Synovus Market Update

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Currency Outlook: Third Quarter 2025

David Grimaldi, Foreign Exchange Sales Consultant
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The first half of 2025 has been eventful to say the least. The Israel and U.S. conflict with Iran has caused a spike in oil, raising inflation fears once again. Bloomberg believes that any increase in oil prices would need to reach $130 per barrel to get the Consumer Price Index (CPI) above 3%. The medium CPI expectations into the year-end for economists is already at 3%, with some as high as 3.3%. Bloomberg's modeling forecast finds that unlikely, with its forecasts topping out at 2.8%. Inflation has already moderated over the last four months despite all the drama around tariffs. The Federal Reserve's Michelle Bowman, vice chair for supervision, broke ranks calling for a July rate cut of 25 basis points. Market Wizard Paul Tudor Jones thinks there will be three rate cuts in 2025 and the dollar will weaken by 10%.

There is some adjustment of the bond curve in the market, as we are seeing the pricing in of cuts around the time Federal Reserve Chair Jerome Powell's term expires in 2026. The market expects U.S. President Donald Trump to appoint someone who will cut rates more aggressively; some are expecting United States Secretary of the Treasury Scott Bessent to move from his current role and take over for Powell. Trump came to a tariff agreement with China, and while a number of countries are still in negotiations, China seemed to have been the main target all along; Trump was able to extract another 30% in tariffs and agreements to buy more U.S. goods. Under the United States-Mexico-Canada Agreement (USMCA) agreement, Mexico and Canada cover 98% of trade, so only 2% is being negotiated. Shipping routes have normalized again, but Iran may threaten to close the Strait of Hormuz to oil container ships.

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The Social Security Fairness Act of 2025: A Major Win for Public Sector Retirees That No One Is Talking About

Christopher Brown, Vice President — Investments
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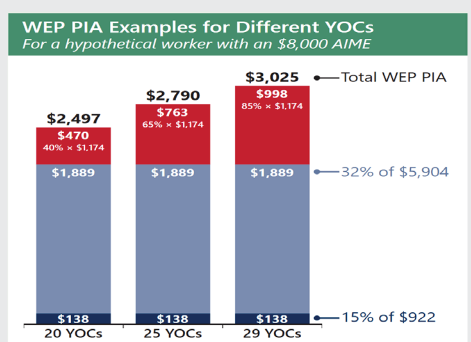
If you or your spouse is currently retired or close to retirement and worked in the public sector as a teacher, police officer, firefighter, federal employee or any other career that provided a "non-covered" government pension, you are going to want to lock-in to this month's update.

The Social Security Fairness Act (SSFA), a bipartisan piece of legislation also known as H.R. 82, signed into law on January 5, 2025 by former President Joe Biden, represents one of the most important Social Security reforms in decades, potentially adding tens or even hundreds of thousands of dollars to your lifetime retirement income.

Who Benefits from This New Law?

The new SSFA of 2025 eliminated two provisions that have reduced Social Security benefits for nearly 3 million Americans since the 1970s and 1980s: The Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO).

WEP PIA Example Chart (previous calculations)



Source: https://www.ssa.gov/

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➲ The Personal Trust Corner: A J.D.'s Perspective

Amy Piedmont, J.D., LLM, Vice President, Sr. Trust Relationship Manager and Katherine "Kate" Gambill, J.D., Vice President, Sr. Trust Relationship Manager Synovus Trust Company, N.A.

As a successful professional or someone who has built significant wealth, you understand the importance of hard work, strategic planning and meticulous attention to detail. Just as you work to build and grow your financial resources, it is equally critical to implement strategies to safeguard those assets from unforeseen risks. This is where asset protection planning comes in – a critical component of comprehensive wealth management, particularly for those with substantial assets and significant exposure.

In our series, "The Personal Trust Corner: A J.D.'s Perspective," we aim to highlight important issues that may affect Synovus clients and strategies that may be employed to protect you and your estates. This month, we turn the spotlight on the importance of asset protection planning to safeguard your assets and secure yours and your family's financial future.

What is Asset Protection Planning

Asset protection planning is a proactive approach to legally safeguarding your assets from potential threats like lawsuits, creditors and excessive taxes. It involves creating barriers to protect your wealth, ensuring your assets remain intact even in challenging situations. This strategy differs from estate planning, which primarily focuses on asset distribution after death, as asset protection centers on preserving assets during your lifetime.

Ignoring the need for asset protection can expose your hard-earned wealth to unnecessary risk. A single lawsuit or financial setback could threaten everything you've worked for.

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➲ Tech Corner: Recent Results from Oracle Point to a Healthy Datacenter Cloud Space!

Daniel Morgan, Senior Trust Portfolio Manager, Synovus Trust Company, N.A.

Oracle reported strong 4Q25 results and better-than-expected guidance on share gains across applications, data base and cloud infrastructure. The company reported revenue and earnings per share (EPS) of $15.9 billion/$1.70 versus consensus of $15.58 billion/$1.64. Total revenue grew 11% Year-over-Year (YoY) versus an estimate of 9%, led by Cloud Services growth of 27%, an acceleration from 25% last quarter and 20% a year ago. Oracle Cloud Infrastructure (OCI) grew 52% YoY, including Cloud Database growth of 31%, while Fusion SaaS applications grew 22%. Total remaining performance obligation (RPO), or bookings, grew 41% YoY to $138 billion in 4Q25. Further, management guided RPO to more than double in FY2026, driven by large new customer commitments including some but not all of OpenAI/Stargate.

For FY2026, ORCL projected a revenue increase of at least 16% compared to the consensus of 14%, including Cloud services growth of 40% and Infrastructure growth of 70% YoY. Oracle's revenue growth is set to accelerate, as its cloud business (44% of total) becomes a larger part of the mix, driven by growth in SaaS apps, Autonomous Database (AD) and new workloads moving to Oracle Cloud Infrastructure. OCI is gaining share of public cloud workloads, led by deployment flexibility, AD migrations and AI, where Oracle has a performance and cost advantage. Oracle struck deals with Amazon, Google and Microsoft for OCI to run inside their cloud infrastructure, which should accelerate AD migration and expand the TAM. Oracle SaaS apps, including AI agents, are gaining share of small-to-midsize customers with its broad Cloud portfolio, with two-thirds as first-time customers. At this point, Oracle management has emphasized that the current Cloud revenue has been constrained by capacity, not overall demand.

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We're here if you have questions.

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