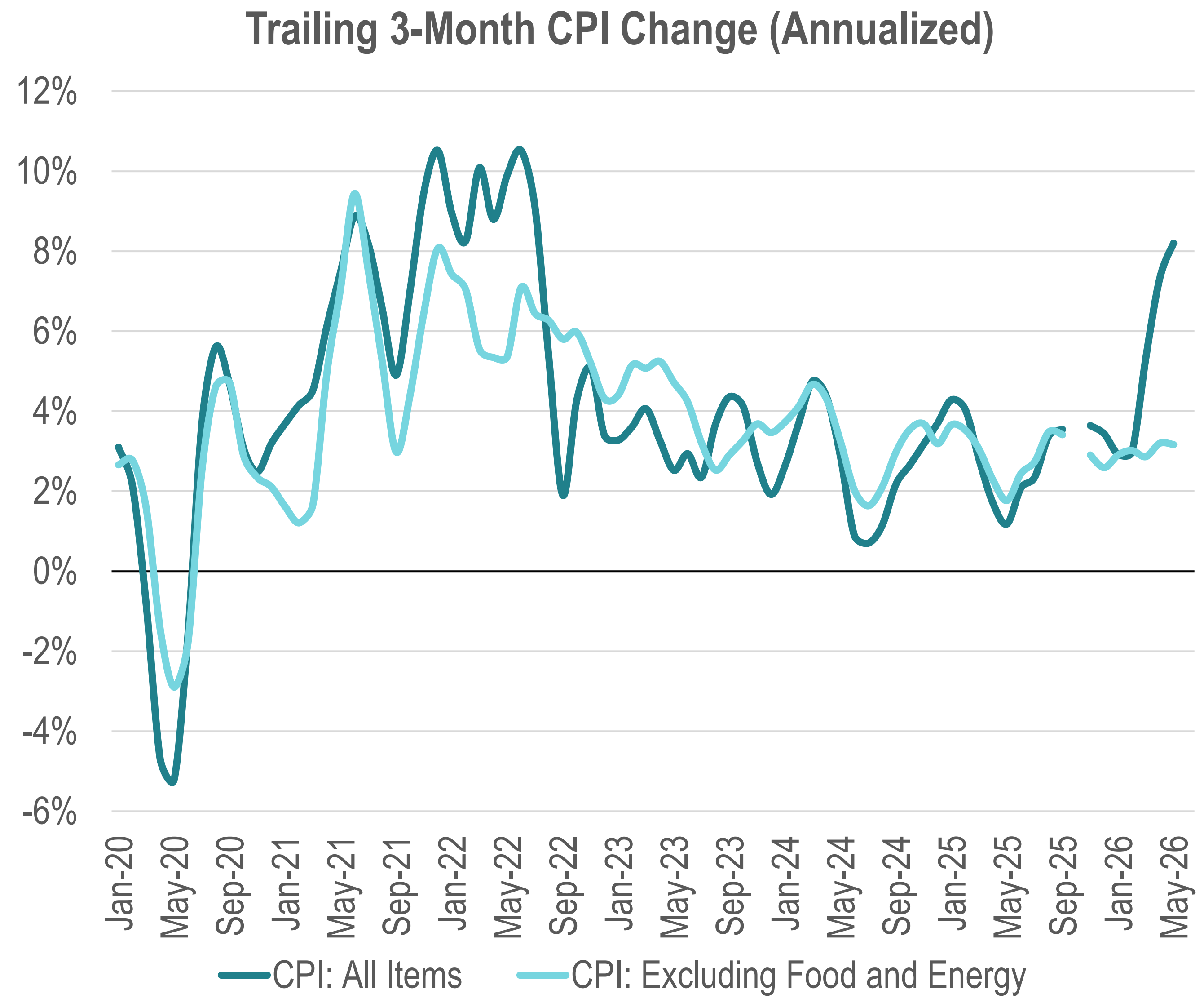
Monthly All Items and Core CPI Decelerated to 0.5% and 0.2%, Respectively

3-Month Annualized All Items CPI Accelerated to 8.2%; 3-Month Core CPI Held Steady at 3.2%

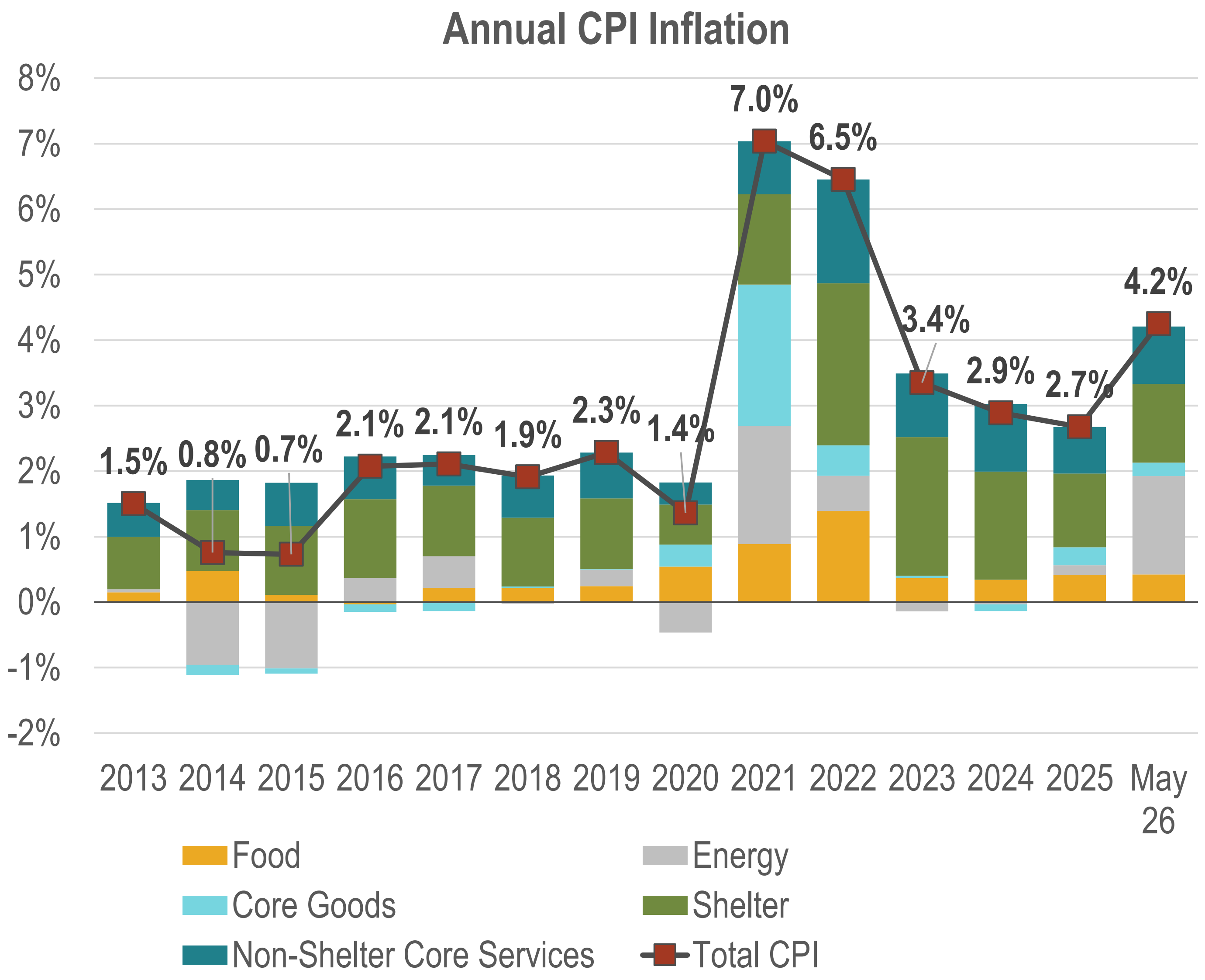




Data are as of May 2026.
** October CPI data were not released due to the government shutdown.*
Note: Figures represent seasonally adjusted CPI; October data were not released.
Source: U.S. Bureau of Labor Statistics; Federal Reserve Bank of St. Louis

Energy Prices Rose 23.5% Over the Past Year, Driving Headline Inflation

Annual Core Services CPI Rose 3.4% and Core Goods Prices Rose 1.1%

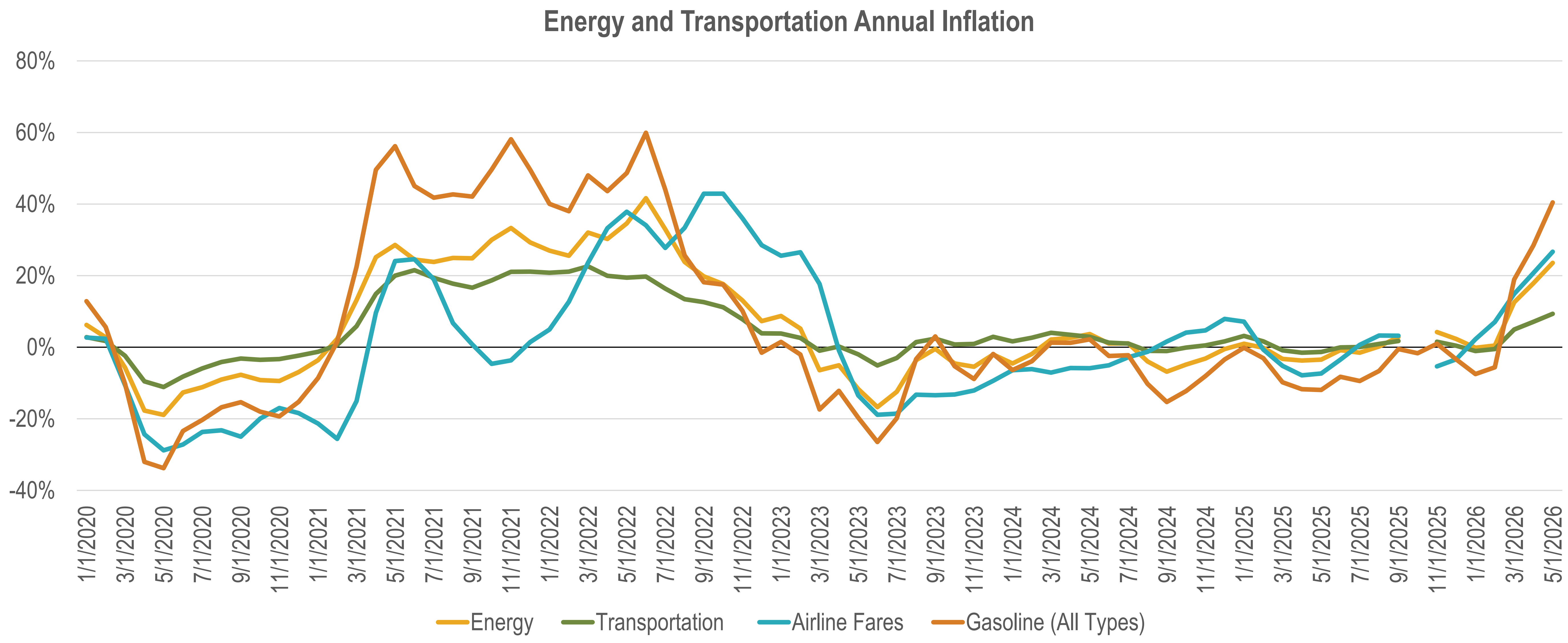


May 2026 Inflation			
	Monthly	Trailing 12-Month	Weights
Apparel	0.3%	4.8%	2.4%
Education and Communication	0.8%	0.8%	5.8%
Food and Beverages	0.2%	3.0%	14.5%
Other Goods and Services	1.0%	4.9%	2.9%
Housing	0.2%	3.6%	44.5%
*Shelter**	*0.3%*	*3.4%*	*35.6%*
Medical Care	0.3%	2.6%	8.4%
Recreation	0.3%	2.6%	5.1%
Transportation	1.3%	9.3%	16.3%
Food	0.2%	3.1%	13.7%
Energy	3.9%	23.5%	6.2%
Core Goods	-0.1%	1.1%	19.4%
Core Services	0.3%	3.4%	60.7%
Total Core	**0.2%**	**2.9%**	**80.1%**
All Items	**0.5%**	**4.2%**	**100.0%**

Data are as of May 2026.
**Shelter is the main component of Housing; other components are Fuels & Utilities and Household Furnishings Operations.*
Note: Annual inflation refers to year-end figures; trailing 12-month figures are not seasonally adjusted; monthly figures are seasonally adjusted.
Source: U.S. Bureau of Labor Statistics

Energy and Transportation Inflation Have Re-Accelerated Sharply in 2026

Airline Fares Were Up 27% YoY and Gasoline Prices Rose by 41%



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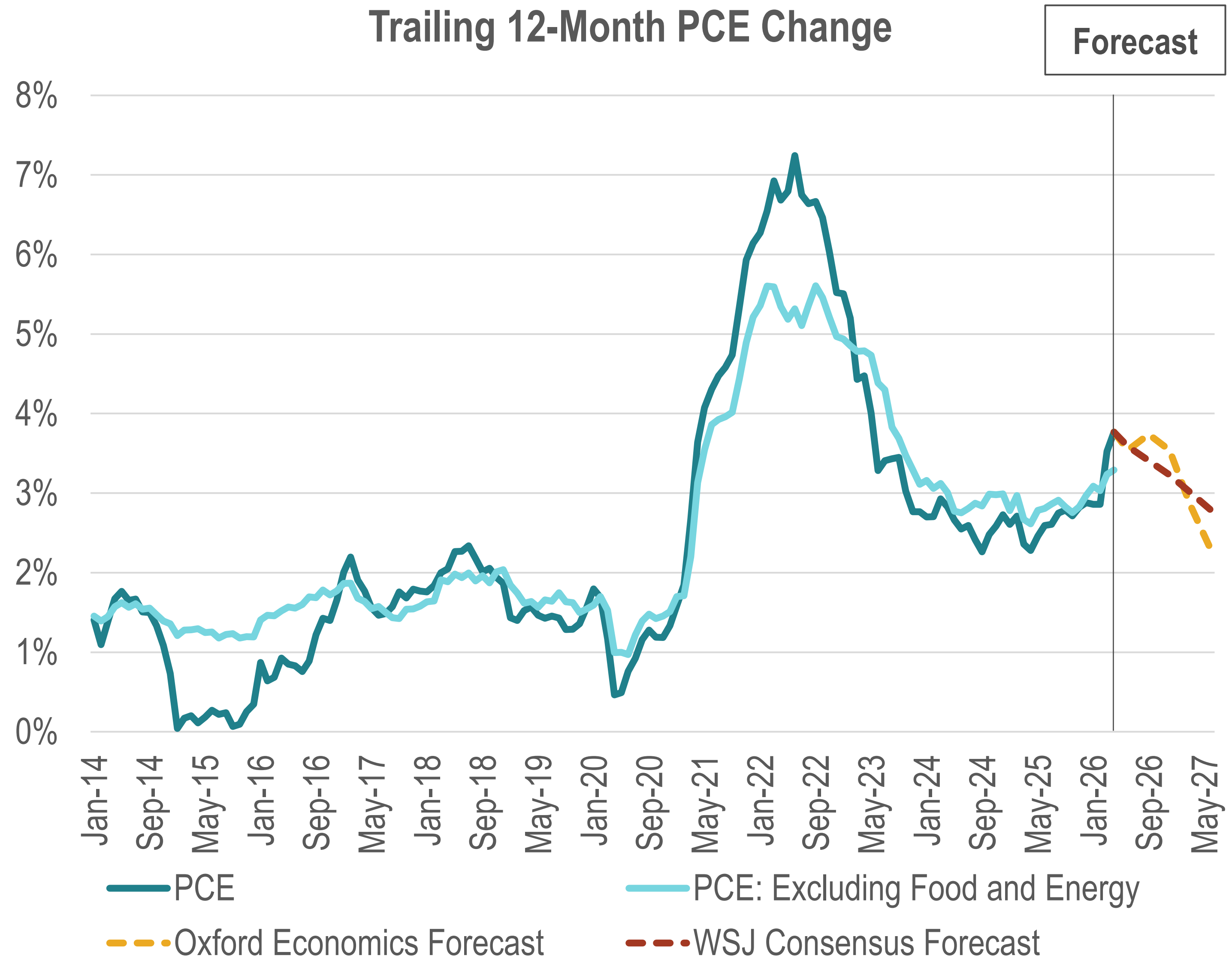
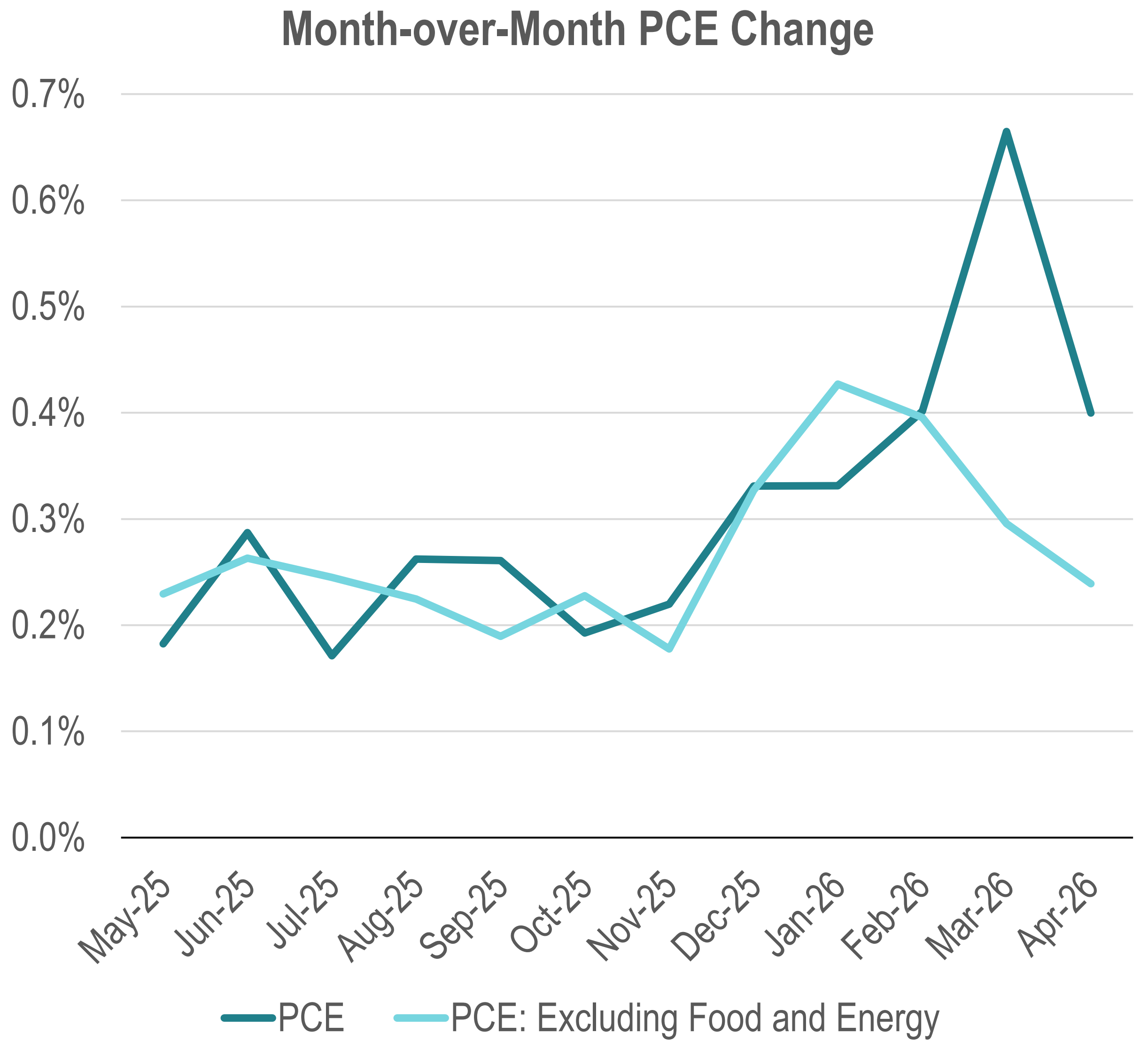
Data are as of May 2026.
Note: Annual inflation data are not seasonally adjusted.
Source: Federal Reserve Bank of St. Louis

Annual Headline and Core PCE Rose to 3.8% and 3.3%, Respectively, in April

PCE Is Predicted to Remain Elevated Through 2026 Before Moderating





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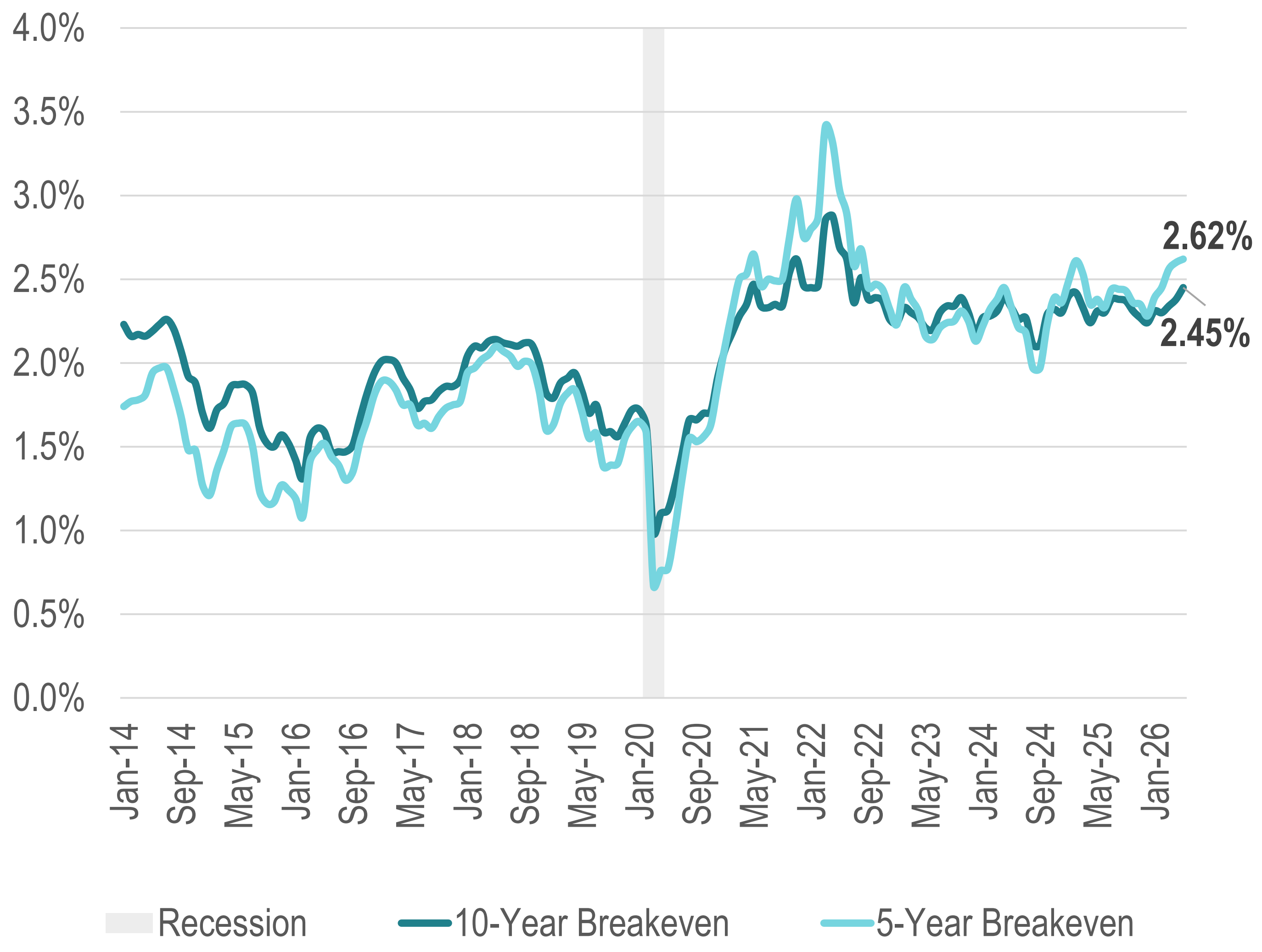
Data are as of April 2026.
Note: Figures represent seasonally adjusted Personal Consumption Expenditures (PCE) Price Index; PCE data release one month in arrears.
Source: U.S. Bureau of Economic Analysis; Federal Reserve Bank of St. Louis; Oxford Economics; WSJ Consensus Forecasts

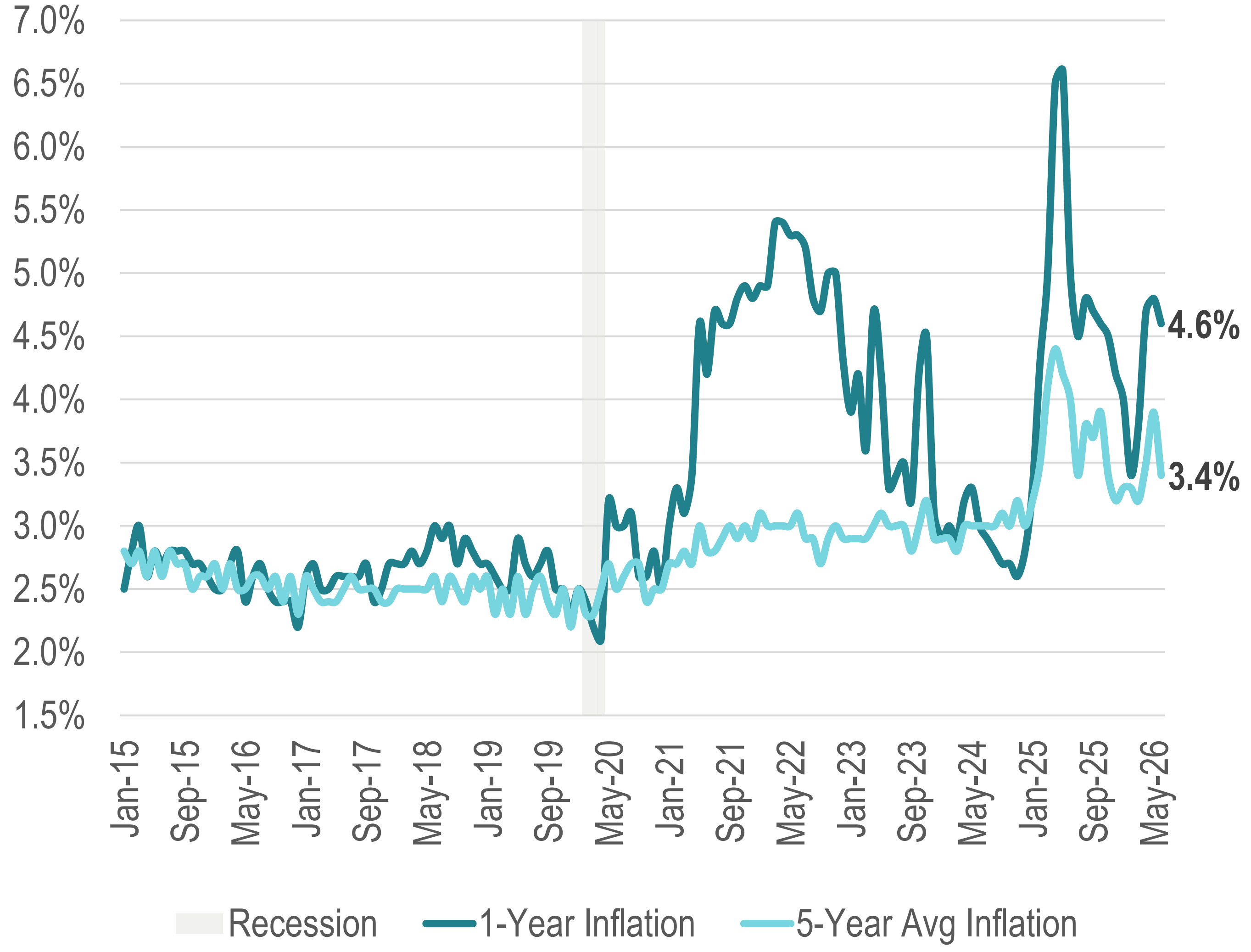
5-Year TIPS Breakeven Rates Climbed 17 bps QoQ in May; 10-Year Rates Up 15 bps

Consumer Expectations of Year-Ahead Inflation Fell 20 bps to 4.6%; 5-Year Expectations Fell 50 bps to 3.4% in June

TIPS-Implied Breakeven Inflation Rate



University of Michigan Inflation Expectations



Breakeven inflation data are as of May 2026; U Mich data are as of June 2026.
Note: The breakeven inflation rate is calculated by subtracting the yield on treasury inflation-protected securities (TIPS) from the yield on non-protected securities; inflation at this rate equalizes real yields on the two securities.
Source: Federal Reserve Bank of St. Louis; University of Michigan

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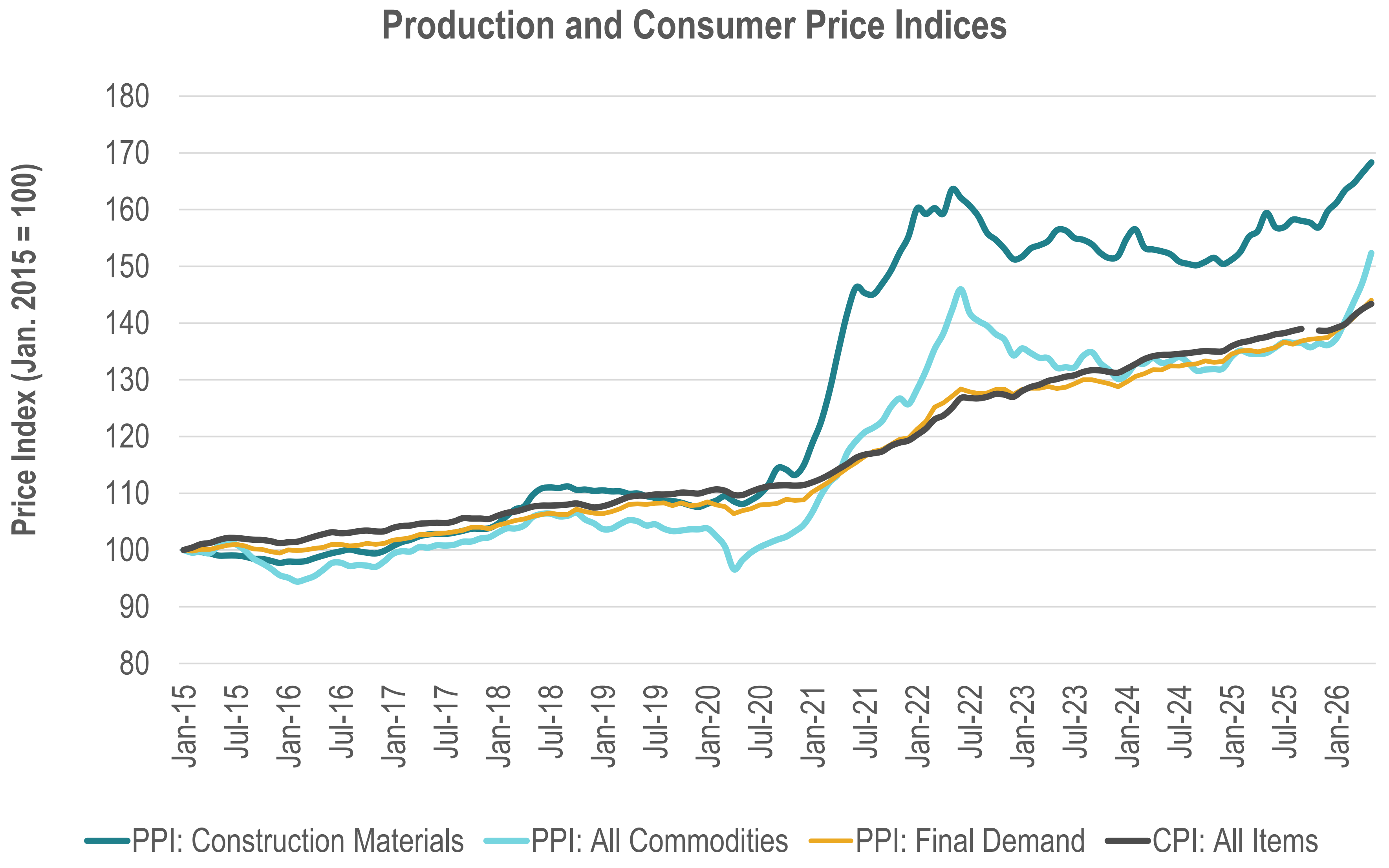
Annual Final Demand and All Commodities PPI Rose 6.5% and 13.1%, Respectively

Construction Materials PPI Also Rose 5.6% Over the Past Year



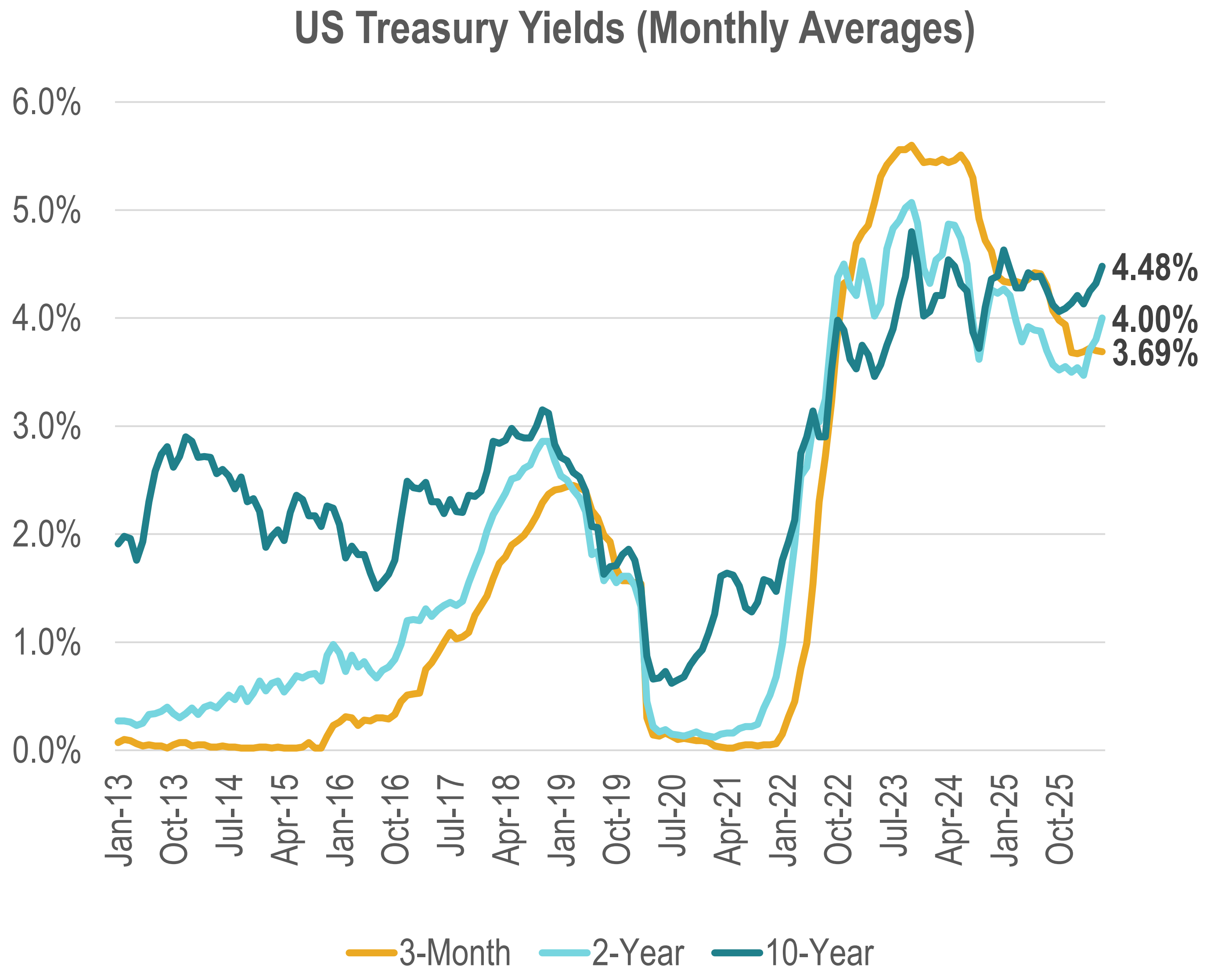
May 2026 Producer Price Index	Monthly	Trailing 12-Month	10-Yr Annual Avg
PPI: Construction Materials	1.1%	5.6%	5.4%
PPI: All Commodities	3.5%	13.1%	4.7%
PPI: Final Demand	1.0%	6.5%	3.7%
CPI: All Items	0.6%	4.2%	3.4%

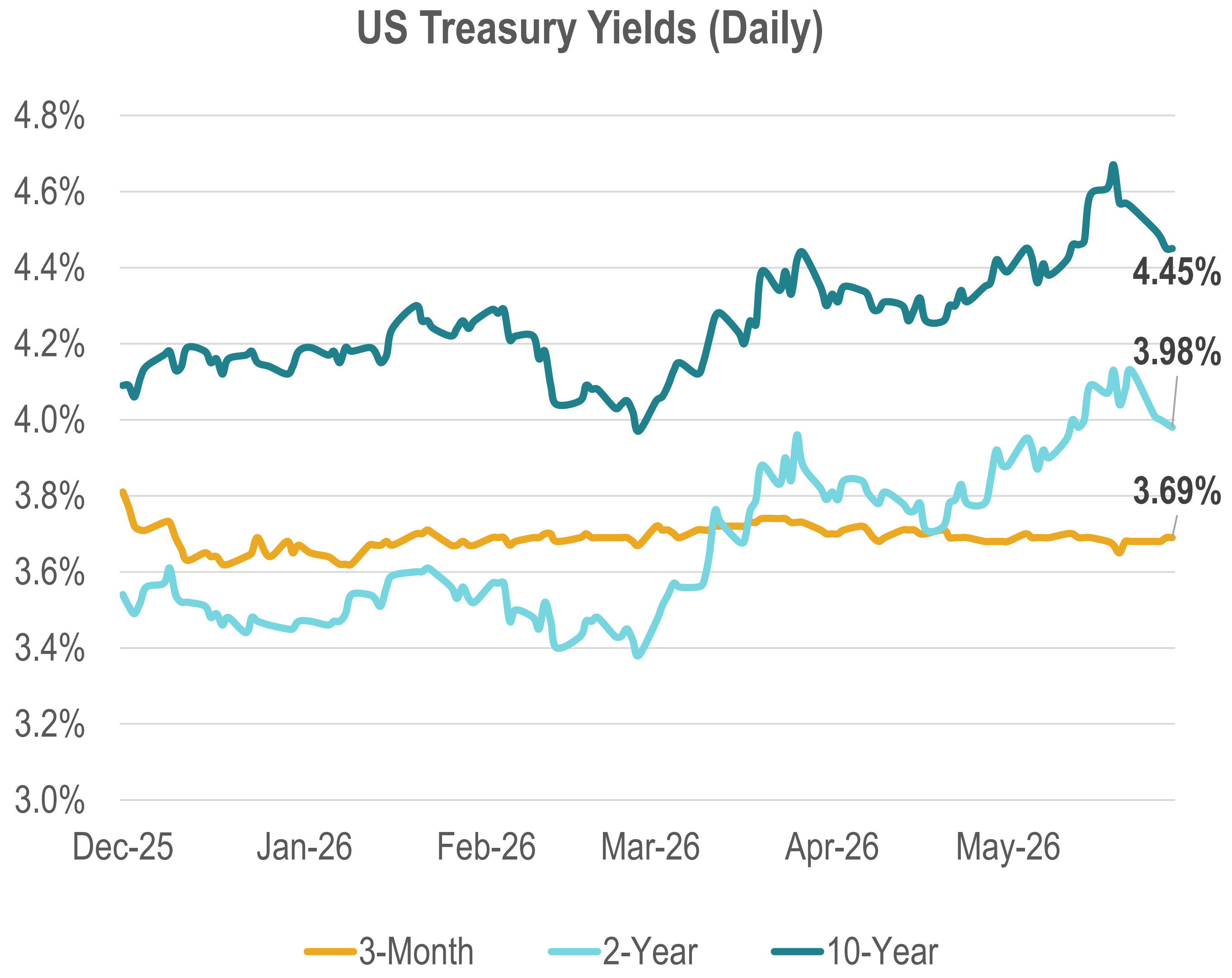
Data are as of May 2026.
Note: Monthly figures represent seasonally adjusted CPI; trailing 12-month and index figures represent not seasonally adjusted CPI. Monthly and trailing 12-month PPI data are not seasonally adjusted.
Source: U.S. Bureau of Labor Statistics; Federal Reserve Bank of St. Louis

Interest Rates

10-Year and 2-Year UST Yields Increased while the 3-Month Yield Held Steady

Yield Curve Has Normalized as 2-Year Yield Continued to Hold Steady Above the 3-Month Yield





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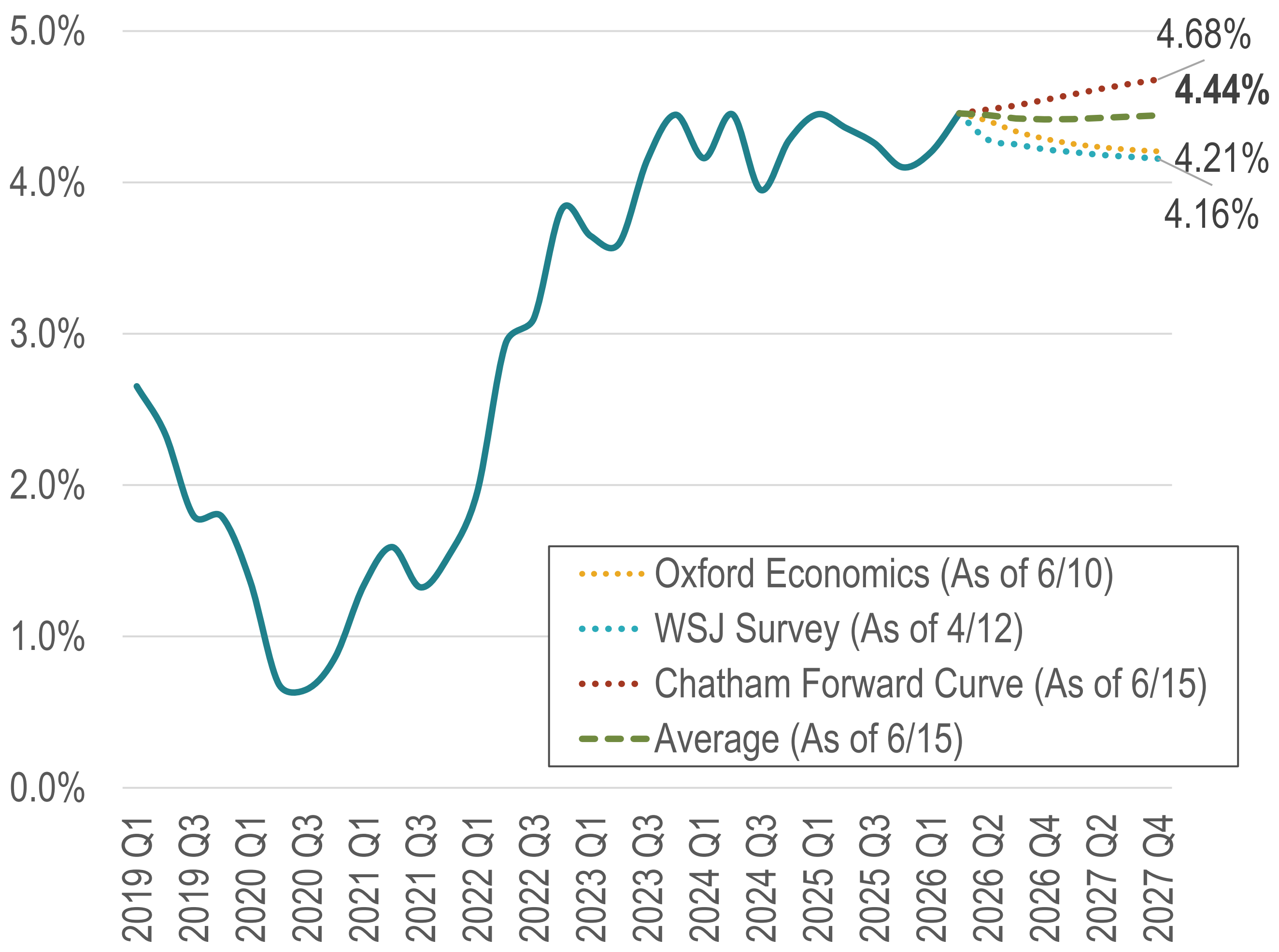
Data are as of May 29, 2026.
Source: The Federal Reserve

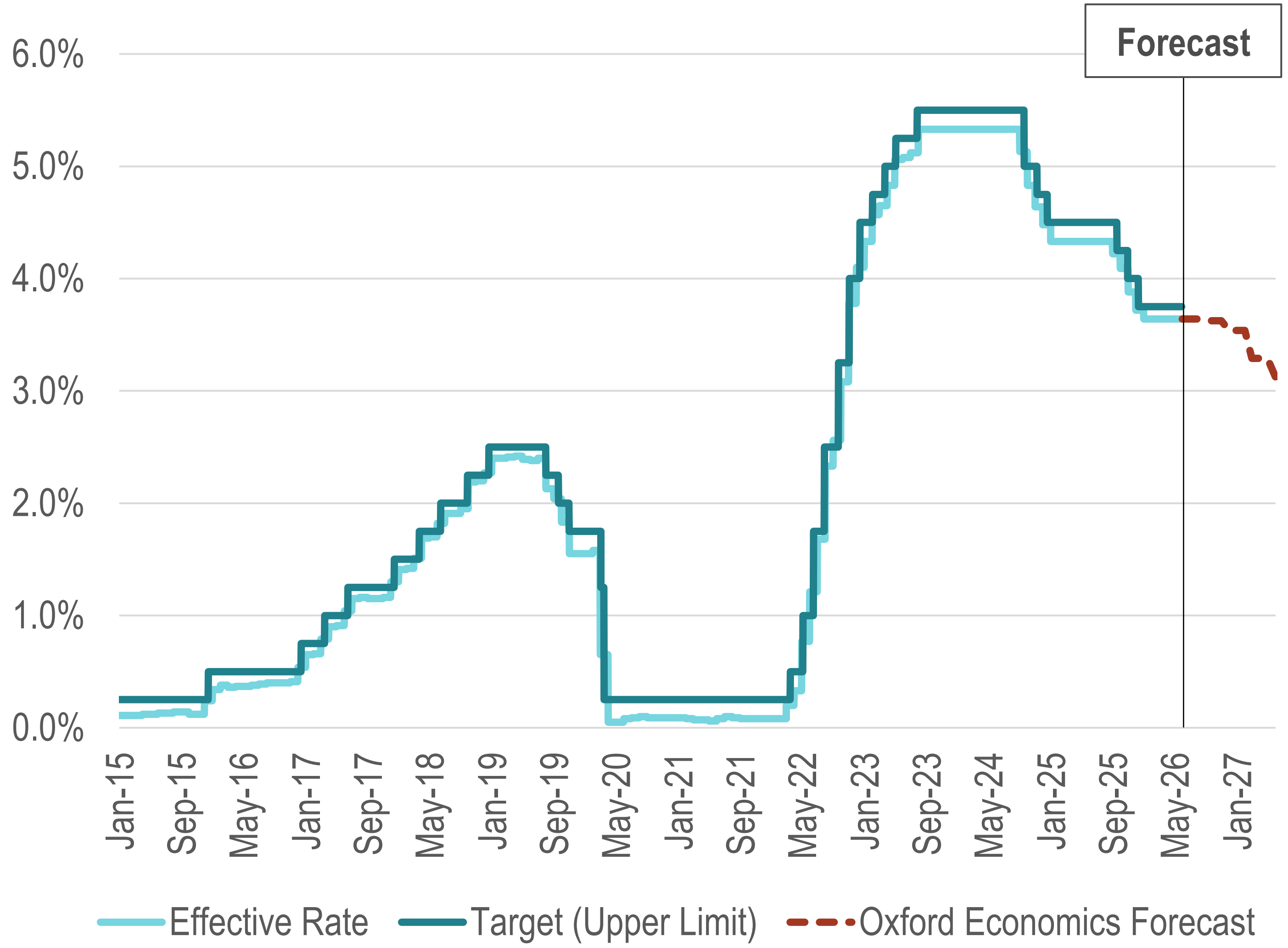
10-Year UST Yields Have Remained Elevated Through the First Half of 2026

The Fed Is Expected to Hold Rates Steady for a Fourth Consecutive Meeting in June

10-Year US Treasury Yield and Forecasts



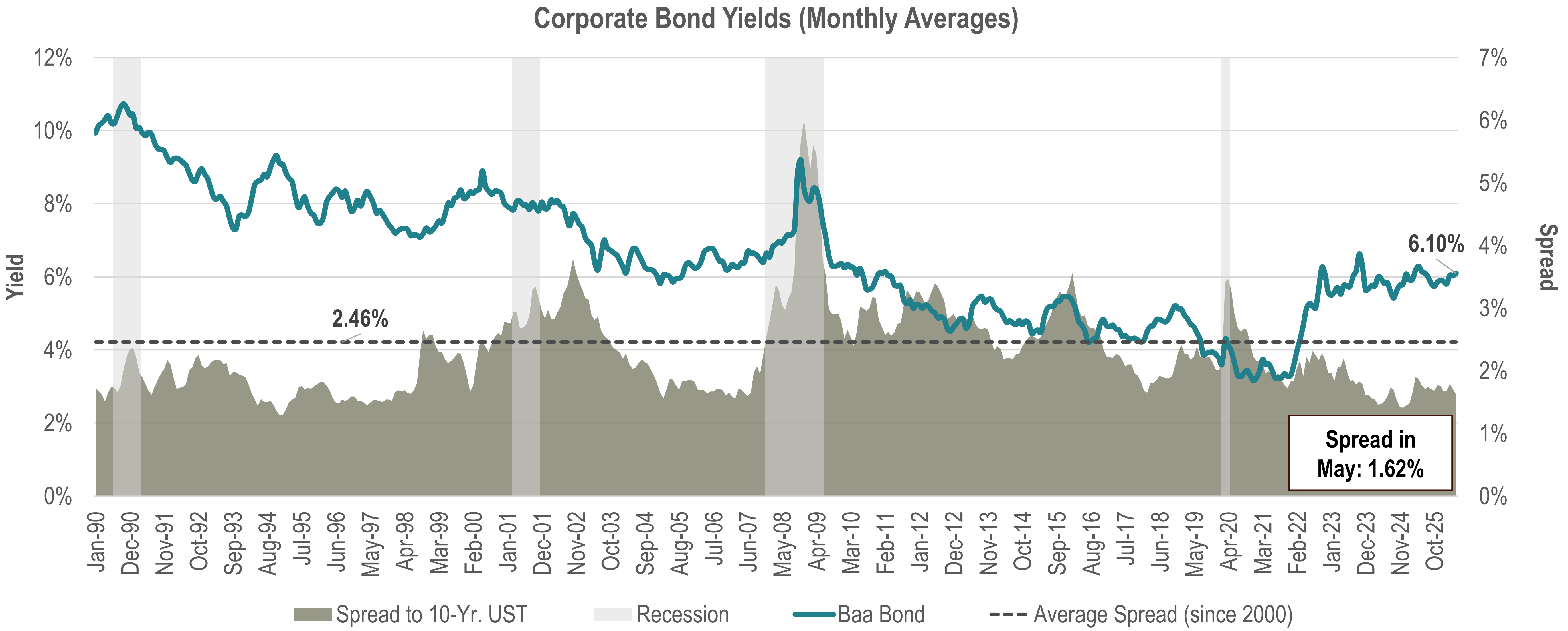
Federal Funds Rate



Data are as of May 29, 2026.
Source: The Federal Reserve; Chatham Financial; Oxford Economics; Yahoo Finance; The Wall Street Journal

Baa Corporate Bond Yields Rose 10 bps to 6.1% in May

Spread to the 10-Year UST Remains Well Below the Long-term Average



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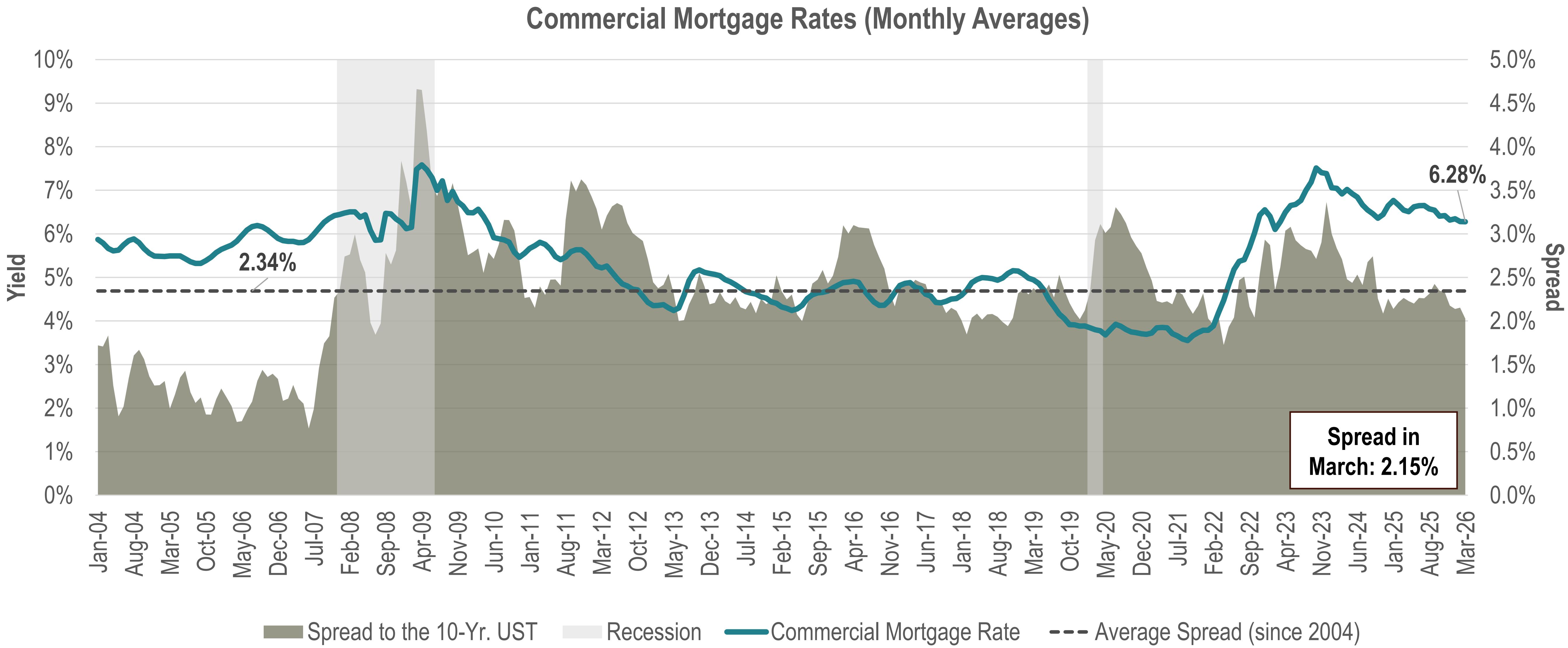
Data are as of May 2026.
Source: Federal Reserve Bank of St. Louis

Average Commercial Mortgage Rates Held Steady at 6.3% in March

Spread to the 10-Year UST Yield Contracted, Remaining Below Its Long-term Average



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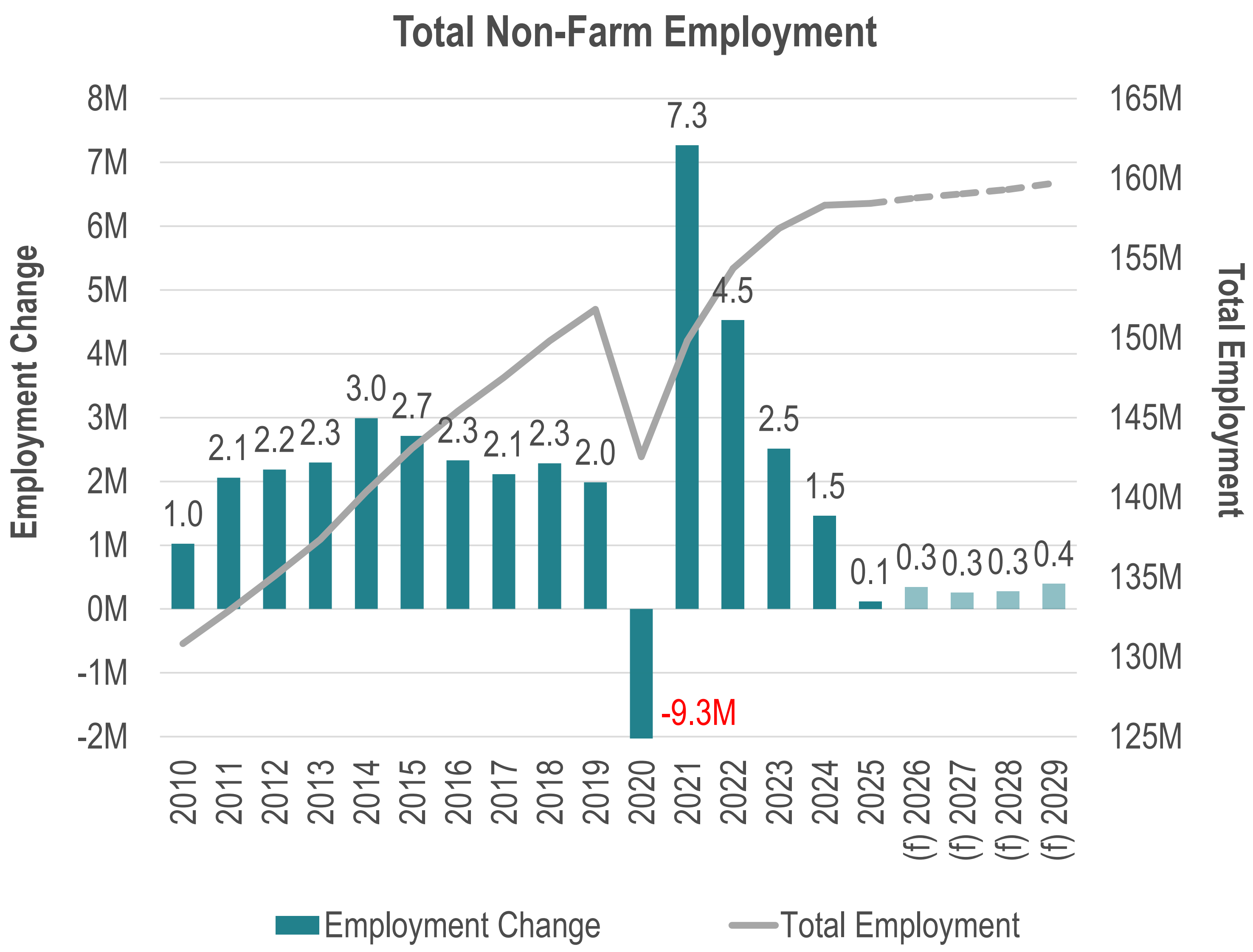
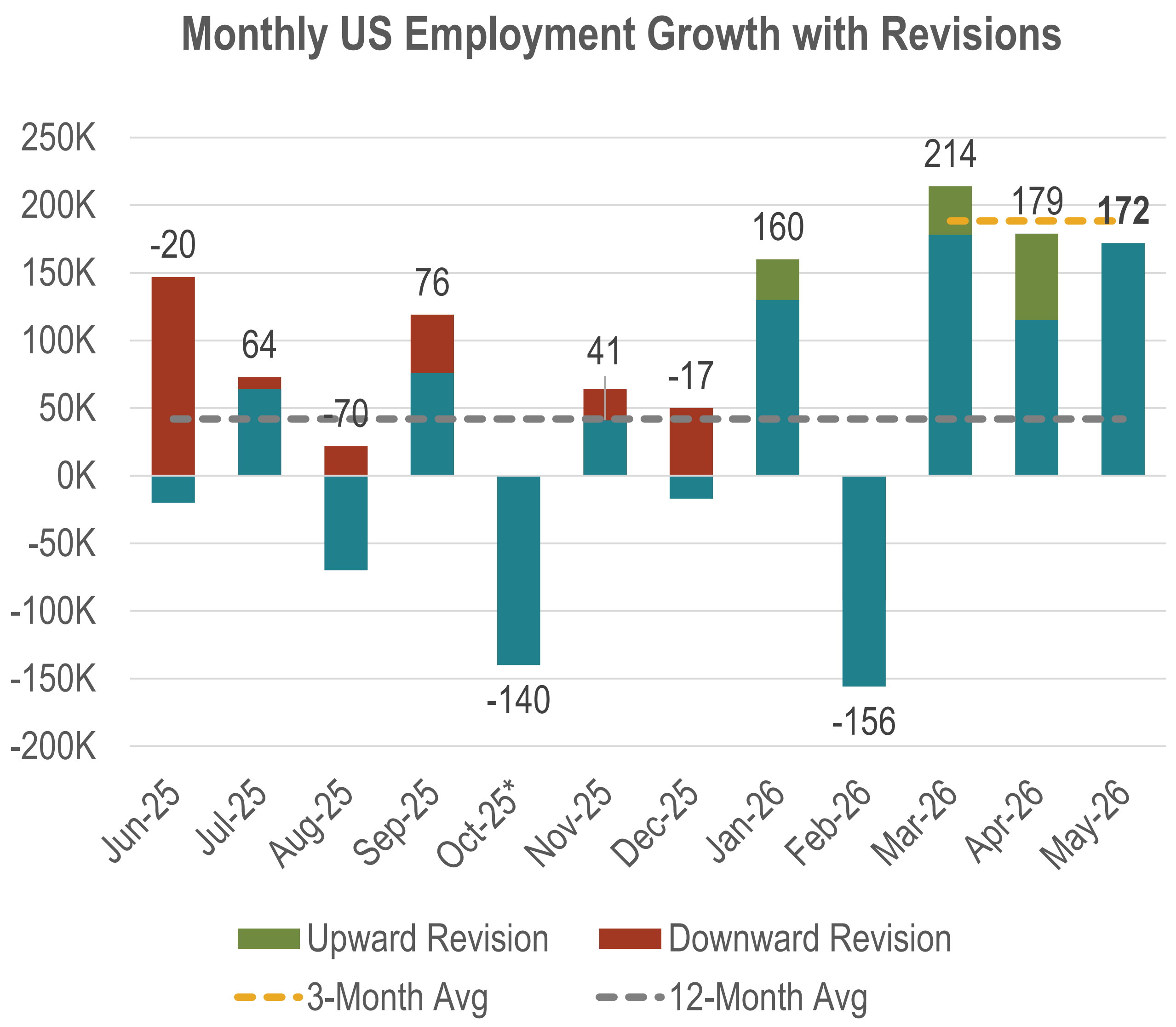
Data are as of March 2026.
Note: MSCI's commercial mortgage rate data release two months in arrears.
Source: Federal Reserve Bank of St. Louis; MSCI RCA

Employment

US Economy Added 172K Jobs in May, Outperforming Expectations

Three-Month Average Employment Growth Up to 188K, Well Above the 12-Month Average





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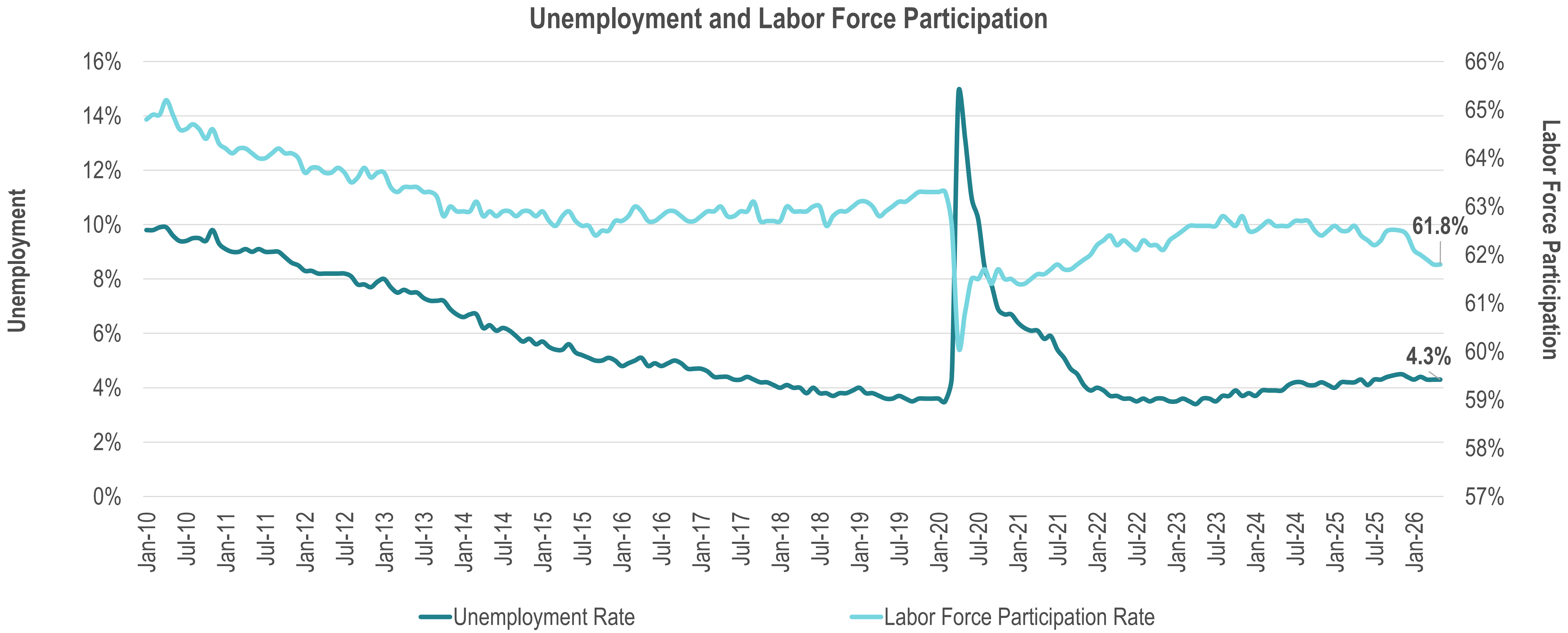
Data are as of May 2026.
Source: U.S. Bureau of Labor Statistics; Federal Reserve Bank of St. Louis; Oxford Economics

The Unemployment Rate Held Steady at 4.3% for A Third Consecutive Month

The Labor Force Participation Rate Also Held Steady at 61.8%

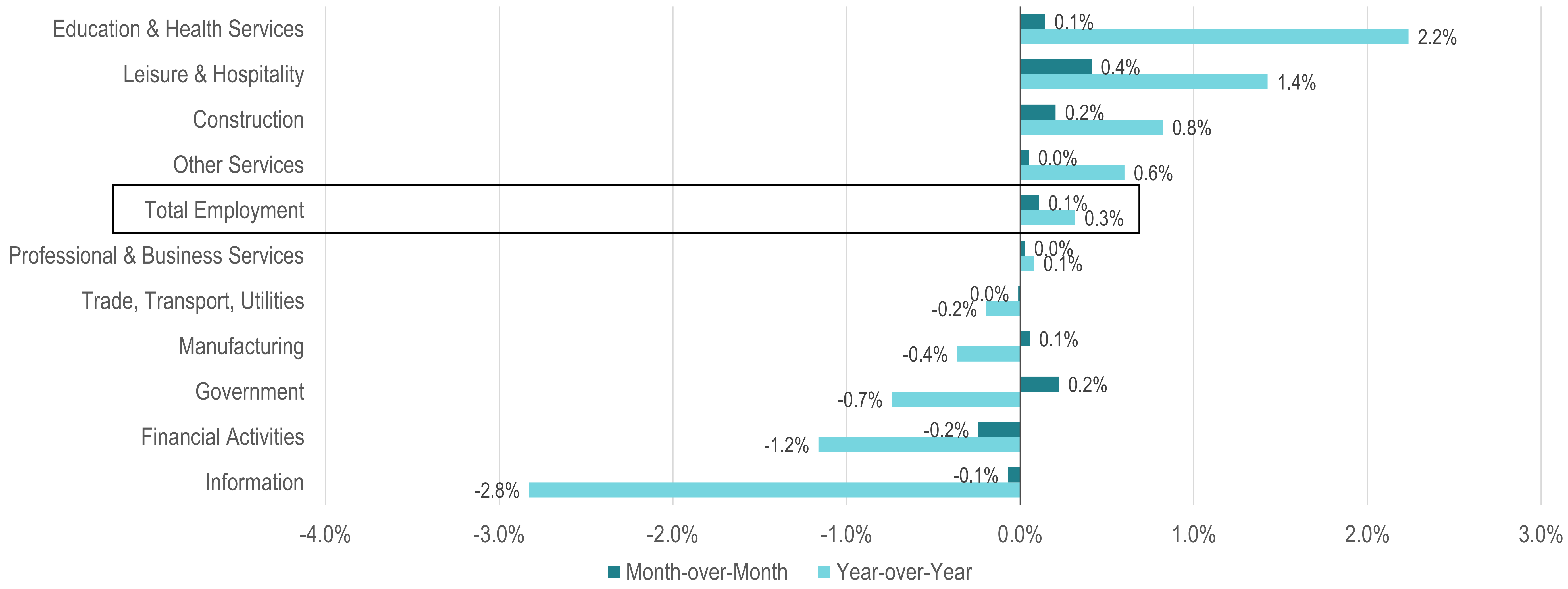


Data are as of May 2026.
Source: U.S. Bureau of Labor Statistics; U.S. Census Bureau; Federal Reserve Bank of St. Louis

Total Employment Grew 0.1% MoM and 0.3% Over the Past Year

Education & Health Services, Leisure & Hospitality, and Construction Posted Strongest Annual Growth

US Employment Growth by Sector



Data are as of May 2026.
Source: U.S. Bureau of Labor Statistics; Federal Reserve Bank of St. Louis

Annual Wage Growth Decelerated 20 bps to 3.4%

Annualized 3-Month Wage Growth Held Steady at 2.8%

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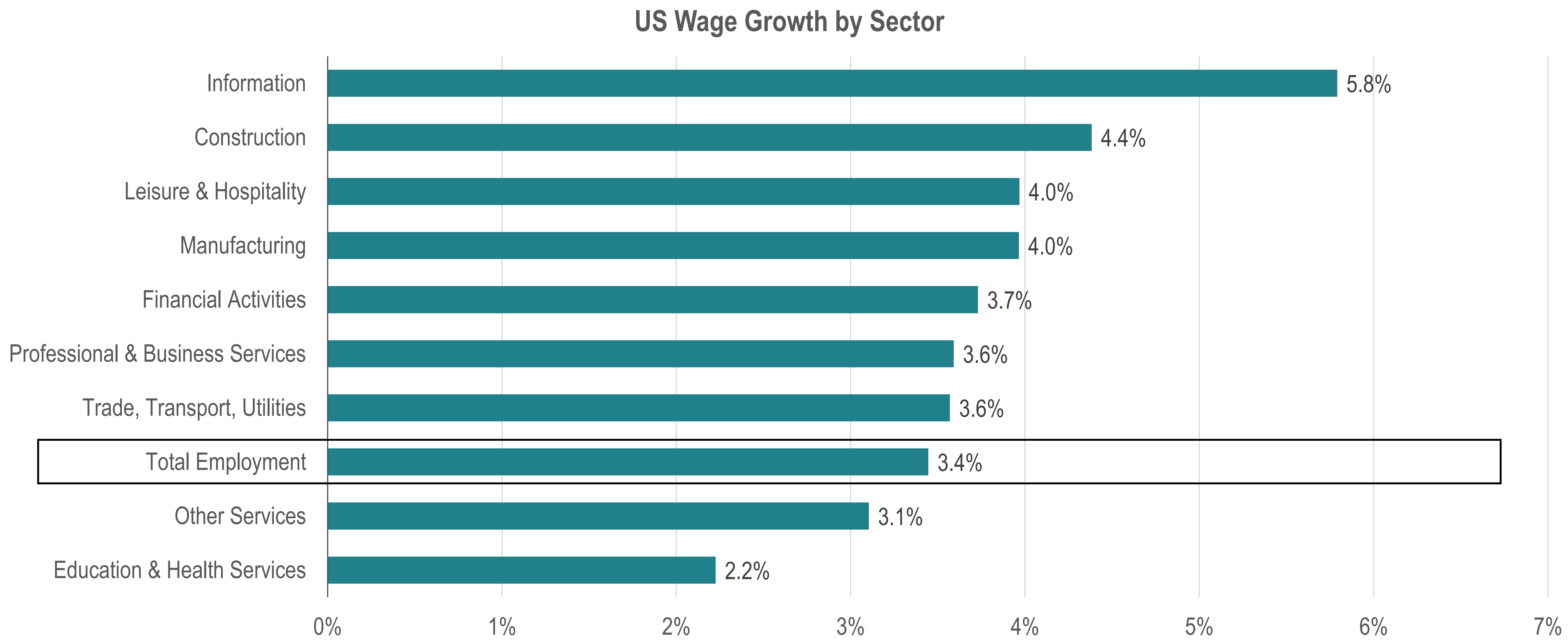
Data are as of May 2026.
Source: U.S. Bureau of Labor Statistics; Federal Reserve Bank of St. Louis

Information and Construction Led Annual Wage Growth

Education & Health Services Registered Slowest Wage Growth Among Sectors Despite Strong Job Growth



Data are as of May 2026.
Source: U.S. Bureau of Labor Statistics; Federal Reserve Bank of St. Louis

Negative Annual Job Growth Recorded Across Many Large Markets in April

Most Sunbelt Markets Still Growing with Favorable Mid-term Forecasts

30 Largest Employment Markets

	Employment Change	
	Apr. 25 - Apr. 26	2026 - 2030 Forecast (CAGR)
Austin	0.6%	1.0%
Orlando	1.1%	0.7%
Dallas-Fort Worth	0.5%	0.7%
Las Vegas	2.0%	0.7%
Phoenix	0.6%	0.7%
Inland Empire	0.0%	0.6%
Nashville	0.3%	0.6%
San Antonio	0.0%	0.6%
Charlotte	1.1%	0.6%
Houston	0.2%	0.6%
Seattle	0.1%	0.5%
Denver	-0.2%	0.5%
Atlanta	0.2%	0.5%
Tampa	0.1%	0.4%
Miami	-0.2%	0.4%
SF/Oakland	0.3%	0.3%
San Diego	0.6%	0.3%

	Employment Change	
	Apr. 25 - Apr. 26	2026 - 2030 Forecast (CAGR)
Columbus	-0.6%	0.3%
Portland	-2.8%	0.3%
Washington DC	-2.9%	0.2%
Los Angeles	-0.3%	0.2%
New York	0.4%	0.2%
Minneapolis	-0.4%	0.2%
Boston	-0.5%	0.1%
Philadelphia	0.1%	0.1%
Baltimore	-0.7%	0.1%
Saint Louis	-0.5%	0.0%
Detroit	-0.9%	0.0%
Chicago	0.1%	-0.1%
Pittsburgh	-0.4%	-0.2%

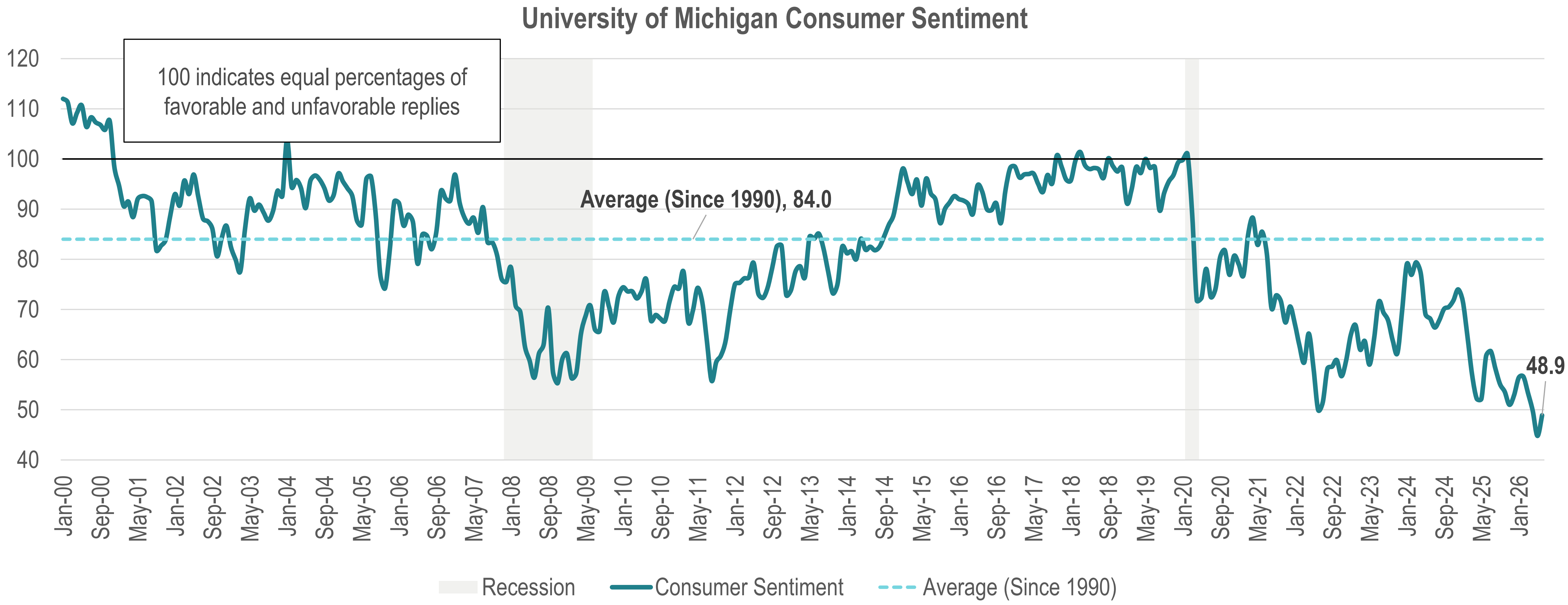
Midwest Markets
Gateway Markets
Sunbelt Markets

Data are as of April 2026.
Note: The table shows the 30 largest markets by nonfarm employment; MSA employment data release one month in arrears.
Source: U.S. Bureau of Labor Statistics; Oxford Economics

Sentiment & Retail Sales

Consumer Sentiment Improved in June but Remained Very Low

Consumers Remained Particularly Concerned About Elevated Energy Prices



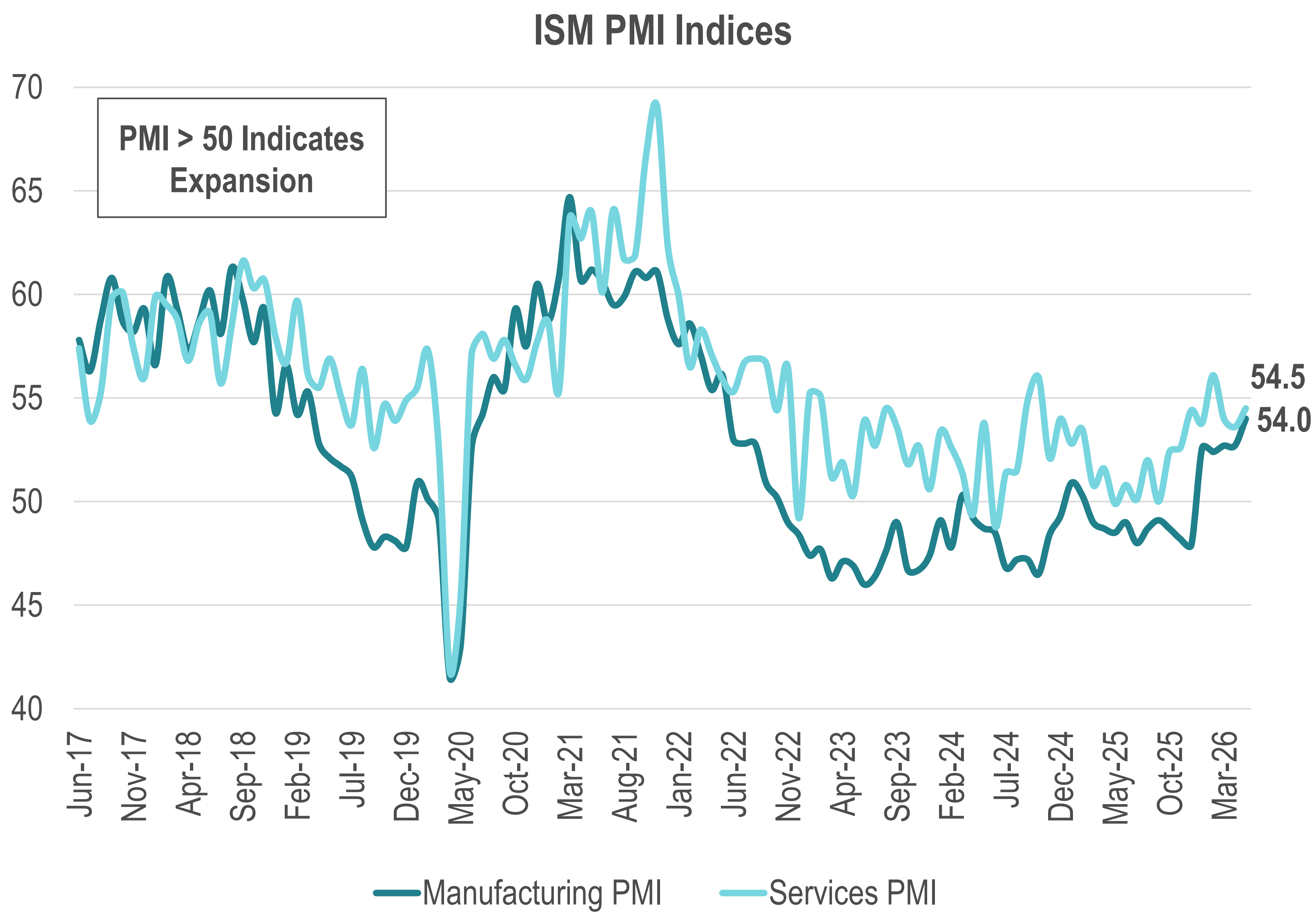
Data are as of June 2026.

Note: The University of Michigan's Index of Consumer Sentiment is a composite index that measures consumers' outlook on economic and financial conditions; it is based on five survey questions and is calculated by computing the percent of respondents giving favorable replies minus the percent giving unfavorable replies plus 100; scores below 100 indicate that more than 50% of replies were unfavorable while scores above 100 indicate that more than 50% of replies were favorable; the two subindices are the Index of Current Economic Conditions and the Index of Consumer Expectations which measures consumers' expectations for the year ahead.

Source: University of Michigan; Federal Reserve Bank of St. Louis

Manufacturing PMI Rose and Remained in Expansion

Services PMI Also Rose and Remained in Expansion



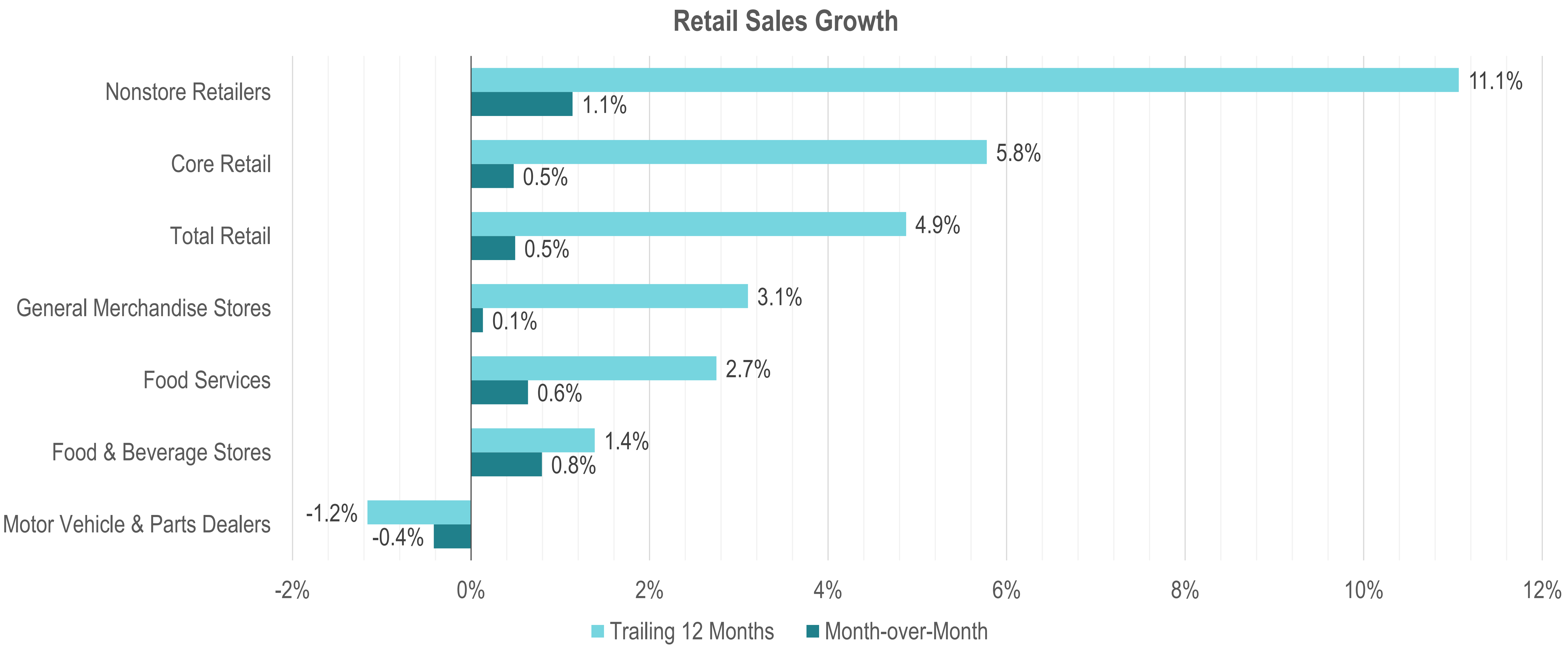
Manufacturing PMI Components	Series Index May	Series Index April	MoM Change	Weight
New Orders	56.8	54.1	2.7	20%
Production	54.3	53.4	0.9	20%
Employment	48.6	46.4	2.2	20%
Supplier Deliveries	60.6	60.6	0	20%
Inventories	49.9	49	0.9	20%

Services PMI Components	Series Index May	Series Index April	MoM Change	Weight
Business Activity	57.7	55.9	1.8	25%
New Orders	57.3	53.5	3.8	25%
Employment	47.9	48	-0.1	25%
Supplier Deliveries	55.2	56.8	-1.6	25%

Data are as of May 2026.
Source: Institute for Supply Management

Monthly Total and Core Retail Sales Both Rose 0.5% in April

Nonstore Retailers Saw Strong Monthly and Annual Retail Sales Growth



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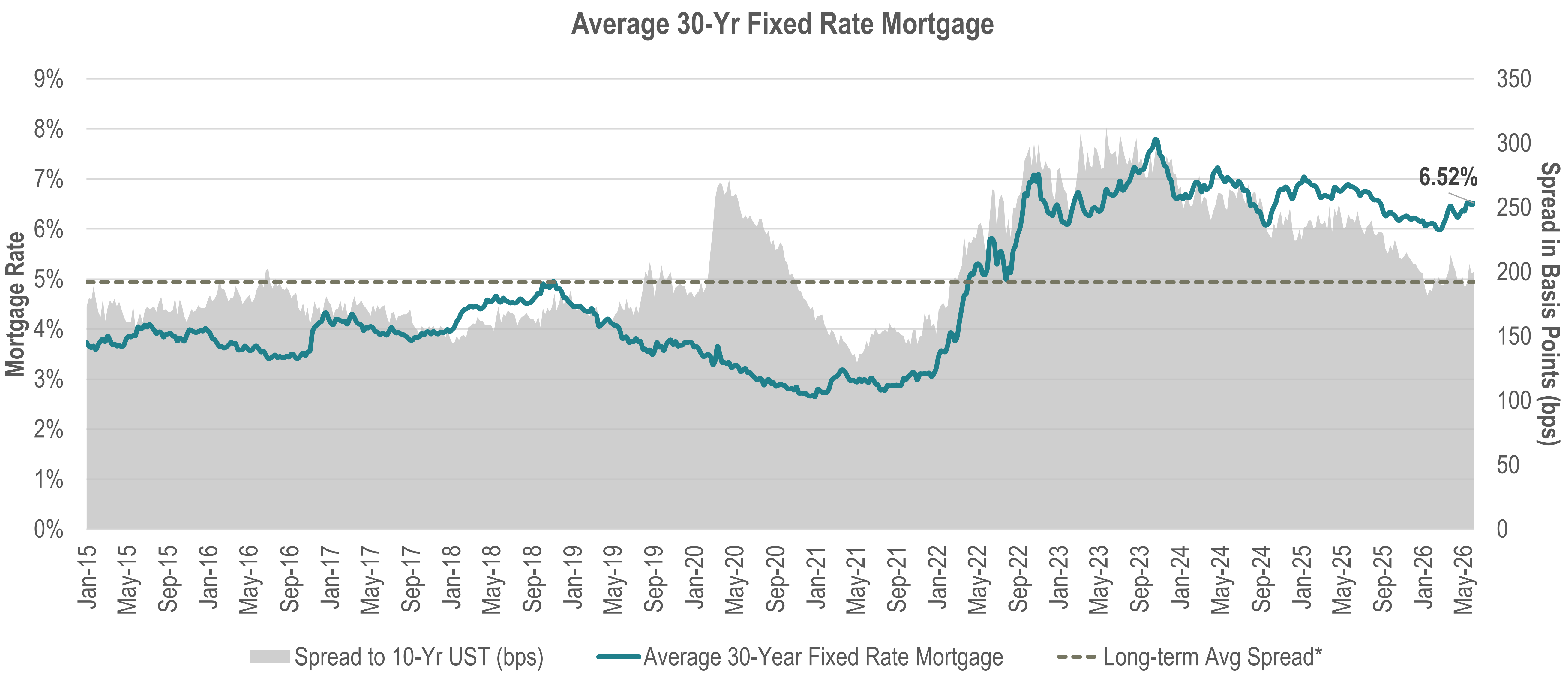
Data are as of April 2026.
Note: The above chart shows only the five largest retail sectors; core retail sales exclude motor vehicles, gas stations, building materials, and food services.
Source: US Census Bureau; Federal Reserve Bank of St. Louis

Housing

Average 30-Year Mortgage Rates Climbed to 6.5% in May

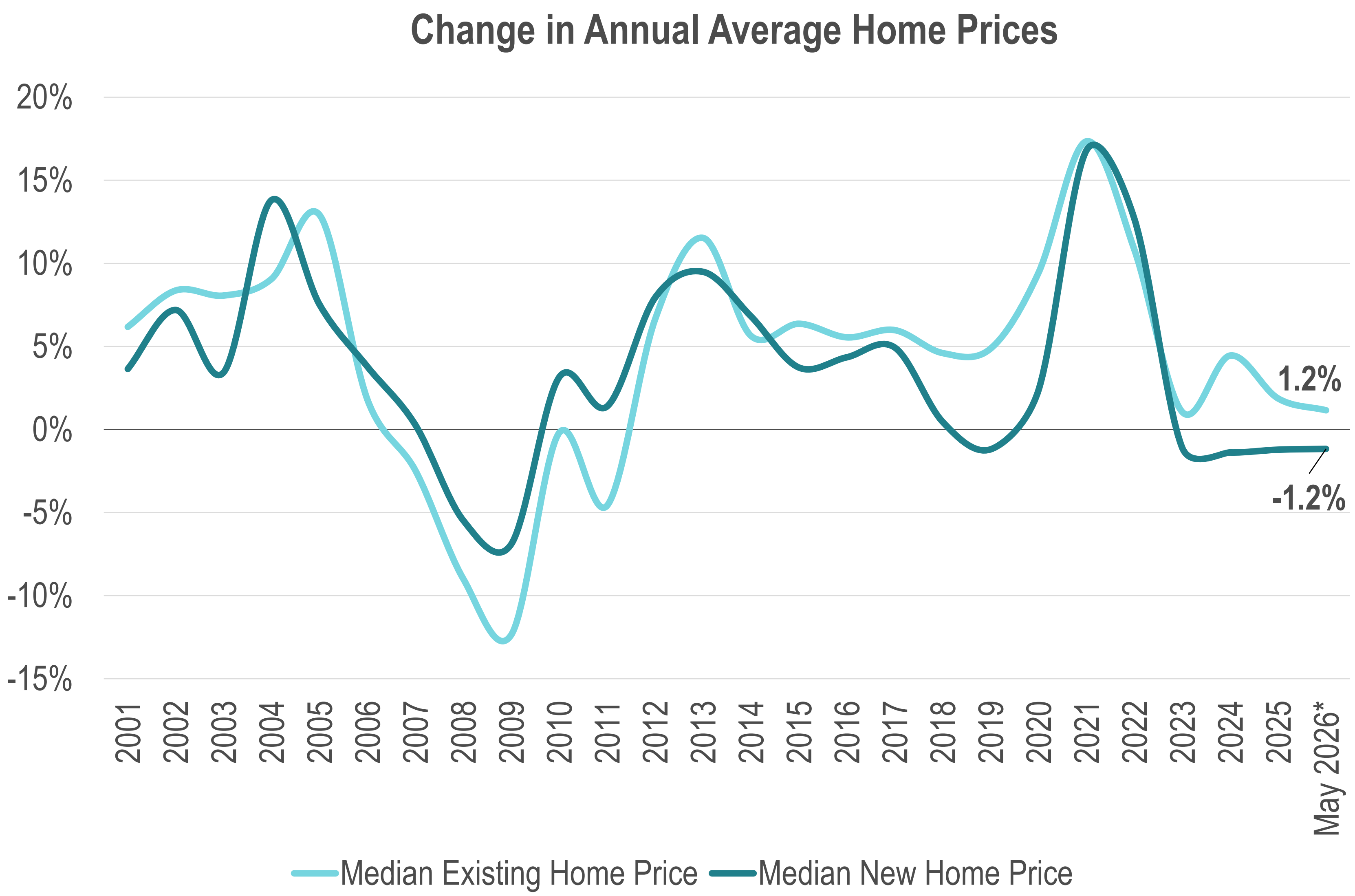
The Spread to the 10-Year UST Yield Was Near the Long-term Average

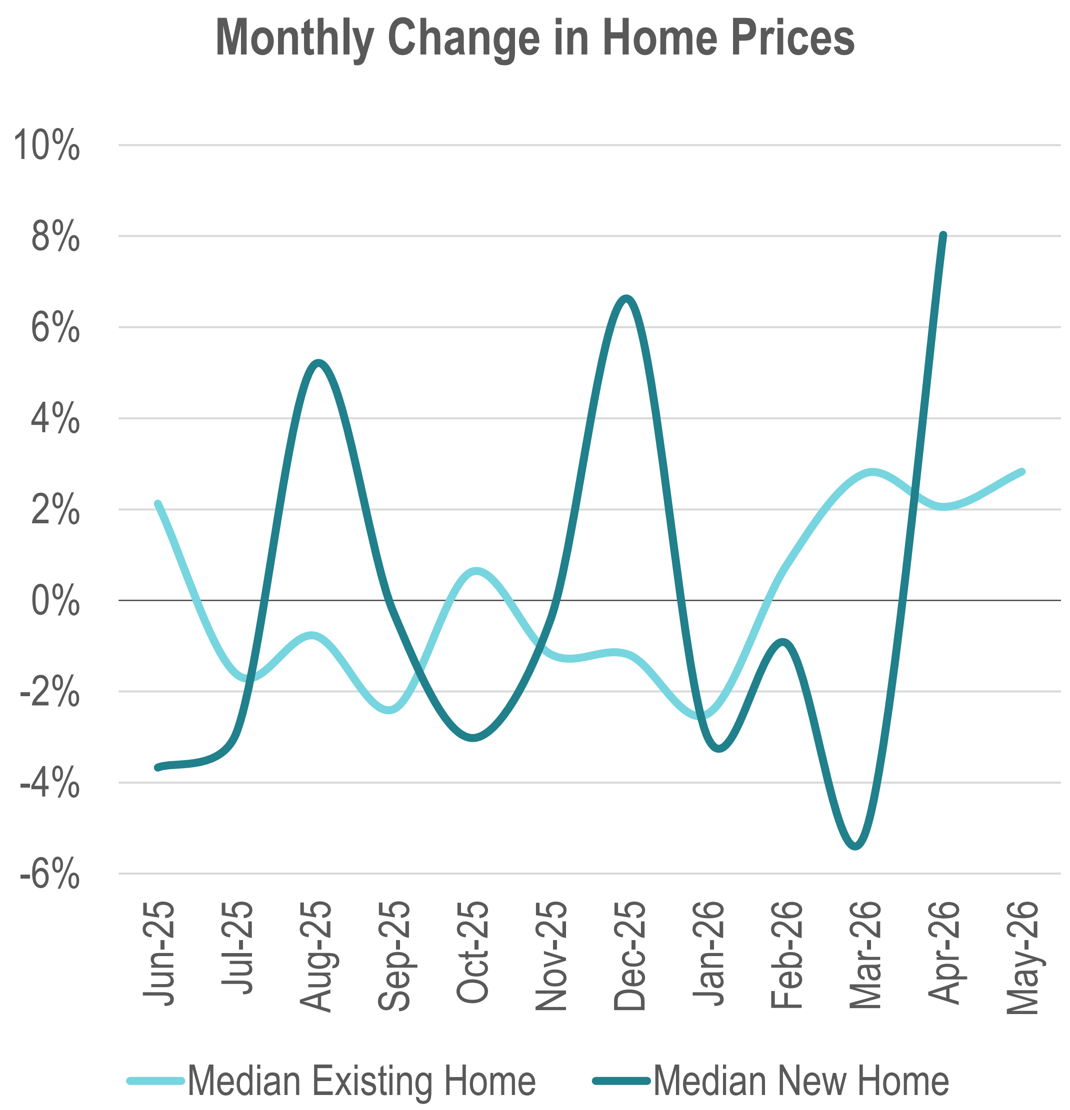


Data are weekly averages as of June 11, 2026.
**The long-term average spread is based on data from 2007 onward.*
Source: Freddie Mac

Annual Average Existing Home Prices Rose 1.2% in May

Average New Home Prices Fell 1.2% YoY in April Despite Notable MoM Gain

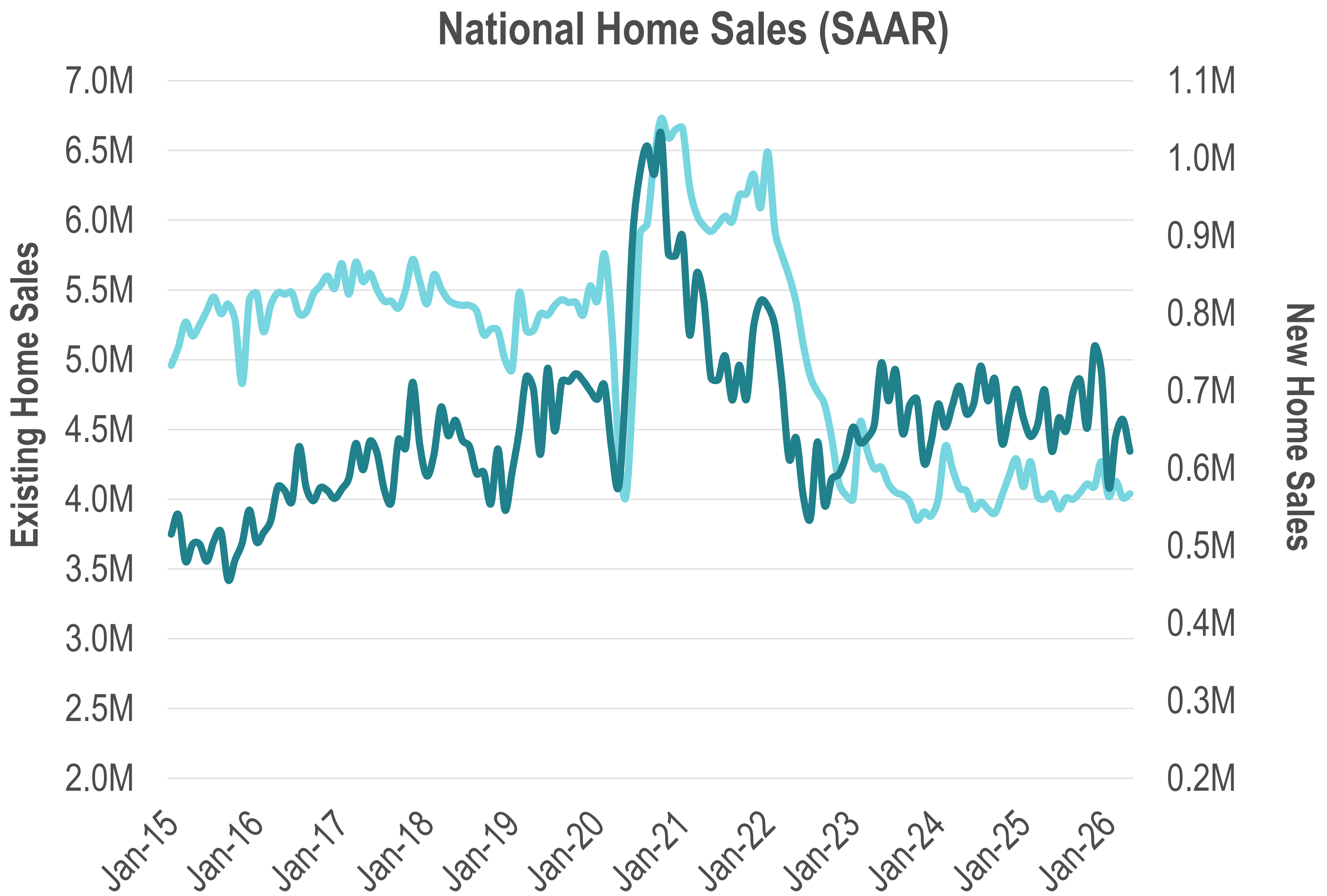


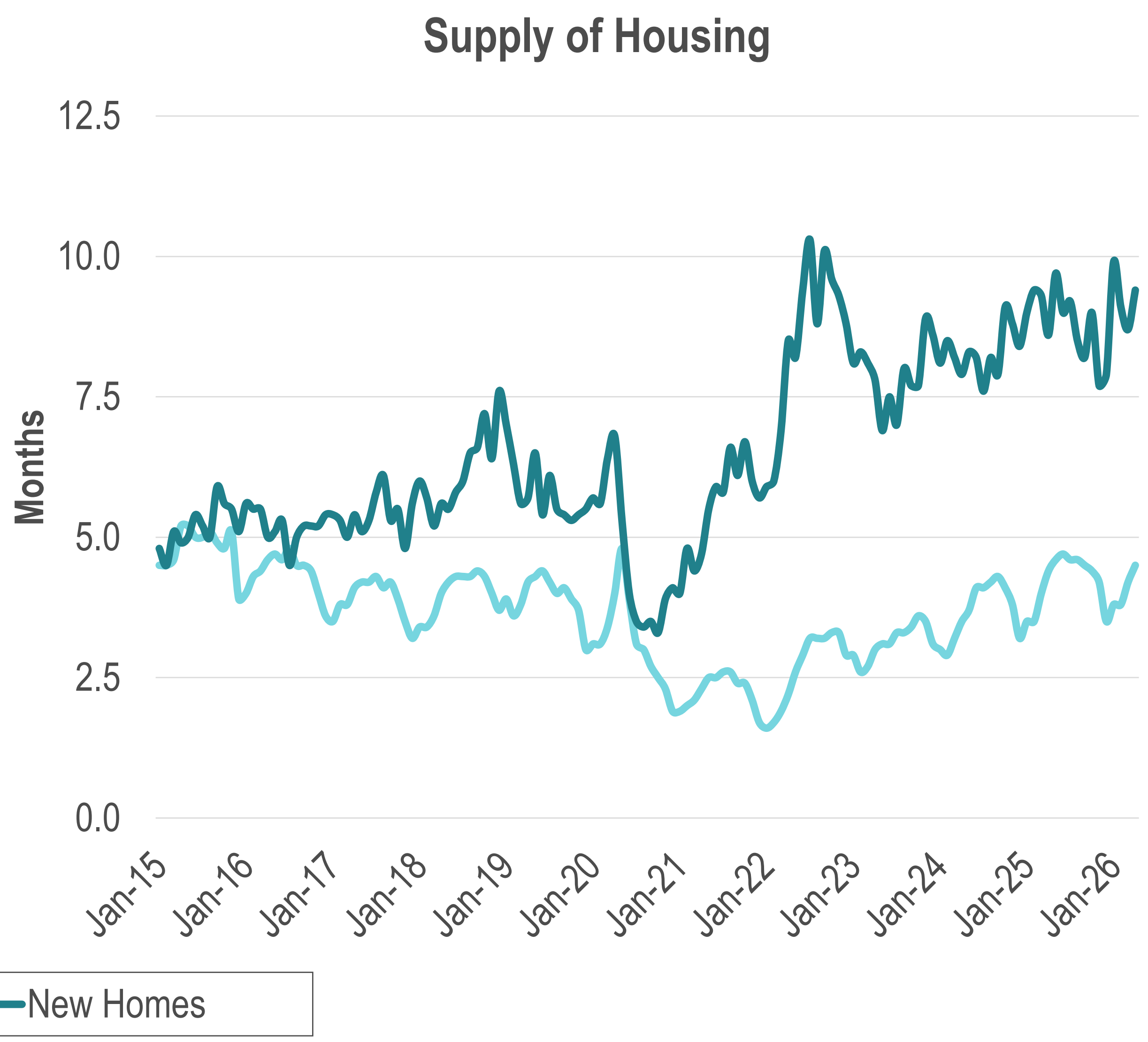


Existing homes data are as of May; new homes data are as of April.
**Reflects year-over-year change in trailing 12-month average median home price.*
Note: Housing data release one month in arrears.
Source: National Association of Realtors; U.S. Census Bureau

Monthly Existing Home Sales Rose while Supply Held Steady in May

New Home Sales Fell in April, Driving an Increase in Supply

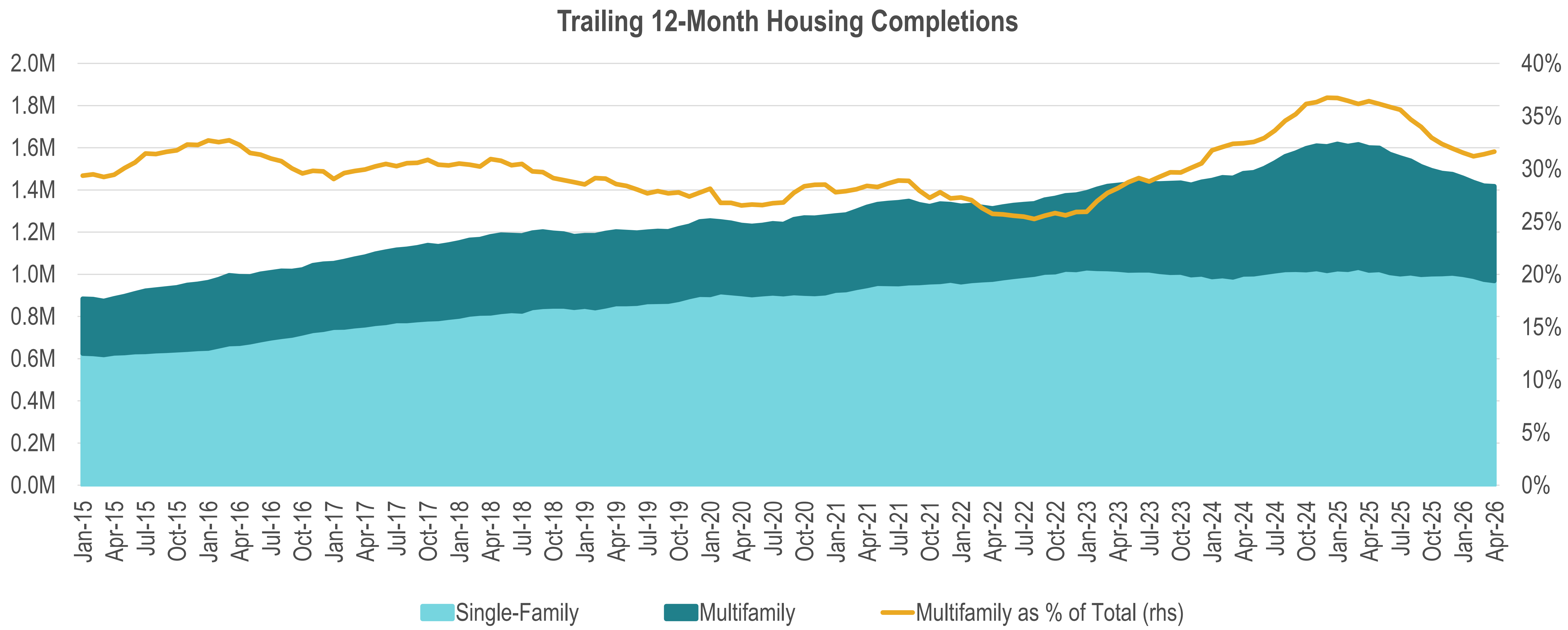




Existing homes data are as of May; new homes data are as of April.
Note: Months supply of homes is calculated as the ratio of houses for sale to houses sold. It indicates the number of months it would take for the current inventory in the housing market to sell given the current sales pace; housing data release one month in arrears.
Source: National Association of Realtors; U.S. Census Bureau

Total Housing Completions Fell 0.2% MoM and 11.5% YoY in April

Multifamily's Share of Total Completions Edged Up to 32%



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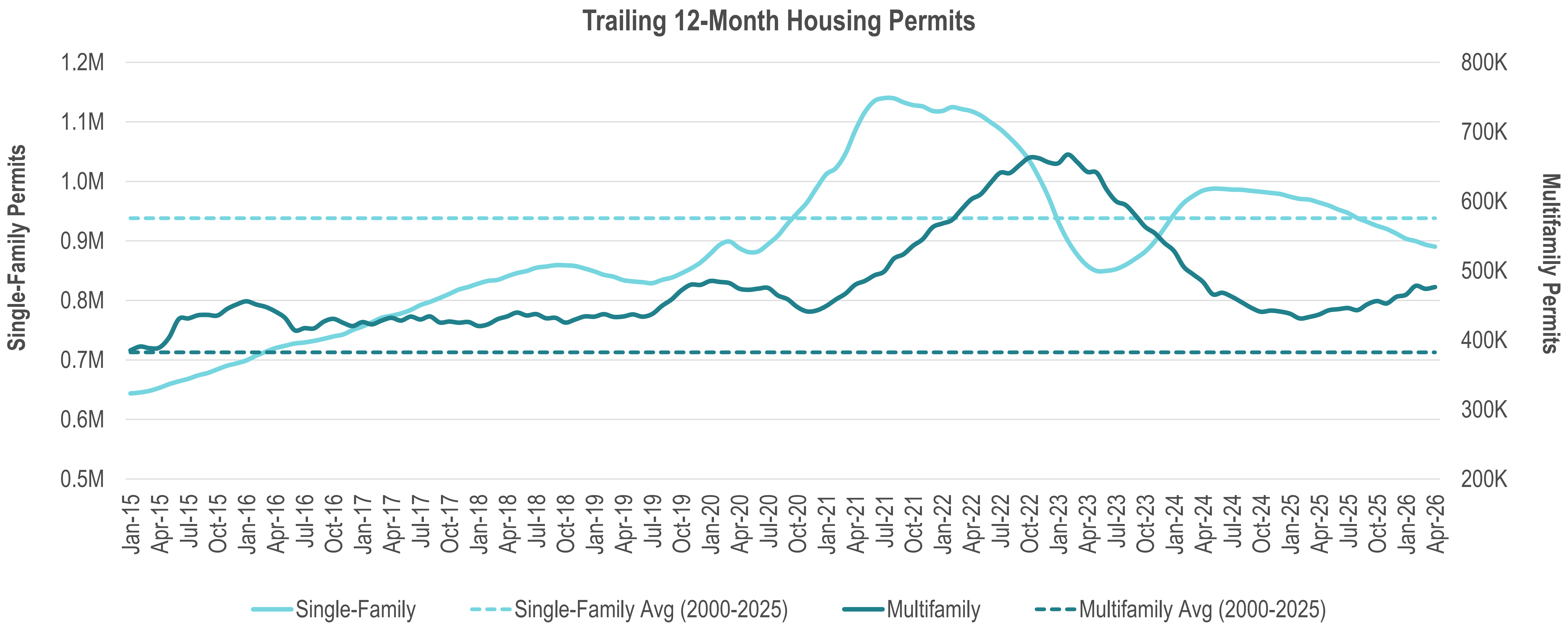
Note: Housing data release one month in arrears.
Source: U.S. Census Bureau; Federal Reserve Bank of St. Louis

Trailing 12-Month Permits Rose Slightly For Multifamily but Fell for Single Family

Multifamily Permits Remained Above the Long-term Average; Single-Family Permits Continued to Decline



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Note: Housing data release one month in arrears.
Source: U.S. Census Bureau; Federal Reserve Bank of St. Louis

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