

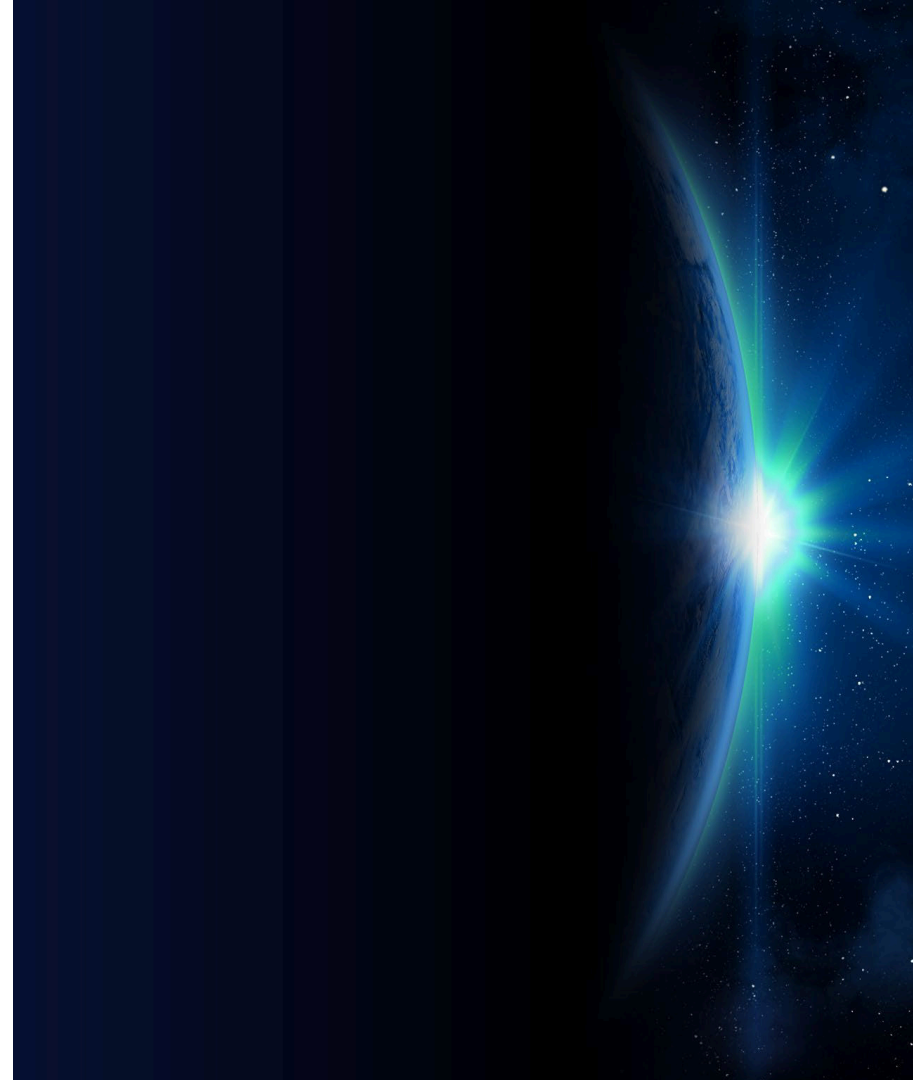


*Back to the Future*

# RMA Chapter Leaders Conference

## Top Industries to Watch in 2025

NICOLLE BOUFFARD DELISO  
Director of Training & Success  
Vertical IQ



# About Your Presenter



**NICOLLE BOUFFARD DELISO**

Director of Training & Success

Vertical IQ

# What You Will Learn

- Consider insights into regional trends, industry shifts, and emerging challenges
- Improve risk management by uncovering the risks inherent to lending to businesses in a particular industry
- Gain the tools to become a proactive trusted advisor in today's ever evolving economy

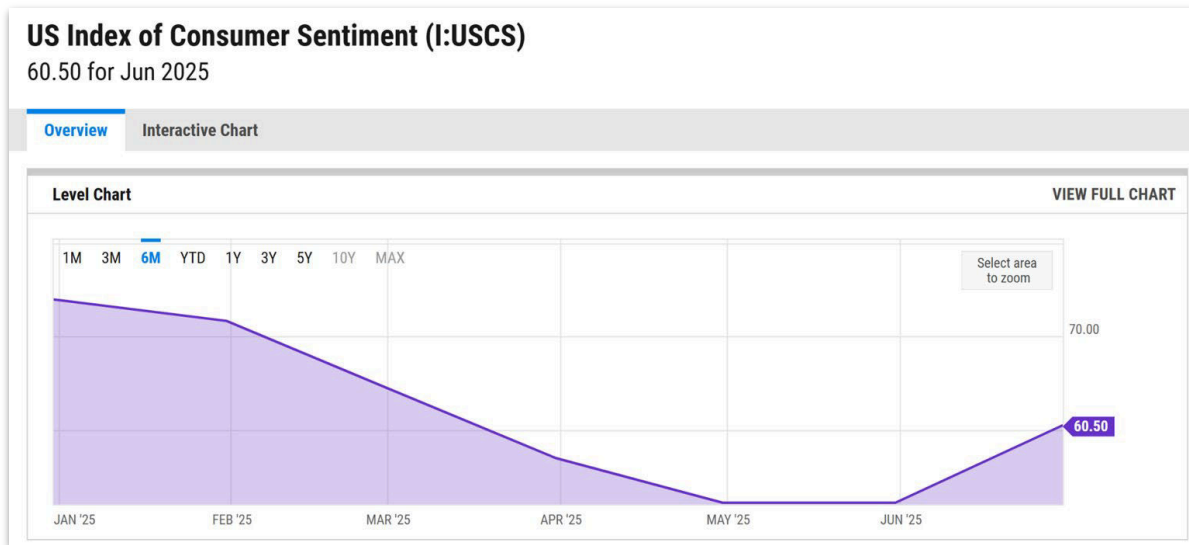


## —• Forecasts Discussed Today

### Inforum

Inforum pioneered the construction of dynamic, interindustry, macroeconomic models which portray the economy in a unique, objective “bottom-up” fashion.

# US Index of Consumer Sentiment (I:USCS)



Date	Value
June 30, 2025	60.50
May 31, 2025	52.20
April 30, 2025	52.20
March 31, 2025	57.00
February 28, 2025	64.70
January 31, 2025	71.70
December 31, 2024	74.00

## —• Effects of I:USCS on Industries

### HEADWINDS

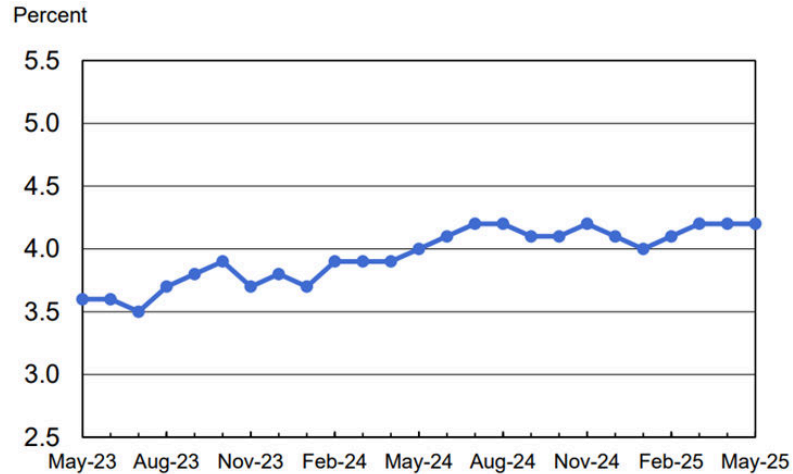
- Economic uncertainty can cause people to postpone or cancel travel.
- Prompts manufacturers to decrease production and leads to potential layoffs.
- Can cause a slowdown in the housing market, with fewer people buying or building new homes.
- Deter businesses from making significant investments, postpone expansions, reduced capital expenditures, and focus on cost-saving measures

### TAILWINDS

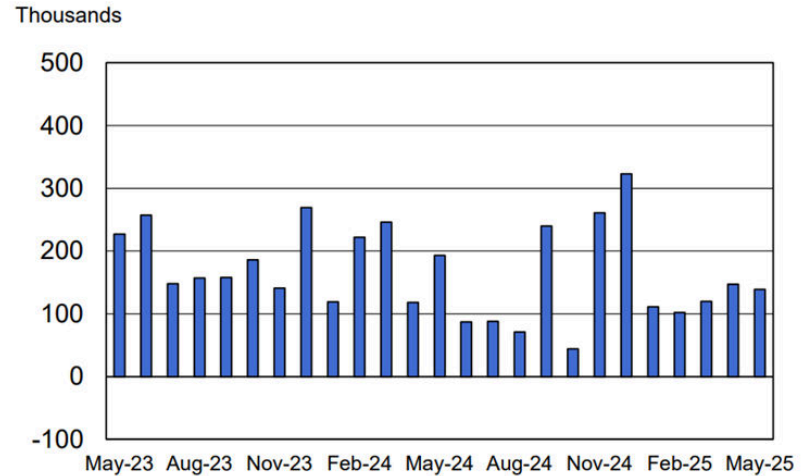
- Optimistic consumers are more likely to travel, dine out, and engage in leisure activities.
- Encourages manufacturers to ramp up production to meet the higher sales volume.
- Leads to increased home purchases and new construction.

# Employment and Wages

**Chart 1. Unemployment rate, seasonally adjusted, May 2023 – May 2025**



**Chart 2. Nonfarm payroll employment over-the-month change, seasonally adjusted, May 2023 – May 2025**



# ● Informum's Macroeconomic Indicators

## Update from the Federal Reserve

The Federal Reserve cut their growth projections for 2025 and raised their outlook for inflation.

The projected GDP Growth is now 1.4% with 3% inflation by year end.

*As of: 06.18.25*



	History					Forecast				
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
<b>Quantities, Annual Growth Rates ?</b>										
<b>GDP</b>	-2.2	6.1	2.5	2.9	2.7	2.0	2.2	2.2	2.0	2.0
Personal Consumption	-2.5	8.8	3.0	2.5	2.6	2.0	2.1	2.1	2.0	2.0
Nonresidential Fixed Investment	-4.6	6.0	7.0	6.0	3.9	2.8	3.1	3.3	3.3	3.2
Structures	-9.2	-2.6	3.6	10.8	3.7	1.1	2.1	1.9	1.7	2.1
Equipment	-10.1	6.7	4.4	3.5	4.1	3.7	2.6	3.7	3.6	3.6
Intellectual Property	4.5	10.2	11.2	5.8	3.8	2.9	4.1	3.7	3.9	3.4
Residential Investment	7.7	10.9	-8.6	-8.3	3.6	1.8	4.3	3.8	3.5	3.1
Exports	-13.1	6.5	7.5	2.8	3.4	3.1	3.6	3.5	3.2	2.8
Imports	-9.0	14.7	8.6	-1.2	5.4	3.4	2.6	2.6	2.6	2.6
Government Consumption & Investment	3.4	-0.3	-1.1	3.9	3.3	1.5	0.8	0.8	0.4	0.5
<b>Prices, Annual Growth Rates ?</b>										
<b>GDP</b>	1.3	4.6	7.1	3.6	2.4	2.2	2.1	2.1	2.2	2.1
Personal Consumption	1.1	4.1	6.6	3.8	2.5	2.1	2.0	2.1	2.1	2.0
<b>Labor and Income</b>										
<b>Real Disposable Income Growth</b>	6.3	3.4	-5.5	5.1	2.9	2.0	1.9	2.0	2.4	2.5
<b>Employment Growth</b>	-5.6	3.2	4.0	2.2	0.9	0.4	0.9	0.5	0.4	0.4
<b>Unemployment Growth</b>	8.1	5.3	3.6	3.6	4.0	4.4	4.0	4.1	4.1	4.1
<b>Interest Rates</b>										
<b>Treasury Bills, 3-Month</b>	0.4	0.0	2.0	5.1	5.0	3.8	3.0	2.9	2.8	2.8
<b>Treasury Bonds, 10-Year</b>	0.9	1.4	3.0	4.0	4.2	3.9	3.8	3.7	3.7	3.8

**Source:**Informum inter-industry economic model of the US economy.



# Our Industry Focus



## US MINING & ENERGY SECTOR

- Minerals
- Coal
- Renewable Energy
- Nuclear
- Crude Oil

## US HEALTHCARE SECTOR

- Pharmaceutical and Medicine Manufacturing
- Surgical and Medical Instrument Manufacturing
- Surgical Appliances and Supplies Manufacturing
- Medical Device Manufacturers

## US MANUFACTURING SECTOR

- Electrical Equipment, Appliance, and Component Manufacturing
- Plastic Product Manufacturing
- Motor Vehicle (Auto) & Parts Manufacturing
- Aircraft Engines and Parts Manufacturing
- Mattress Manufacturing
- Furniture Manufacturing




## Evaluation Logic

- Performance During the Last Recession
- The anticipated 5-year compound annual growth rate
- Job growth over the last two years
- Establishment growth over the last two years



	PERFORMANCE DURING 2007-2009 RECESSION (0.0% GDP)	COMPOUND ANNUAL GROWTH FORECAST (2025 2029) (4.34% GDP)	BUSINESS EXIT RATE 2021-2022 (9.5% All Industries)
Aircraft Engines and Parts Mfrs	-7.8%	5.6%	7.67%
Furniture Mfrs	-28.5%	1.12%	7.91%
Mattress Mfrs	-14.4%	5.75%	7.88%
Electrical Equipment Mfrs	-13.3%	-2.97%	6.56%
Household Appliance Mfrs	-19.7%	1.56%	7.69%
Plastic Products Mfrs	-18.6%	2.24%	5.57%
Automobile Mfrs	-44.7%	2.71%	8.74%
Heavy Duty Truck Mfrs	-18.9%	3.65%	8.74%



	PERFORMANCE DURING 2007–2009 RECESSION (0.0% GDP)	COMPOUND ANNUAL GROWTH FORECAST (2025 2029) (4.34% GDP)	BUSINESS EXIT RATE 2021–2022 (9.5% All Industries)
Pharmaceutical Mfrs	1.6%	5.32%	8.72%
Medical Device Mfrs	9.8%	2.68%	8.95%
Coal Mining	-	2.11%	12.71%
Solar Electric Power	-	5.29%	6.49%
Oil and Gas Producers		1.69%	11.19%
Electric Power Generation & Distribution	-	2.29%	6.16%



# US Mining & Energy Sector

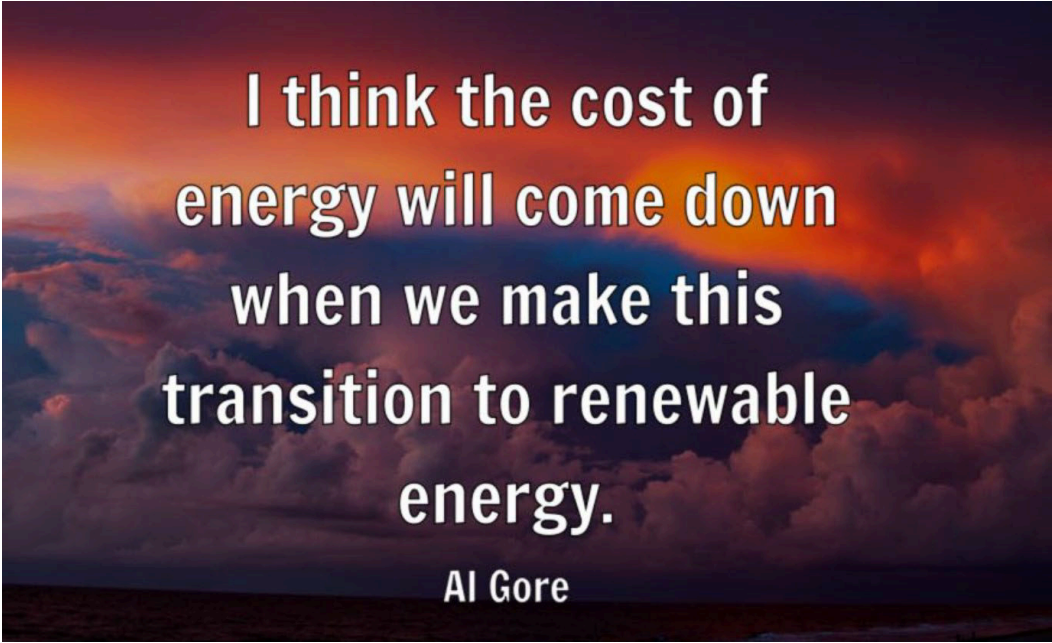
Minerals

Coal

Renewable Energy

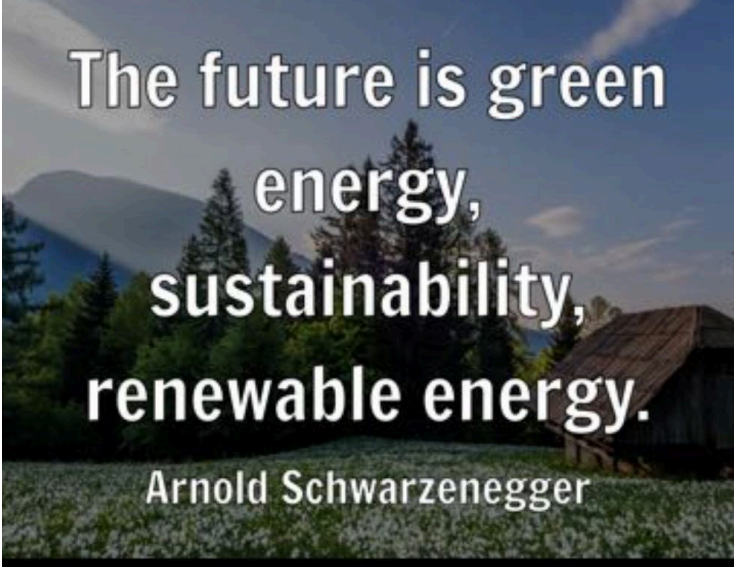
Nuclear

Crude Oil



I think the cost of  
energy will come down  
when we make this  
transition to renewable  
energy.

Al Gore



The future is green  
energy,  
sustainability,  
renewable energy.

Arnold Schwarzenegger



- **National Energy Dominance Council**

- Advise on improving processes and reducing bureaucratic hurdles.
- Pursue goals that include advancing innovation, promoting investment, and addressing cost barriers.

- **Sector Growth**

US construction and engineering spending in the power sector in 2025 is expected to grow by 6% and notch robust annual growth through 2029.

- FMI forecasts that energy construction and engineering spending will rise 5% in 2026, 3% in 2027, 4% in 2028, and 6% in 2029
- Electrification of transportation and manufacturing
- Voracious demand for power from data centers

# US Mining & Energy Sector



# Minerals

China is the world's largest producer of 30 of the 50 most critical minerals, including rare earth minerals.

## The Trump Administration Plans:

- Open 14M acres in Alaska's Amber Mining District, rich in copper, zinc, gold, silver, cobalt, and other critical minerals.
- Accelerating deep-sea mining in international waters to capture deposits of nickel, copper, and other critical minerals.





# “Beautiful Clean Coal”

Approximately 91% of US coal consumption is used for electric power generation; however, coal has fallen to the fourth source of electricity generation, behind natural gas, renewables, and nuclear.



# —• Renewable Energy

## HEADWINDS

- Funds were frozen and EV tax credits cut causing many clean energy related projects to be paused, downsized, or cancelled due to policy shifts
- Shifting trade policies have prompted US solar manufacturers, buyers, and developers to delay procurement choices and recalibrate supply chain strategies.

## TAILWINDS

- Electricity generation capacity additions in 2025 are expected to be led by solar and battery storage projects.
- Sales for the US solar electric power firms industry are forecast to grow at a 5.29% compounded annual rate from 2025 to 2029, faster than the growth of the overall economy.

# Nuclear

- There are currently 54 nuclear power plants generating nearly 772 million megawatts of electricity. These plants are operated by 30 different power companies.
- Nuclear power plants create skilled jobs. A typical nuclear power plant employs 1,338 workers and generates about \$967 million annually.
- There are 30 states with nuclear power plants in the US. The largest states for net nuclear power generation are Illinois, Pennsylvania, South Carolina, North Carolina, and Alabama.
- The US is the world's largest nuclear power producer, accounting for more than 30% of worldwide nuclear electricity generation.
- Nuclear power supplies about 19% of the electricity generated in the US and 46% of all US emissions-free electricity.



# .. Crude Oil

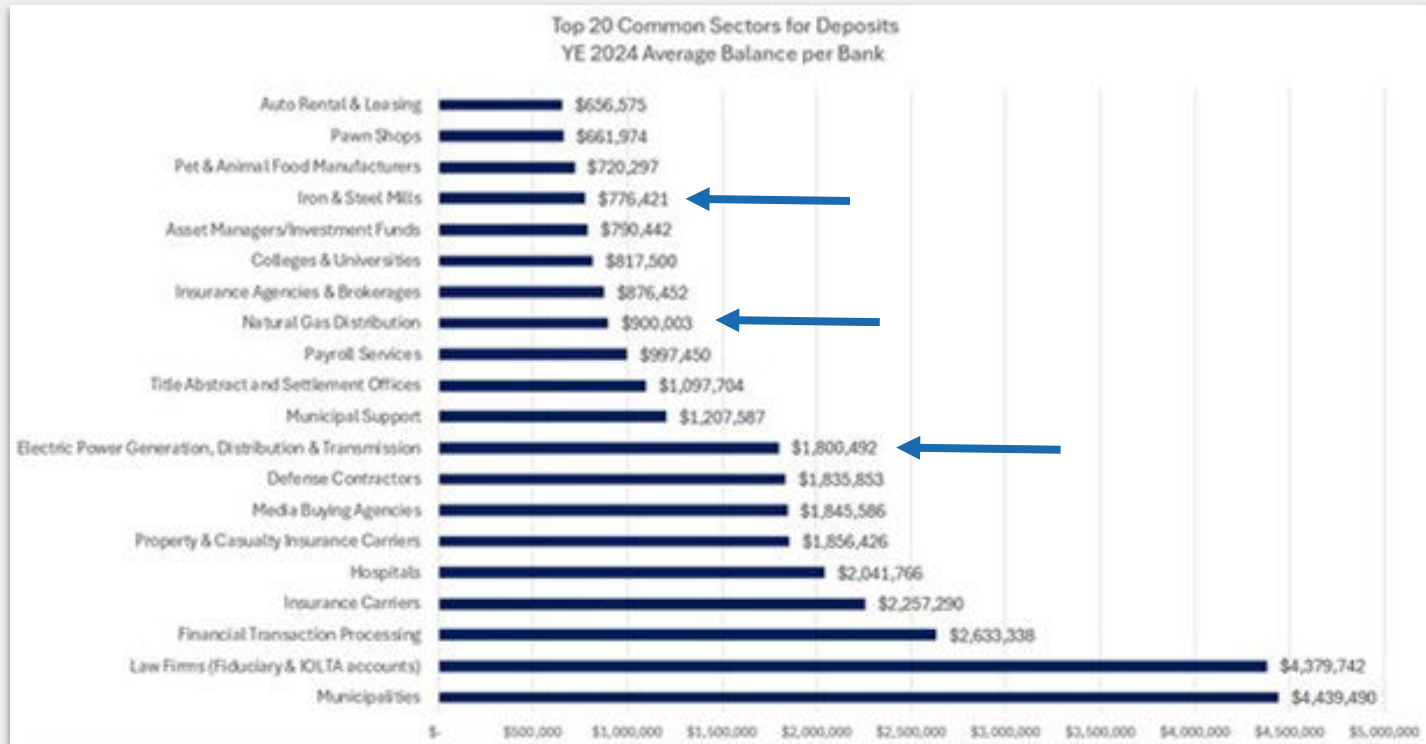
## HEADWINDS

- Oil prices have fallen far below the \$85 per barrel price and drillers are hitting the brakes on production.
- The industry is seeing compressed margins from low gas prices.
- Gas prices are expected to remain low (\$3.20 per/gallon) into Summer of 2026.

## TAILWINDS

- The Oil and Gas Industry's "post election" mood is one of optimism → Exuberance!
- The prior administrations Anti Fossil Fuels approach has been replaced by a roadmap embracing oil/gas.
- Oil and Gas companies are expanding offshore drilling operations in the gulf for environmental reasons.

# Estimated Top 20 Deposit Rich Industries - 2025





# US Manufacturing Sector

Electrical Equipment, Appliance, and Component Manufacturing

Plastic Product Manufacturing

Motor Vehicle (Auto) & Parts Manufacturing

Aircraft Engines and Parts Manufacturing

Mattress Manufacturing

Furniture Manufacturing

- **The Made in America Manufacturing Finance Act**
  - Raise the \$5M cap on SBA loans to \$10M for manufacturers.
- **New orders for manufactured goods rose 2.5% in February**
  - New durable goods orders rose 3.4% YoY
  - New orders for nondurable goods rose 1.6% YoY
- **Shipments of manufactured goods increased 2.6% YoY**
  - Durable goods shipments up 3.6%
  - Nondurable goods shipments rose 1.6%

Source: Census Bureau

# US Manufacturing Sector



# Electrical Equipment, Appliance, and Component Manufacturing

- Competition from imported electrical equipment, appliances, lighting, batteries, and other electrical components has eased.
- Businesses and Consumers slow their spending on new construction, remodeling, and vehicles; reducing demand for appliances, lighting, batteries, and other electrical equipment and components.
- Spending on remodeling, improvements and repairs is expected to grow modestly but steadily:  
Q3 2025: 1.4% | Q4 2025: 1.8% | Q1 2026: 2.8%





“Vocational classes outfitted with computer-controlled machine tools and robotic arms —are attracting students to courses in construction, manufacturing, or woodworking and preparing students for careers in the trades.”

— • TE-PING CHEN

WSJ, Schools Revive Shop Class, 3.3.25

# Plastics Product Manufacturing

- The need for skilled workers is more critical than ever.
  - Wages rose 3.9% YoY to a new high of \$25.30 per hour.
- Rapid market growth is helping make bioplastics more affordable.
- The cost of plastic or resin is affected by variability in the price of crude oil.
- Looking ahead, sales are forecast to grow at year (CAGR) of 2.24%.



# Motor Vehicle (Auto) & Parts Manufacturing

## HEADWINDS

- Auto parts manufacturers are vulnerable to variability in the costs of raw materials, with commodity prices changing significantly from year to year and greatly affect profitability.
- Auto parts manufacturers and auto manufacturers are facing increasing competition from foreign players.

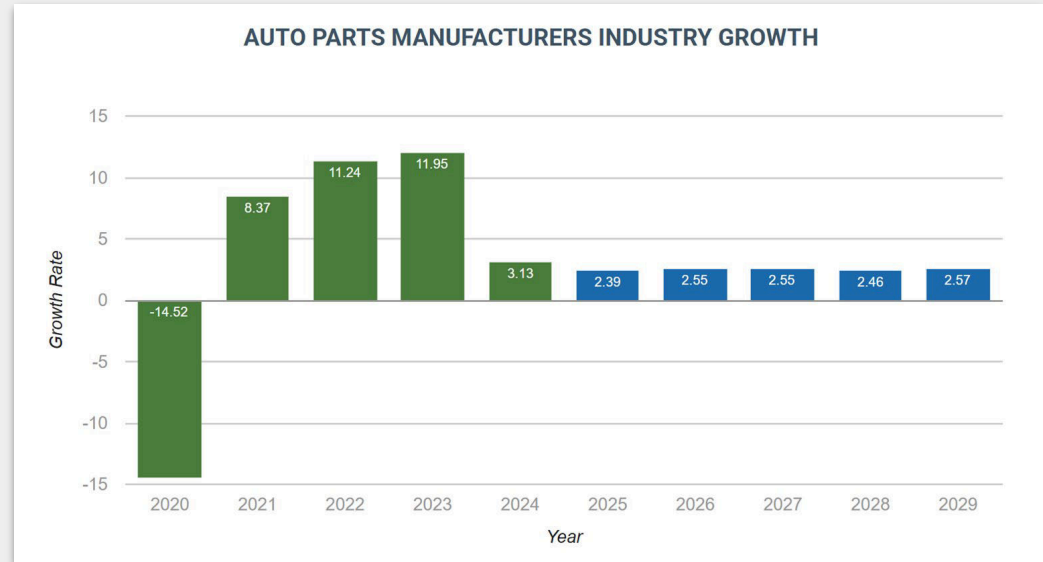
## TAILWINDS

- Consumers are driving their current cars longer (12.8 yrs). Aging car fleets mean increase maintenance demands.
- Auto makers are standardizing basic mechanical structures to improve production efficiencies and reduce costs.

# Motor Vehicle (Auto) Parts Manufacturing

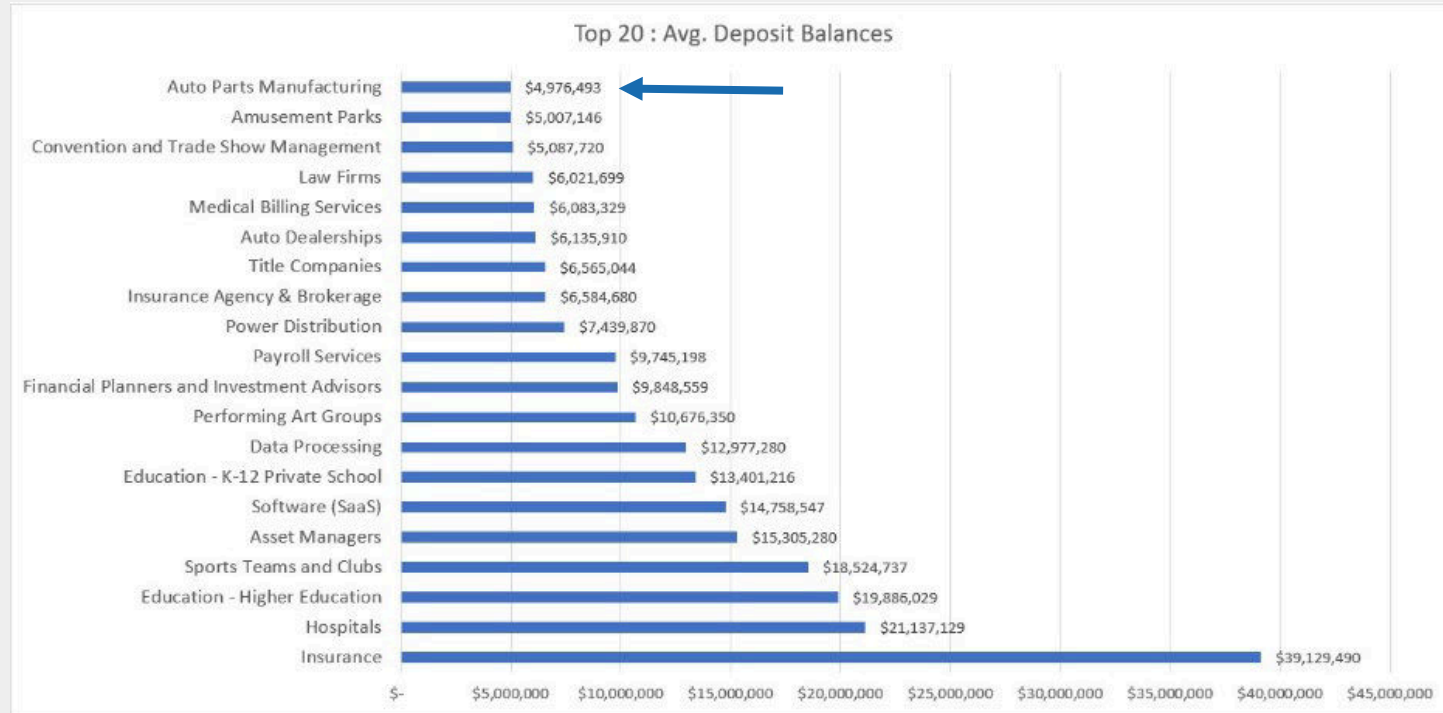
## Tariff Implications

- Automobile cost hikes will be significant due to tariffs (from \$2,000 for the least impacted cars up to \$15,000 for the most).
- Tariff rebates of 2.5% to 3.5% for US assembled vehicles.



COMPOUNDED ANNUAL GROWTH RATE:  
2.5% from 2025-2029 (all Industries 4.24%)

# Estimated Top 20 Deposit Rich Industries - 2024



# — Aircraft Engines and Parts Manufacturing

## MATERIALS

Some raw materials are available from one or a limited number of suppliers

Others are only available from foreign sources, such as the specialty metals cobalt, tantalum, chromium and rhenium.

## ECONOMIC CONDITIONS

- Current and Predicted Traffic Levels
- Load Factors
- Aircraft Fuel Pricing
- Labor Issues
- Worldwide Airline Profits
- Airline Consolidation & Competition
- Retirement of Older Aircraft
- Regulatory Changes
- Terrorism
- General Worldwide Economic Conditions

## REPAIRS

Tend to be more stable than the market for new aircraft.

## NEW PURCHASE

Very sensitive to global economic conditions. Changes in these economic conditions may cause customers to request that order delivery be rescheduled, or the entire order canceled.

# —• Mattress Manufacturing

## HEADWINDS

- Economic uncertainty causes, consumers, businesses (healthcare and lodging) and government agencies (barracks, shelters, public housing) to postpone spending on large items like new mattresses.
- High interest rates, inflation, and tight credit can slow spending.
- The prices that mattress mfrs. pay for materials such as foam, cotton and coil wire can be volatile.

## TAILWINDS

- Online shopping has extended to large items like mattresses and is creating opportunities for manufacturers to sell directly to consumers.
- Demand for digital health tracking is driving mattress technology.

# —• Furniture Manufacturing

## HEADWINDS

- The furniture and related products segment reported decreases in production and employment, slower supplier deliveries, a decline in new orders, lower inventories, and higher prices for raw materials.
- Furniture sales are sensitive to fluctuations in consumer spending and credit availability, the health of the housing market, and trends that make furniture styles obsolete.

## TAILWINDS

- Furniture websites allow shoppers to view merchandise, design room plans, solicit professional advice, and purchase products.





# US Healthcare Sector

Pharmaceutical and Medicine Manufacturing

Surgical and Medical Instrument Manufacturing

Surgical Appliances and Supplies Manufacturing

Medical Device Manufacturers

- **Budget Cuts Proposed for National Institutes of Health (NIH)**
  - The proposed budget for 2026 reduces funding for the NIH by \$18 B.
  - This may result in lower funding for research and patient care across the healthcare continuum.
- **The District of Columbia and 19 States filed a lawsuit to block the large scale restructuring of the US Department of Health and Human Services (HHS).**
- **Growth in the Healthcare Sector**
  - Healthcare sector employment increased slightly during the first three months of 2025.
  - Sales are forecast to grow at a (CAGR) of 3.29% over the next 5 years.

# US Healthcare Sector



# –. Pharmaceutical and Medical Manufacturing

## HEADWINDS

- Tariffs threaten access to cheap generic drugs, which have thin profit margins and the chemicals to compound them are coming from China.
- Generic drugs account for over 90% of US prescriptions.
- Between Tariffs and cuts to Fed. funding, Pharm. companies are going to need solutions to maintain staff and R&D activity.

## TAILWINDS

- The worldwide market for pharmaceuticals is expected to grow 7.7% annually through 2030 and reach a value of \$1.7 trillion

# Pharmaceutical and Medical Manufacturing (cont.)



## HEADWINDS

- Decline in reusable products.
- US health care sector leaders say that the medical supply chain remains vulnerable, particularly as they brace for the impact of changing US trade policy.

## TAILWINDS

- The demand for single-use, disposable medical instruments and devices is growing rapidly due to infrastructure cost savings and reduced liability.
- Agentic AI can reduce medical device malfunctions and improve patient care by enhancing predictive maintenance for medical devices.

# In Conclusion

- Interindustry Implications
- Risk Due Diligence
- Tariff Implications



# Interindustry Implications



- Retail Ecommerce
- Trade Schools
- Chemical Manufacturing
- Transportation
- Warehousing and Storage Services
- Data Processing & Hosting (Data Centers)

“Everyone is a risk officer at a bank. Understanding the risks in this market and taking responsibility for managing loan risk is more than the credit group’s responsibility.”

• CHRIS NICHOLS

Director of Capital Markets  
SouthState Bank



LINK

Read

Chris’ Recent Blog,  
[Managing the Risk  
Surface of a Loan  
Given Tariffs](#)



# How to Manage the Risk

- Limiting interest rate risk in loan structures
- Ensuring adequate yield maintenance and prepay provisions on the loans
- Understanding the credit risk changes in each sector
- Be more dynamic with pricing to align with risk
- Limit balloon structures where possible
- Ensure you have a relationship profitability model to calculate risk-adjusted return





“ For the U.S. economy as a whole, exports to China are a small slice of a \$29 trillion gross domestic product. But if you’re a U.S. soybean farmer, this is just about the biggest issue going at the moment.”

— • NEIL SHEARING

An economist at  
Capital Economics

# Trade and Tariff Coverage

## WE ARE COVERING TARIFF CHANGES AND IMPACTS IN:

- Current Conditions: Recent Developments
- Industry & General Business News
- (News Tab on the Homepage)
- Industry Forecast



### Recent Developments ( [Expand All](#) / [Collapse All](#) )

May 30, 2025 -- SBA Loan Limit May Double

- The Trump administration's on-again, off-again tariff strategy is sending ripples through industrial manufacturing, significantly impacting production costs, supply chains, and overall competitiveness in the machinery and industrial equipment sector, [Manufacturing.Net](#) reports. [\(more...\)](#)
- President Trump's tariffs threats, if realized, could worsen the existing labor shortage in the US manufacturing sector, [Inc](#) reported in December. [\(more...\)](#)

Read Vertical IQ's Recent Blog



HOW TARIFFS MIGHT  
IMPACT AMERICA'S  
INDUSTRIES AND  
CONSUMERS

FOLLOW  
US ON  
LINKEDIN





TOP INDUSTRIES TO WATCH IN 2025


# Final Thoughts

- Interindustry implications
- Tariffs are a “trigger event” opportunity to add value.
- Know your customers buyers/suppliers.
- Be a connector.
- Understand how your customers are using their lines.
- It’s everyone job to manage risk



 ADVANCED TRAINING FOR CREDIT USERS

# Vertical IQ from a Credit Perspective

 VIQ FOR CREDIT & RISK OFFICERS  
Read Article in the Resource Center

2025 Topic  
The Credit Officer's  
Magic Touch: What AI  
Can't Replace


PRESENTED BY  
DAVID NICHOLSON

3 OPPORTUNITIES TO  
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WEBINAR SESSION

Wednesday, 6/18 @ 3:00 EST  
Wednesday, 8/13 @ 3:00 EST  
Wednesday, 11/19 @ 3:00 EST

SCAN QR  
CODE TO  
REGISTER





**Thank you for  
attending**



# **Top Industries to Watch in 2025**

NICOLLE BOUFFARD DELISO  
Director of Training & Success  
Vertical IQ

# Thank You!

