



**HUDSON VALLEY
INVESTMENT ADVISORS, INC.**

A subsidiary of Orange County Bancorp, Inc

Orange County Partnership 9/21/21

Our Company

Since 1995, Hudson Valley Investment Advisors, Inc. has been dedicated to providing our clients with the highest quality investment management service.

We are a United States Securities and Exchange Commission Registered Investment Advisor.**

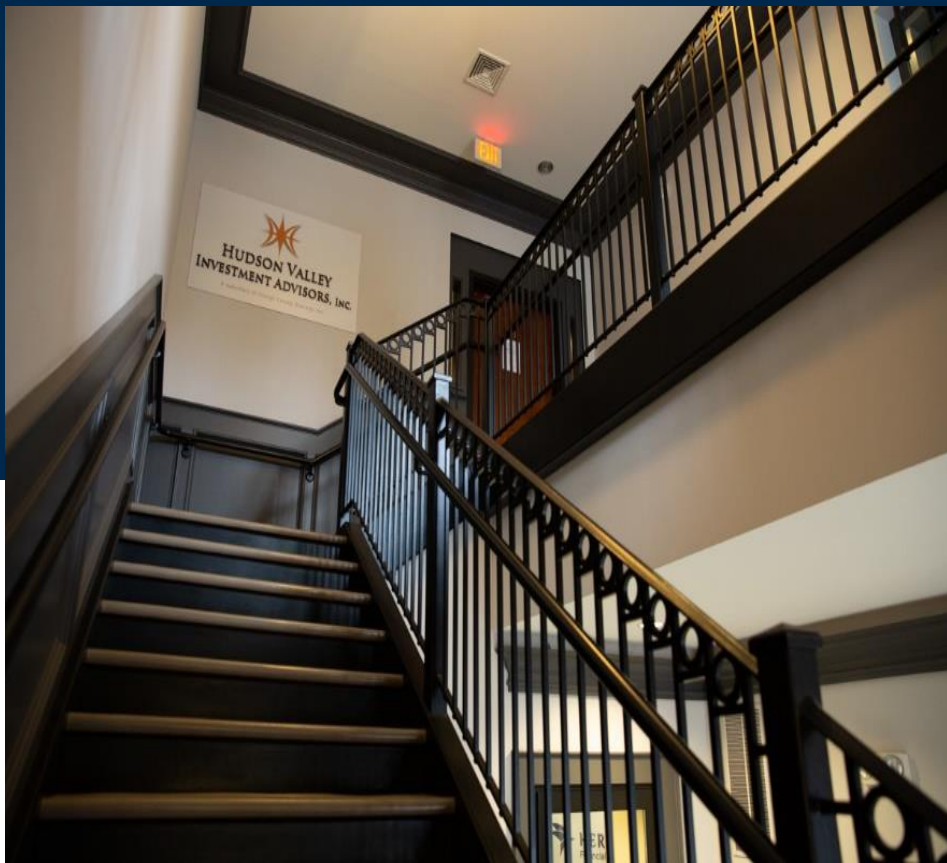
As a **fee only investment advisor**, we do not sell or receive financial reward for any investment vehicles we recommend.

As a **Registered Investment Advisor**, we act as Fiduciary to all the accounts we manage. We are required to put the interest of our clients first.

We **design and construct custom portfolios of individual securities** designed to dovetail with the objectives of our clients.

We employ a group of **experienced and talented professionals** dedicated to achieving the goals our of clients.

***Our registration as an Investment Advisor does not imply any level of skill or training.*



We provide **investment management services** for:

- Pension Funds and Profit Sharing Plans
- Foundations and Endowments
- Corporations
- Individual Retirement Accounts
- Individuals
- Trust and Estates
- Charitable Organizations

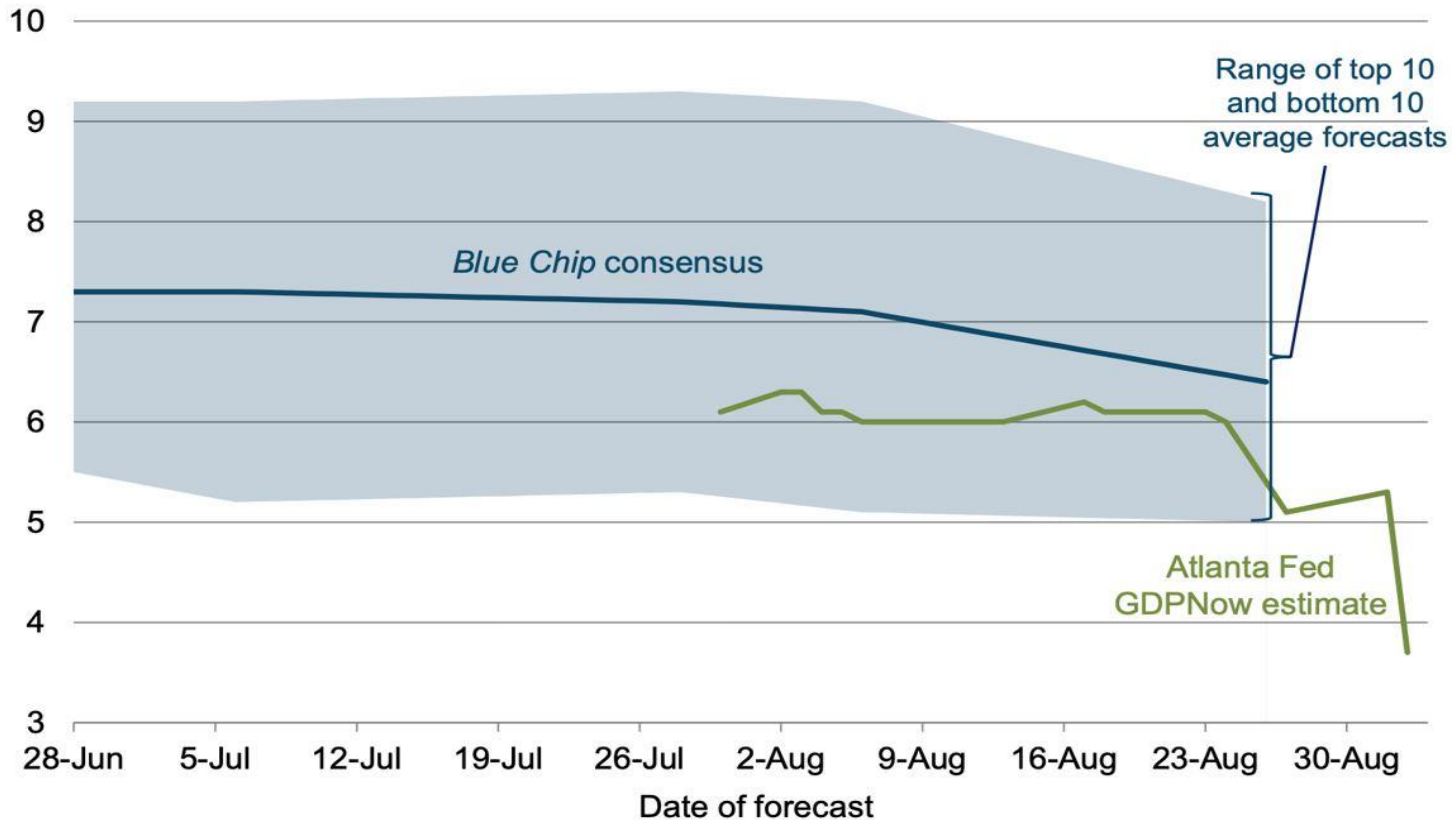


- Economics:
 - Provides perspective
 - Current behavior
 - Allocation of resources
- Perspective and Guidance as to the direction of the economy
- Outlook for the Markets

Don't confuse slowing sales with lack of demand

Evolution of Atlanta Fed GDPNow real GDP estimate for 2021: Q3

Quarterly percent change (SAAR)

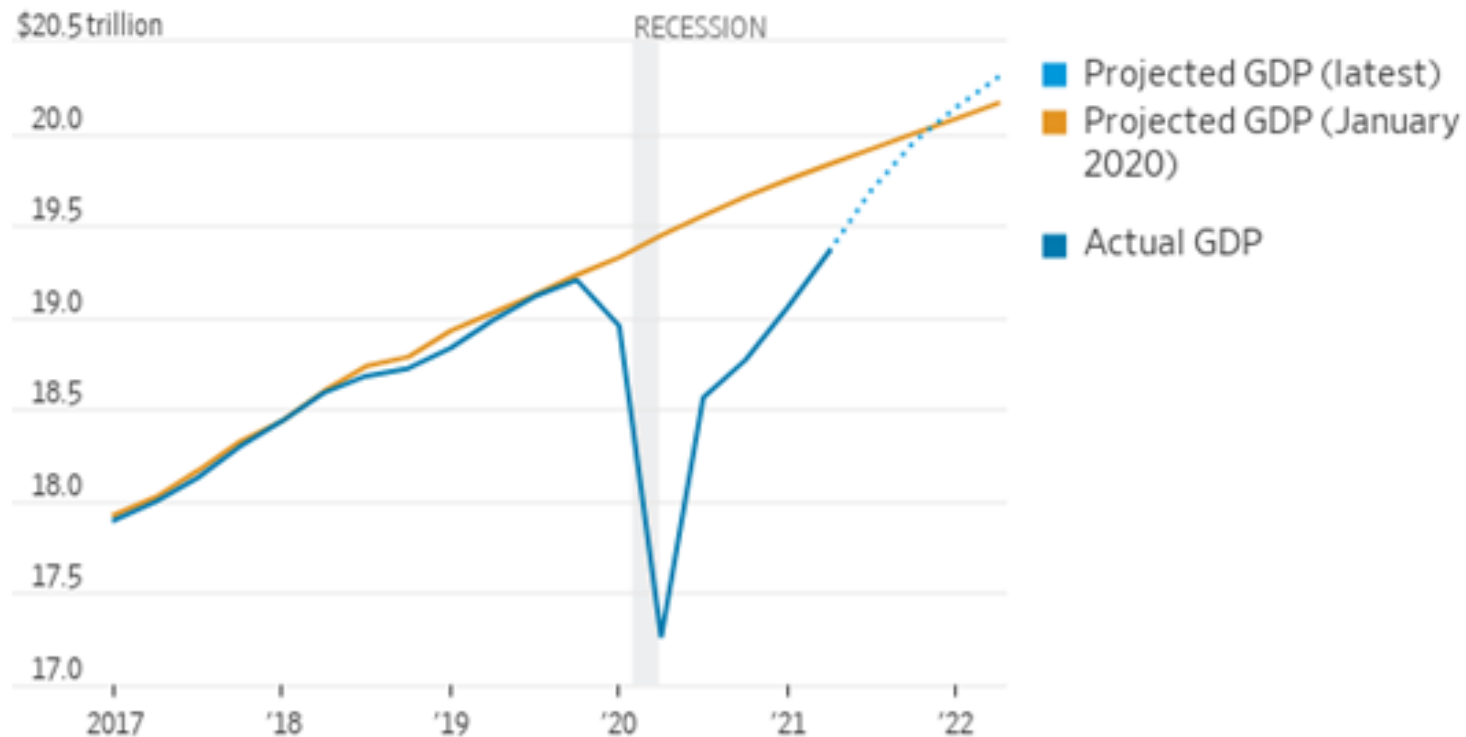


Sources: Blue Chip Economic Indicators and Blue Chip Financial Forecasts

Note: The top (bottom) 10 average forecast is an average of the highest (lowest) 10 forecasts in the Blue Chip survey.

Don't confuse slowing sales with lack of demand

Economic growth since the pandemic

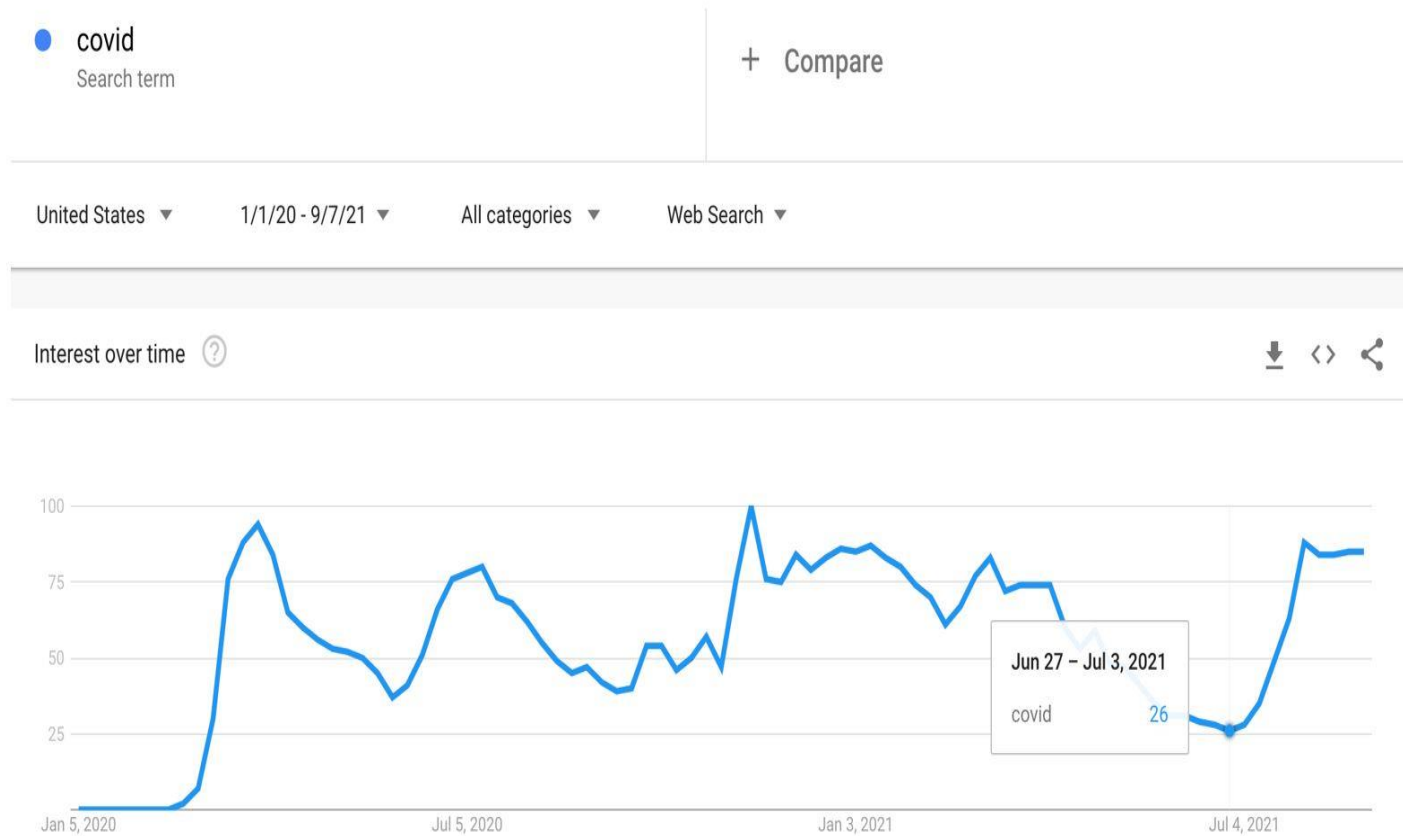


Note: Constant 2012 dollars

Source: Congressional Budget Office (Jan., 2020 projection), Wall Street Journal survey of economists (latest projection), U.S. Bureau of Economic Analysis via Federal Reserve Bank of St. Louis (Actual GDP)

Pandemic Impact

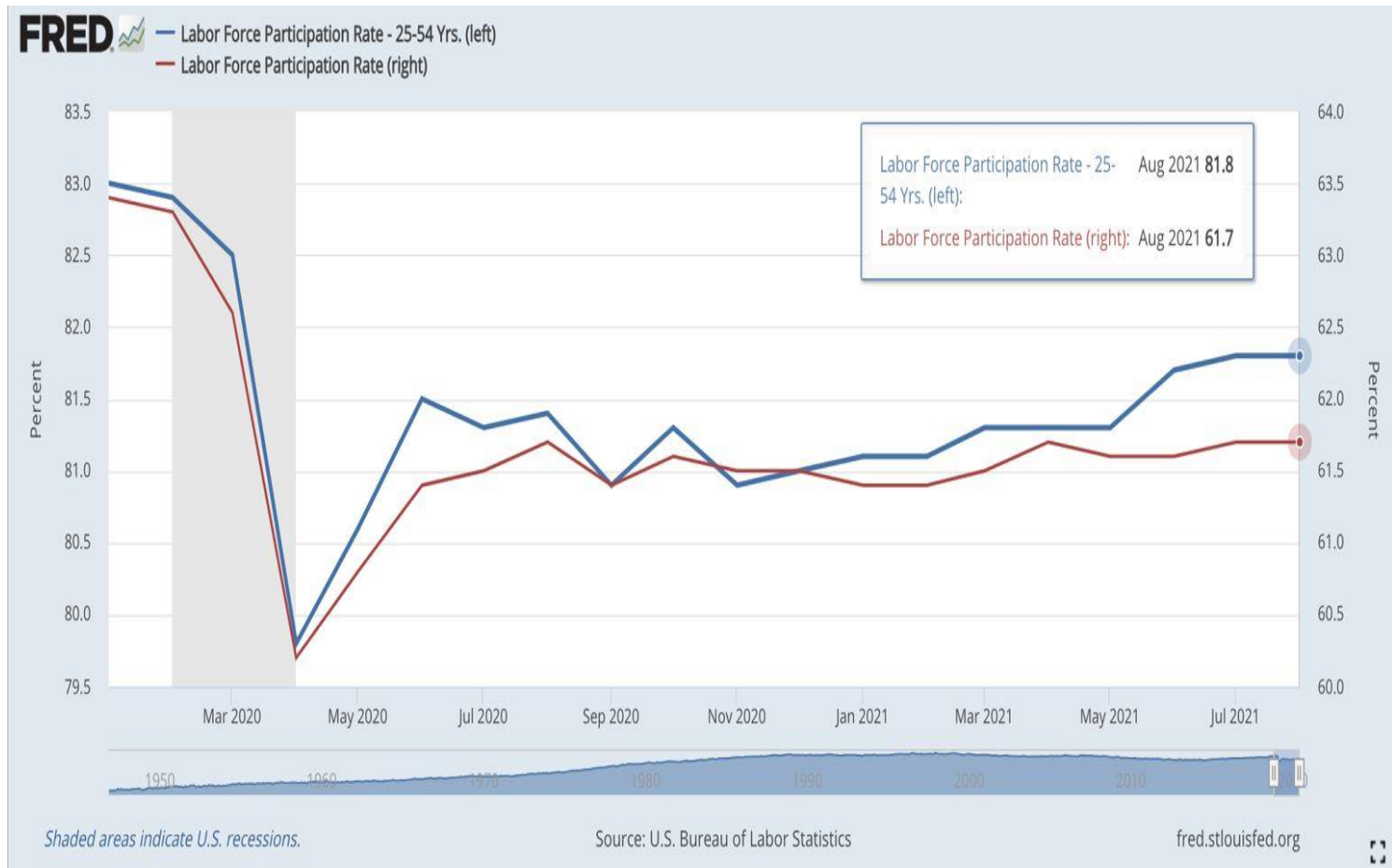
Public Concern with Higher levels of Covid Delta Variant



Source: Evercore ISI, Pandemic Impacts

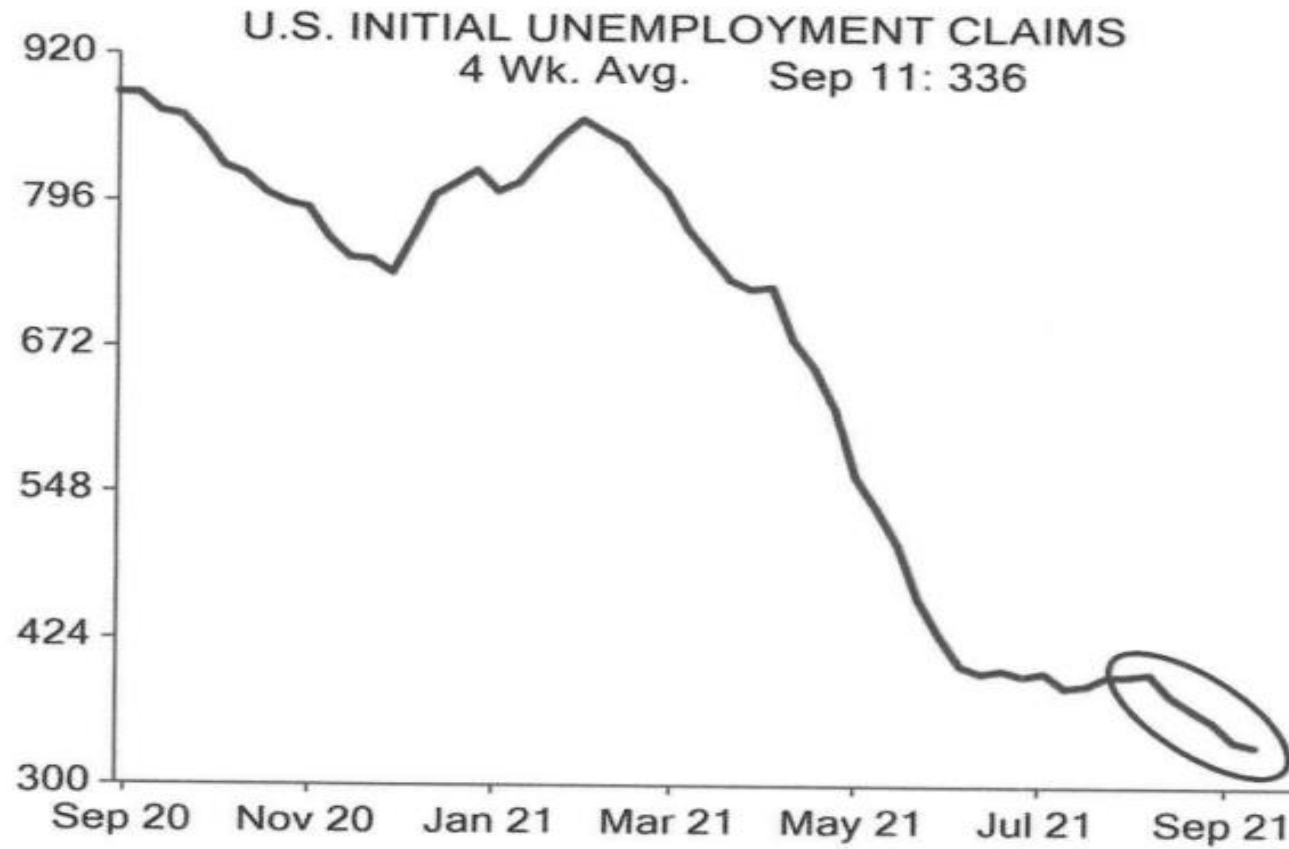
Employment

Retirements Impacting Labor Force Participation



Employment

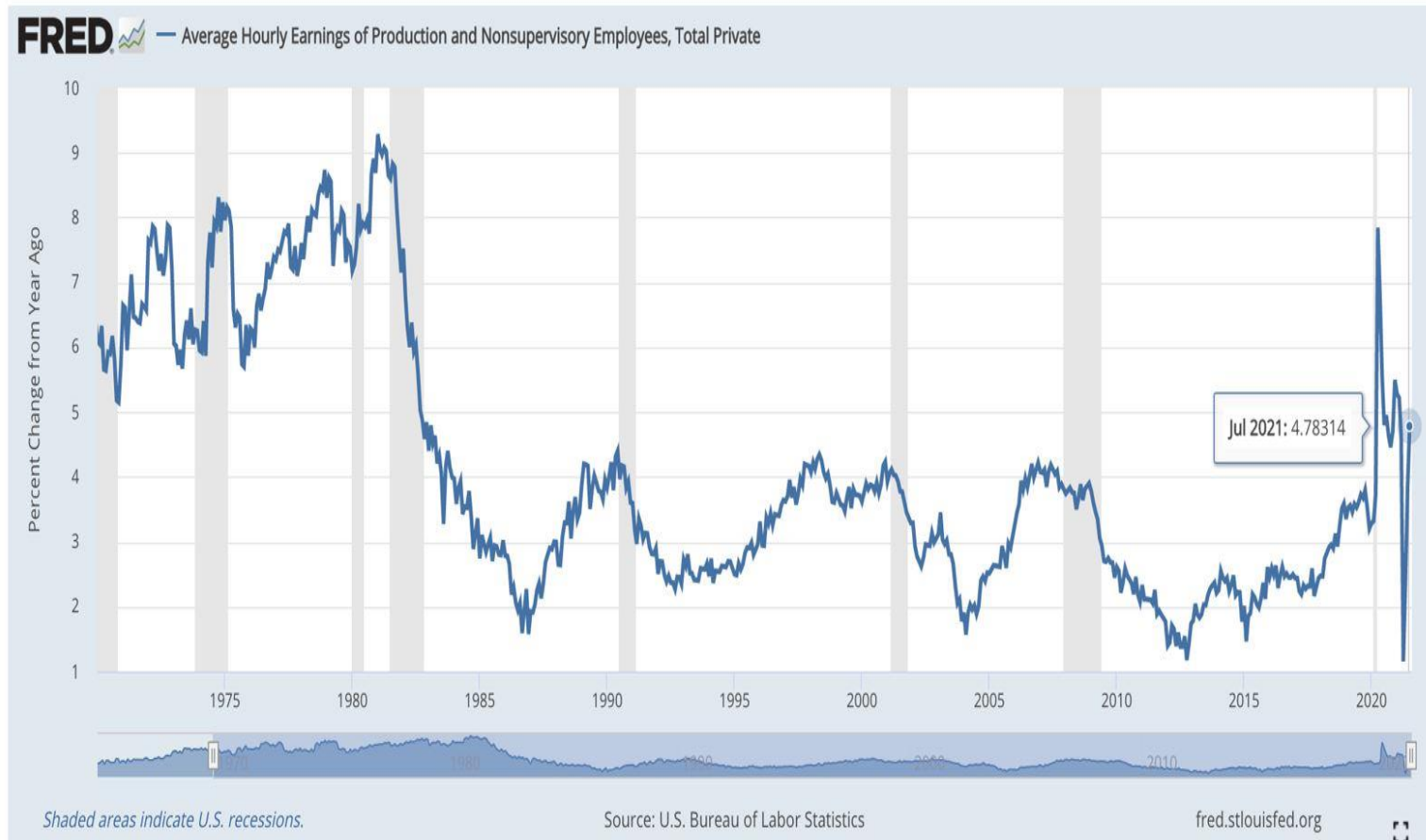
No Layoffs in the past unemployment report – 1st time ever



Source: Google Trends, U.S. Unemployment Claims

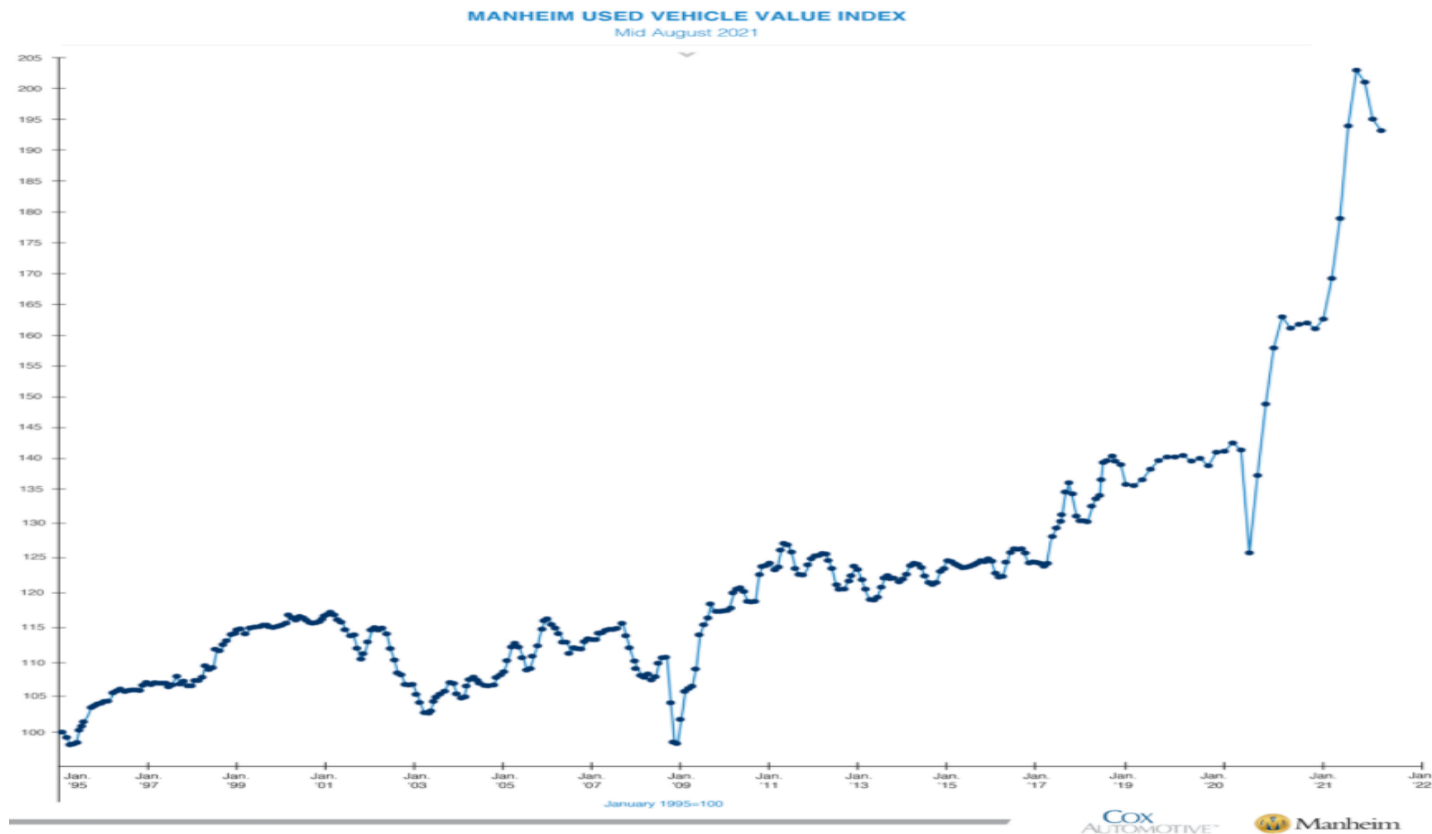
Inflation – Different than the ‘70’s

1970’s COLI / 2021 Bottlenecks



Inflation - Pricing advance is starting to cool

Used Car Prices may have hit a peak

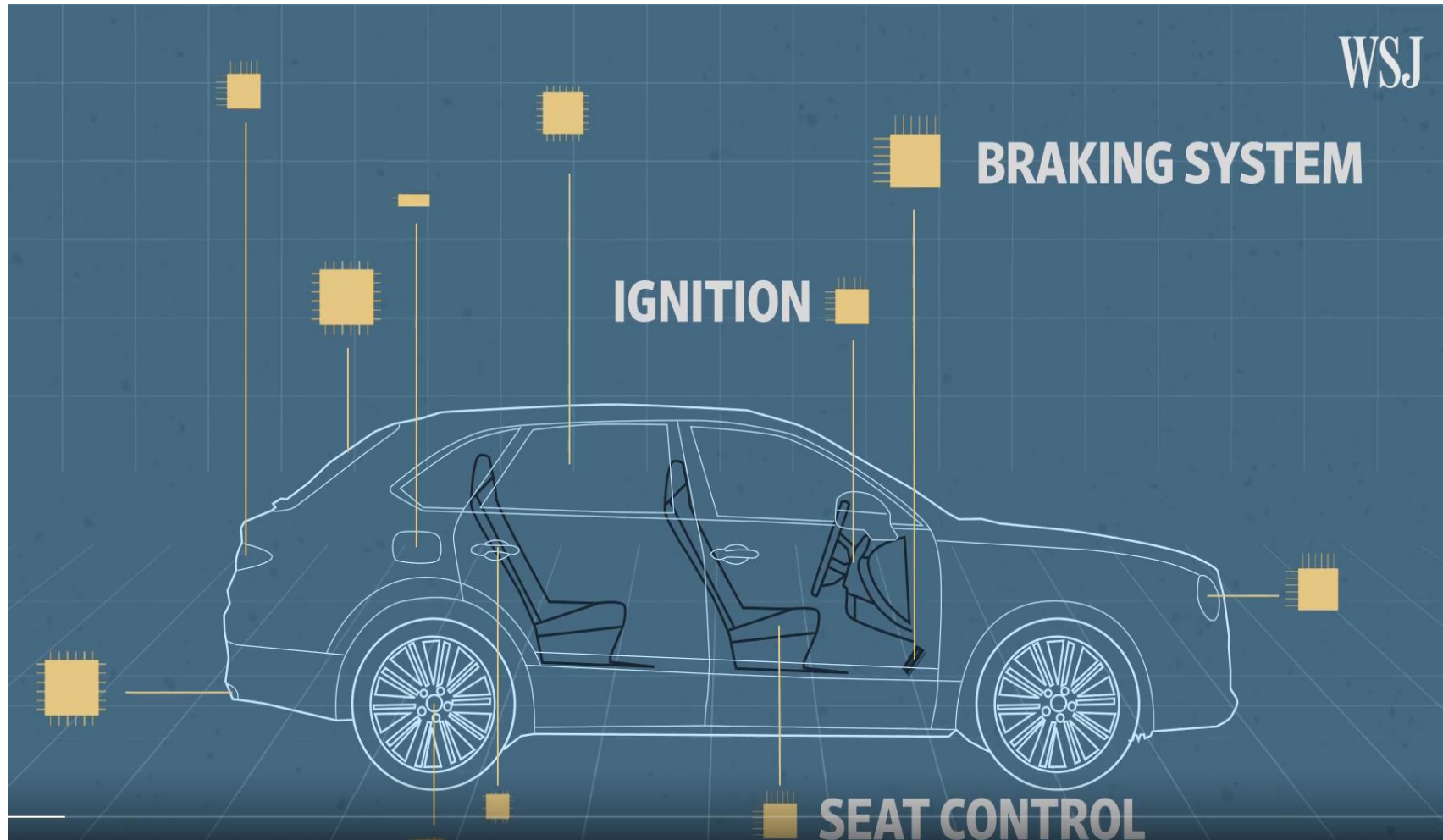


Why will demand remain strong?



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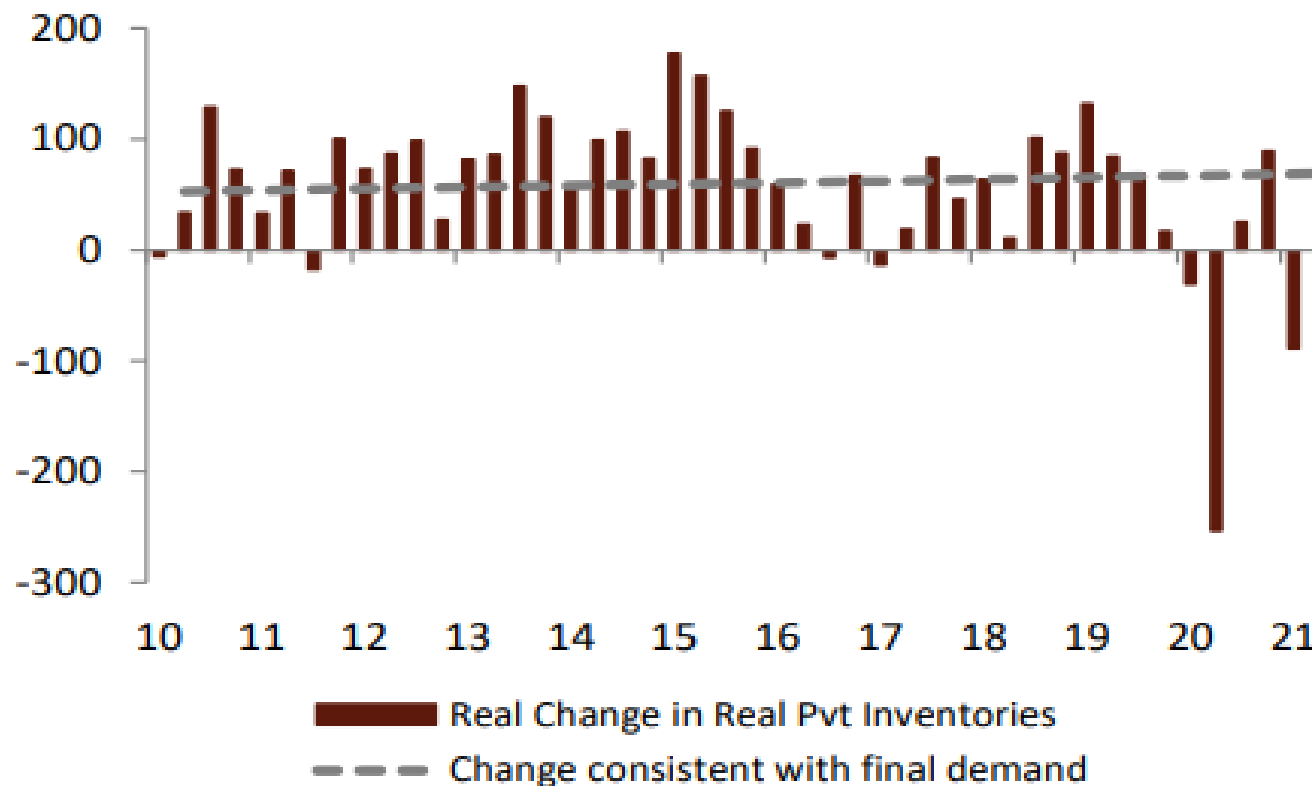
Why will demand remain strong?



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Inventories running below final demand (billions 2012 \$)



Source: Renaissance Macro Research, Haver Analytics

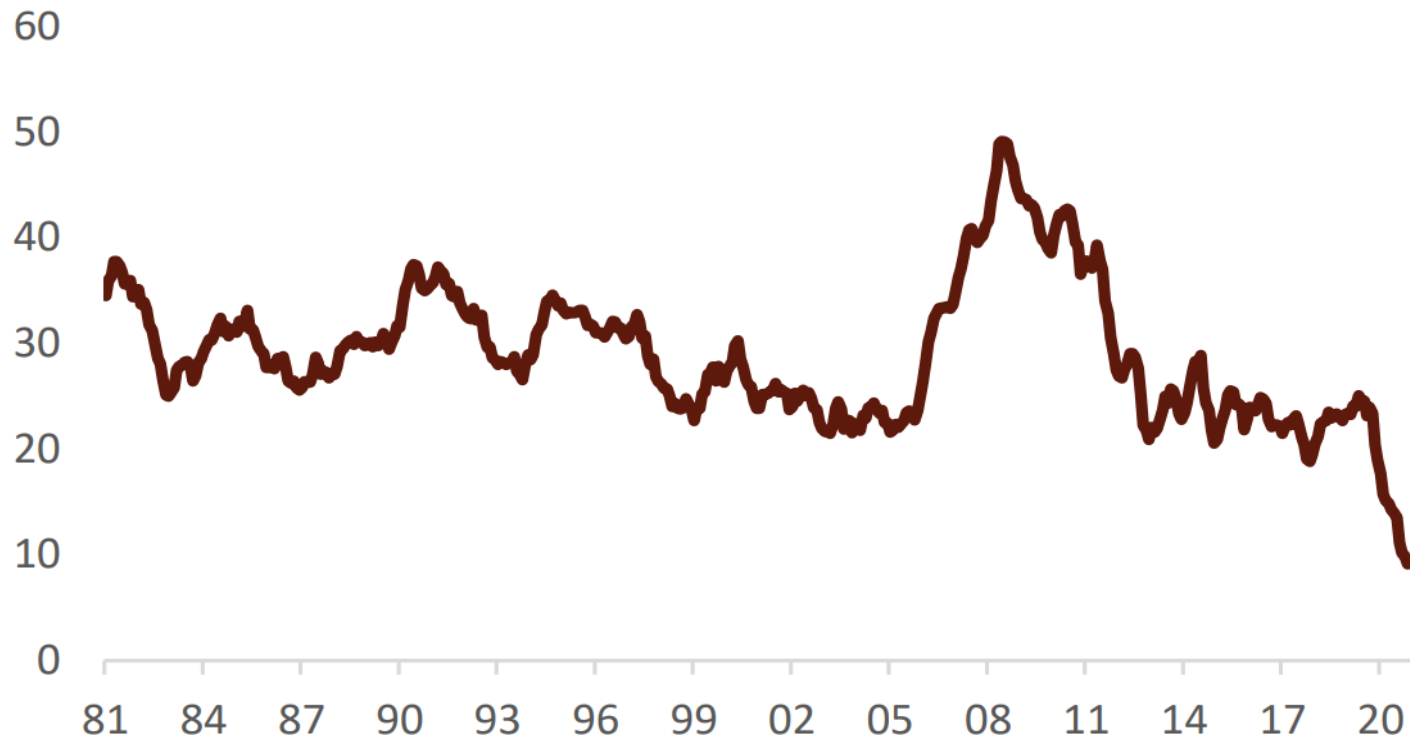
Why will demand remain strong?



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1/3 of homes sold have yet been built

New Houses for Sale (% Completed)



Source: Renaissance Macro Research, Haver Analytics

Why demand will remain strong

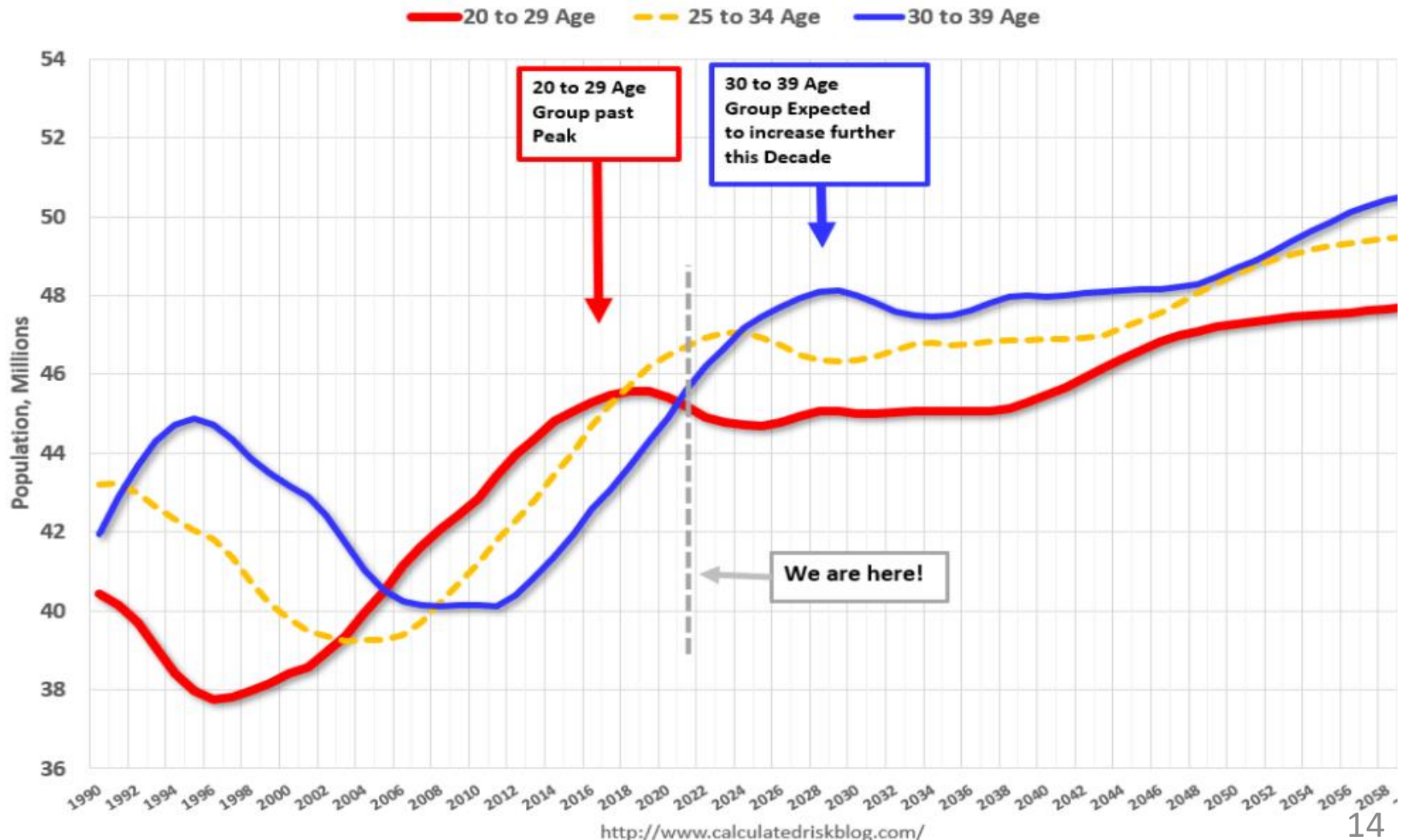
Demographic Support



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U.S. Population for Selected Age Groups, BLS Actual and Projections



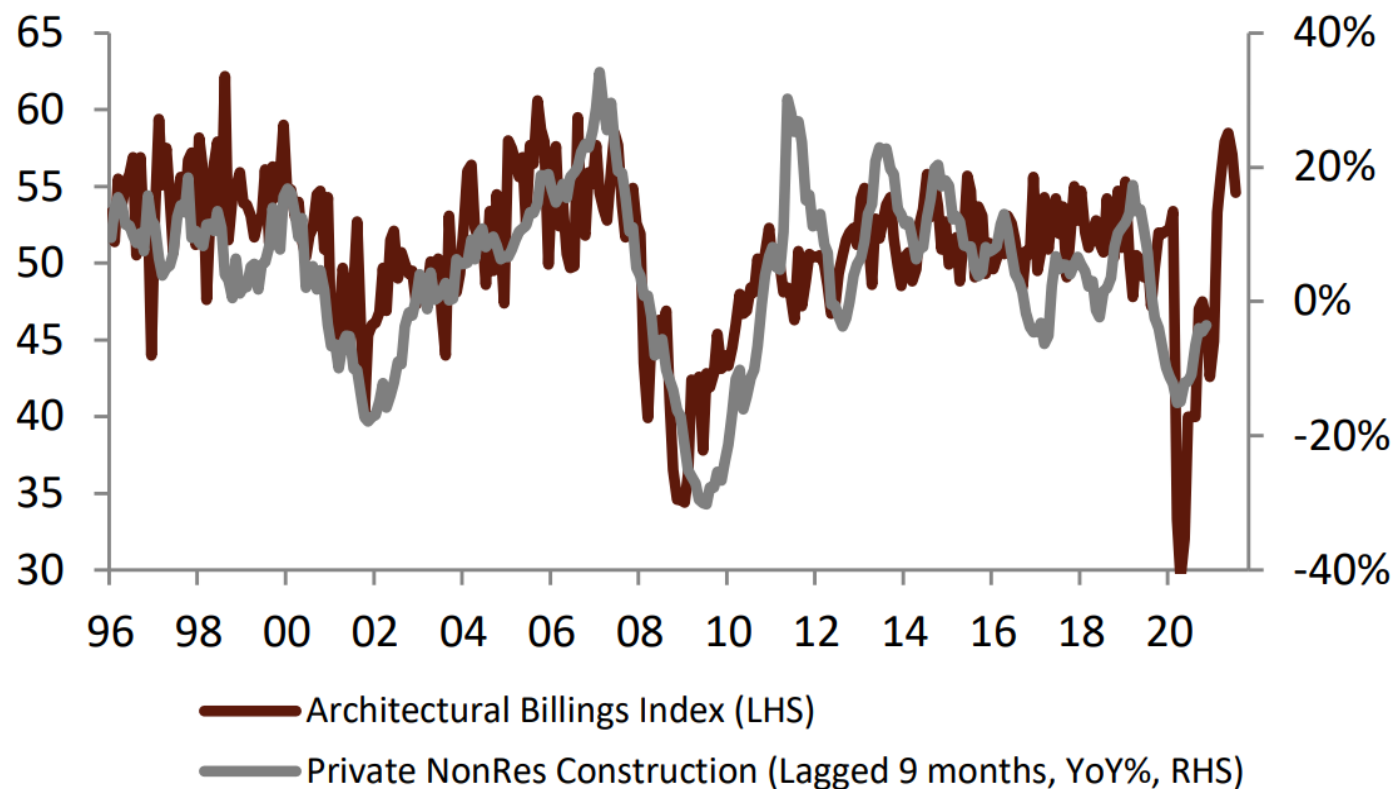
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Commercial Construction pointing to strength

Nonresidential construction to pick up



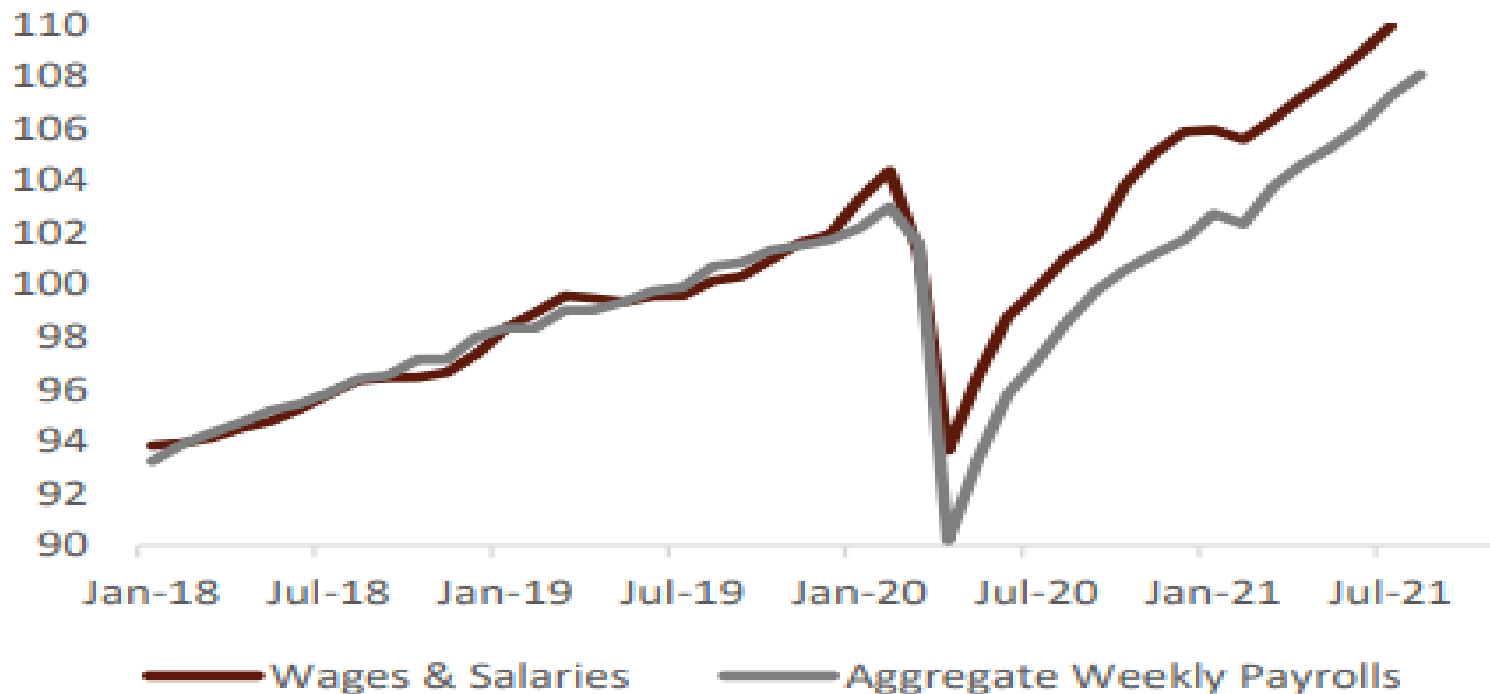
Source: Renaissance Macro Research, Haver Analytics

Why will demand remain strong?



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Aggregate incomes are surging 2019 = 100



Source: Renaissance Macro Research, Haver Analytics

Why will demand remain strong?

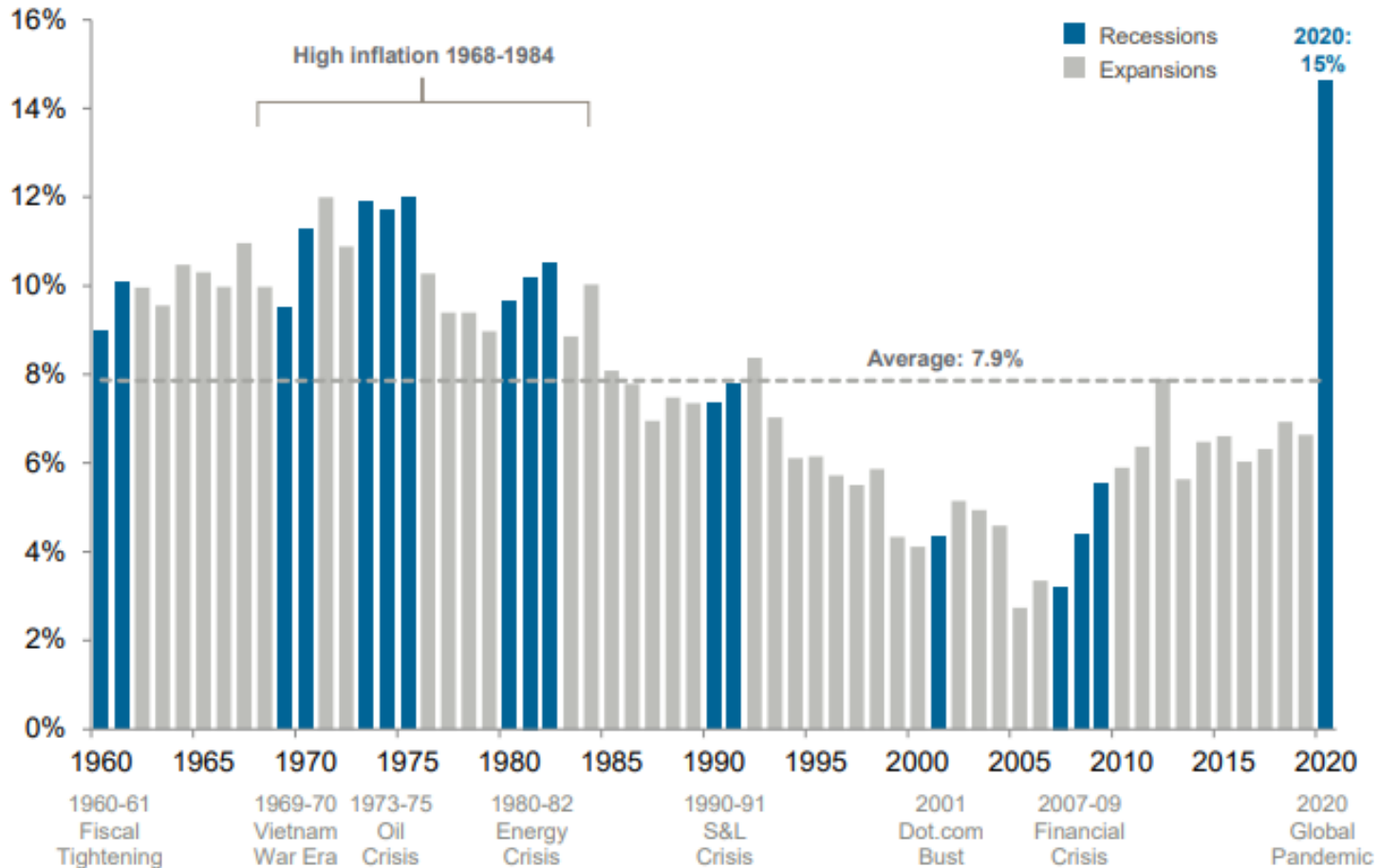


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Personal savings rate

Annual, % of gross income



Source: Federal Reserve

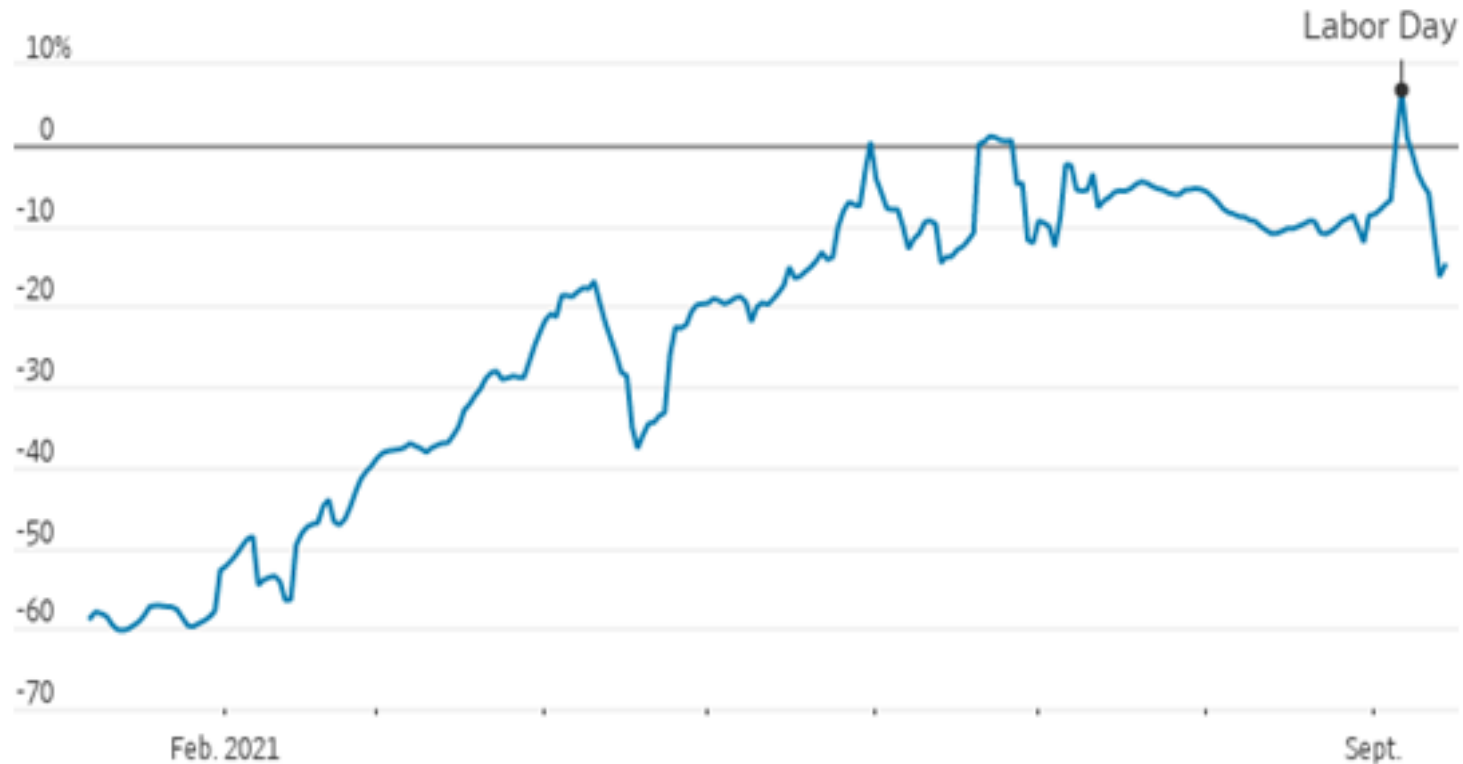
Why will demand remain strong?



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Seated diners from online, phone and walk-in reservations in the U.S., change from same day two years earlier



Note: Seven-day moving average

Source: OpenTable

Why will demand remain strong?

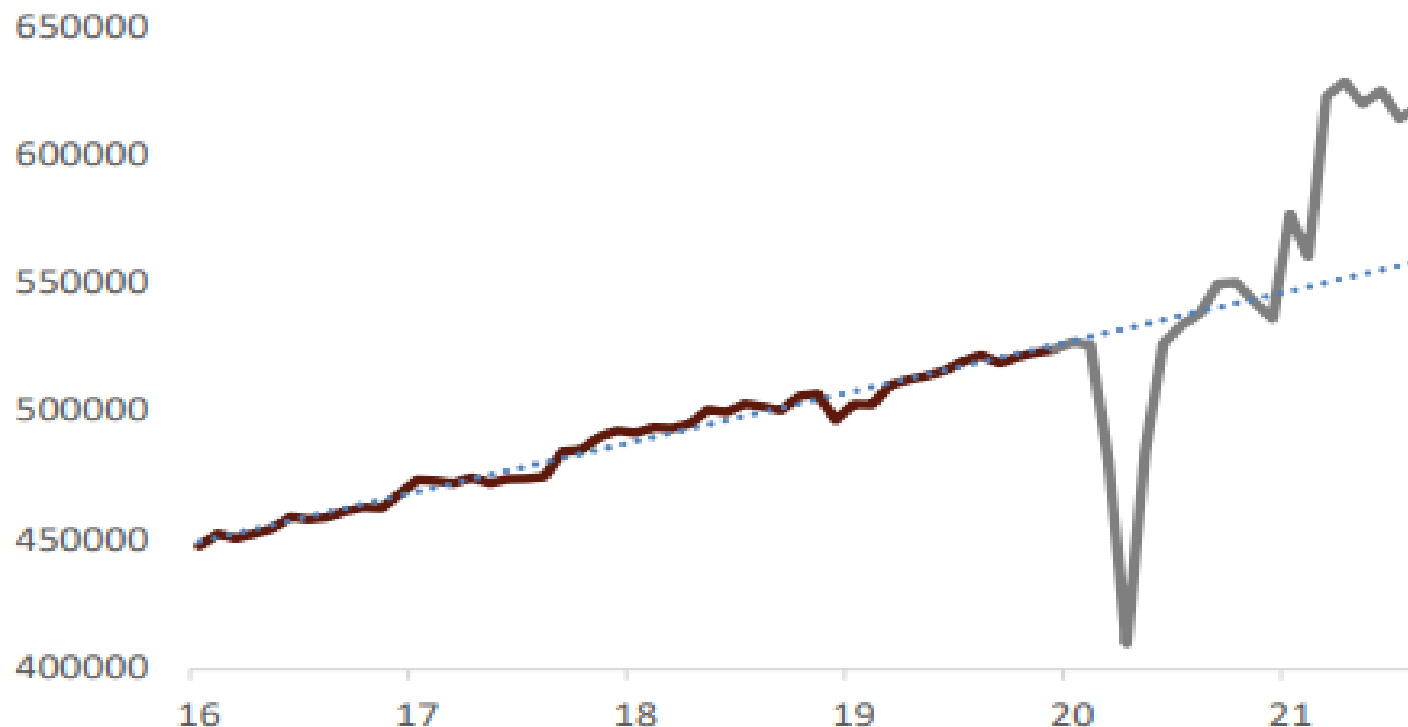


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Retail sales well above trend

Retail Sales & Food Services



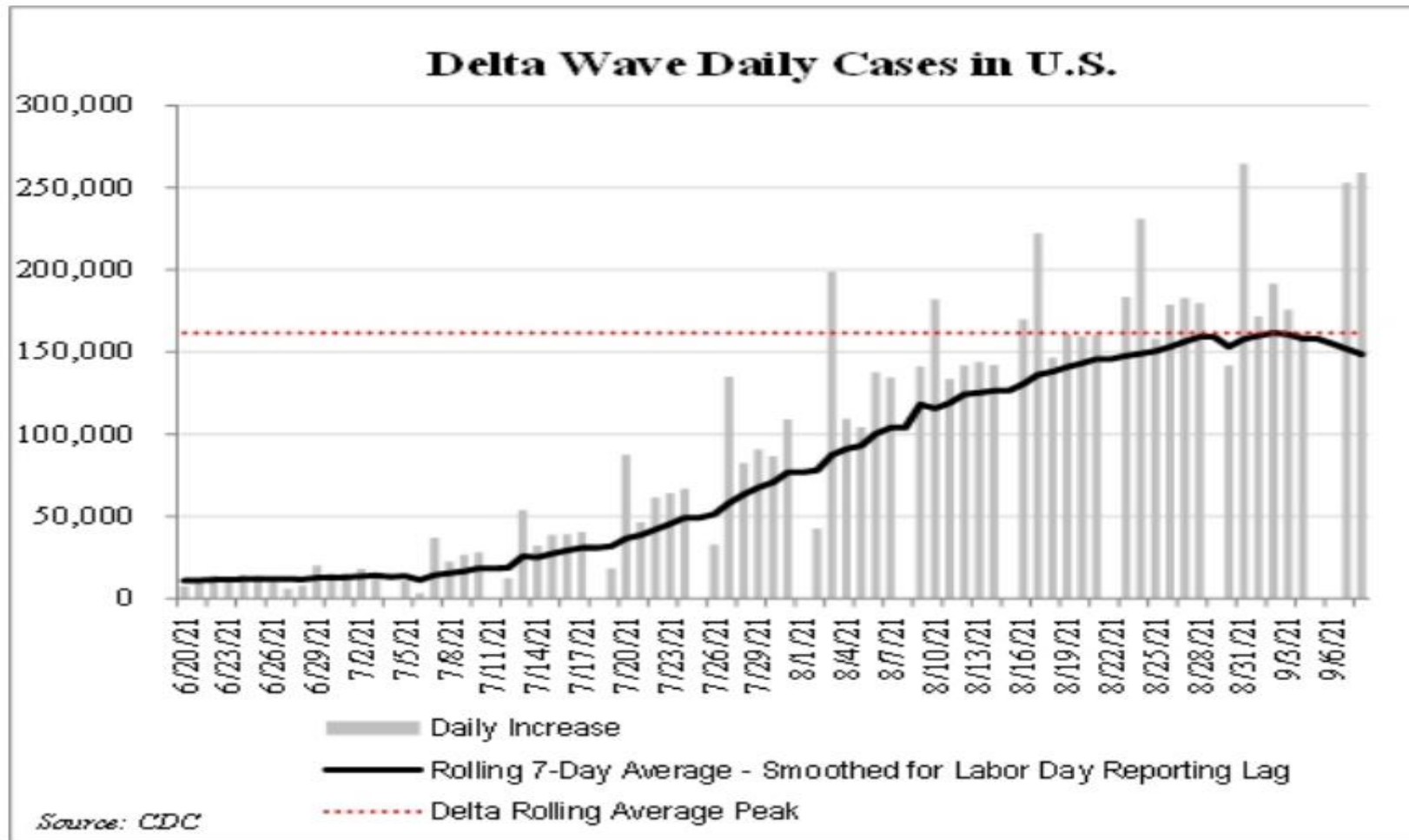
Source: Renaissance Macro Research, Haver Analytics

Covid Impact



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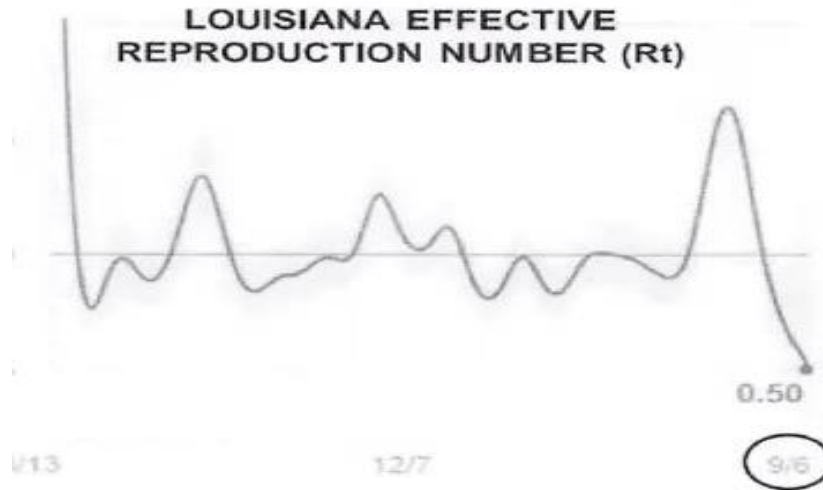


Covid Impact

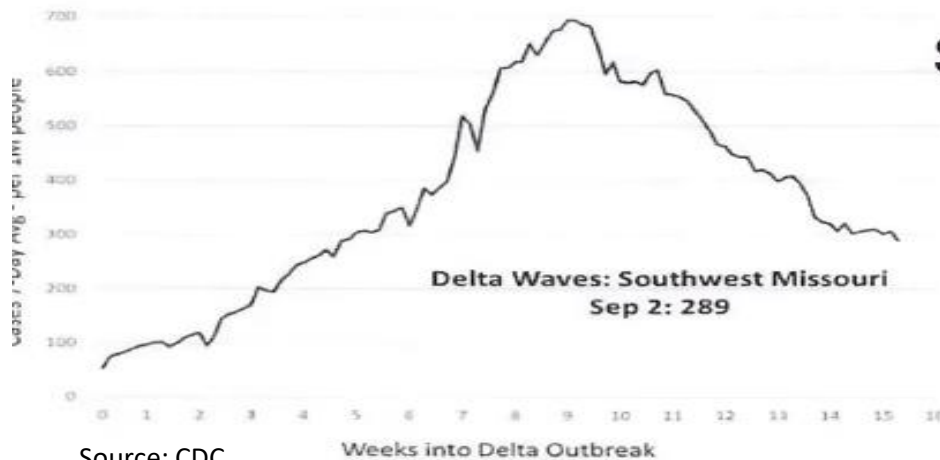


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**LOUISIANA
RATE OF
TRANSMISSION**



**SOUTHWEST
MISSOURI
CV CASES**

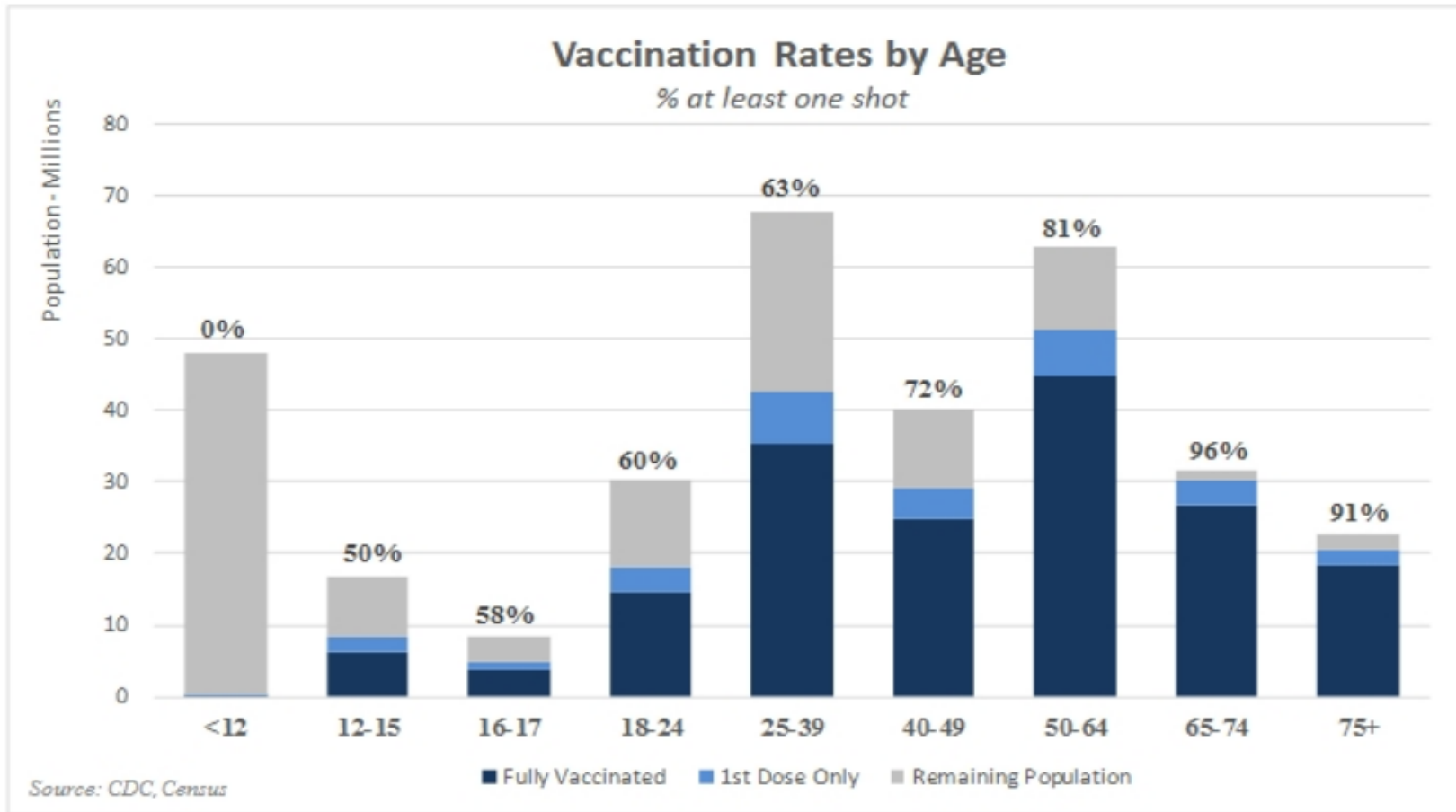
Source: CDC

Covid Impact



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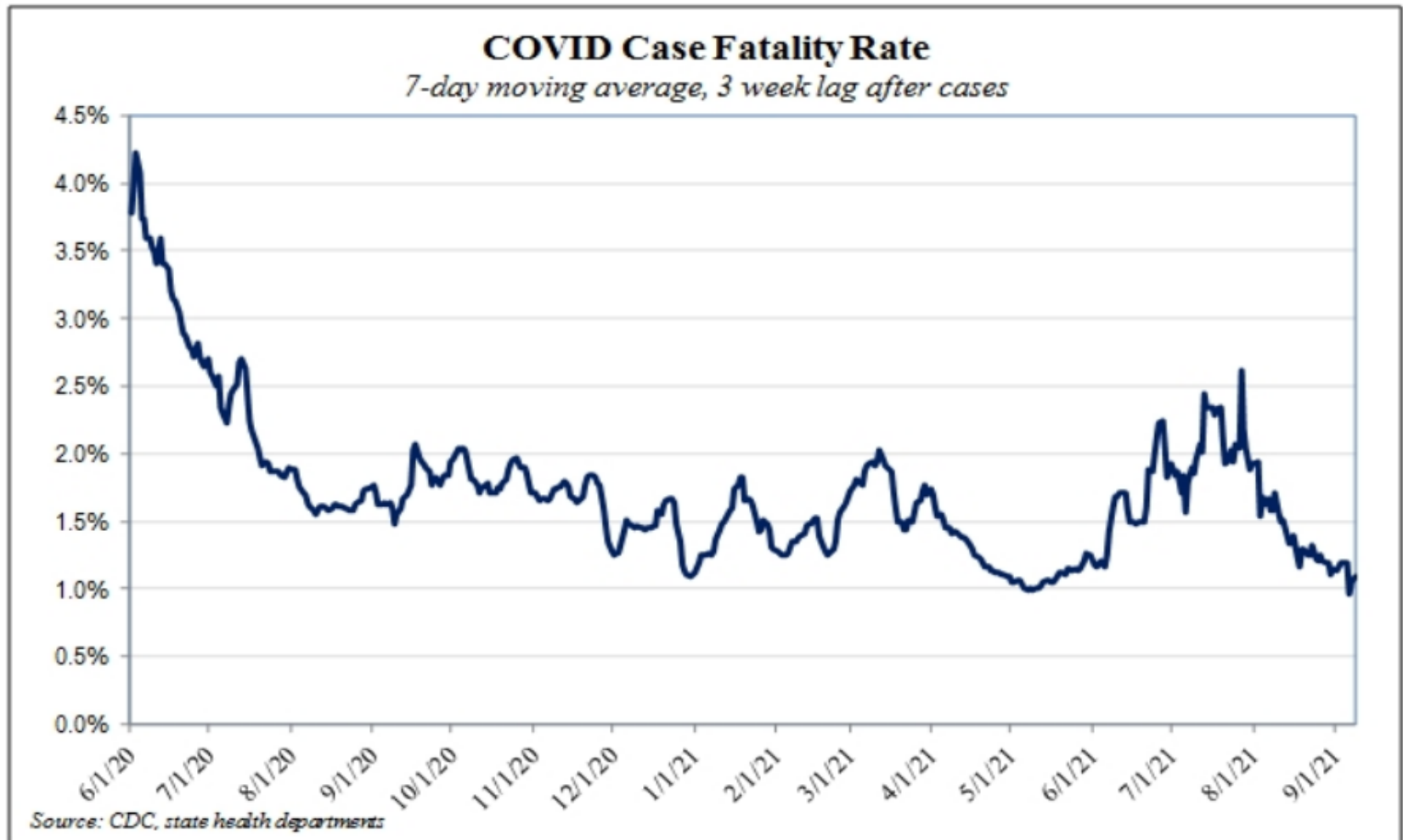


Covid Impact



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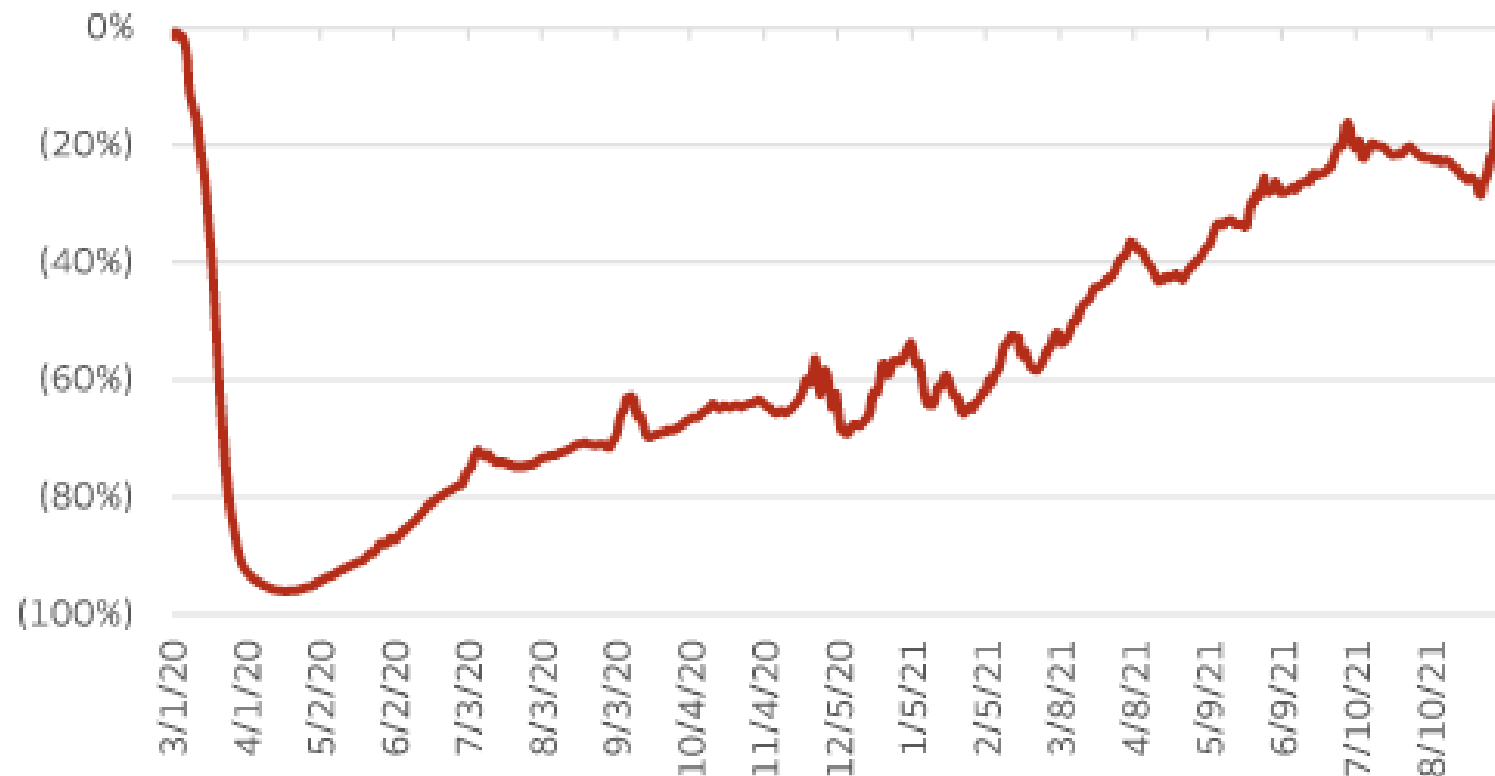
Attitude Toward Covid



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Figure 9 - Chg In TSA Checkpoint Screenings T7 Day Avg



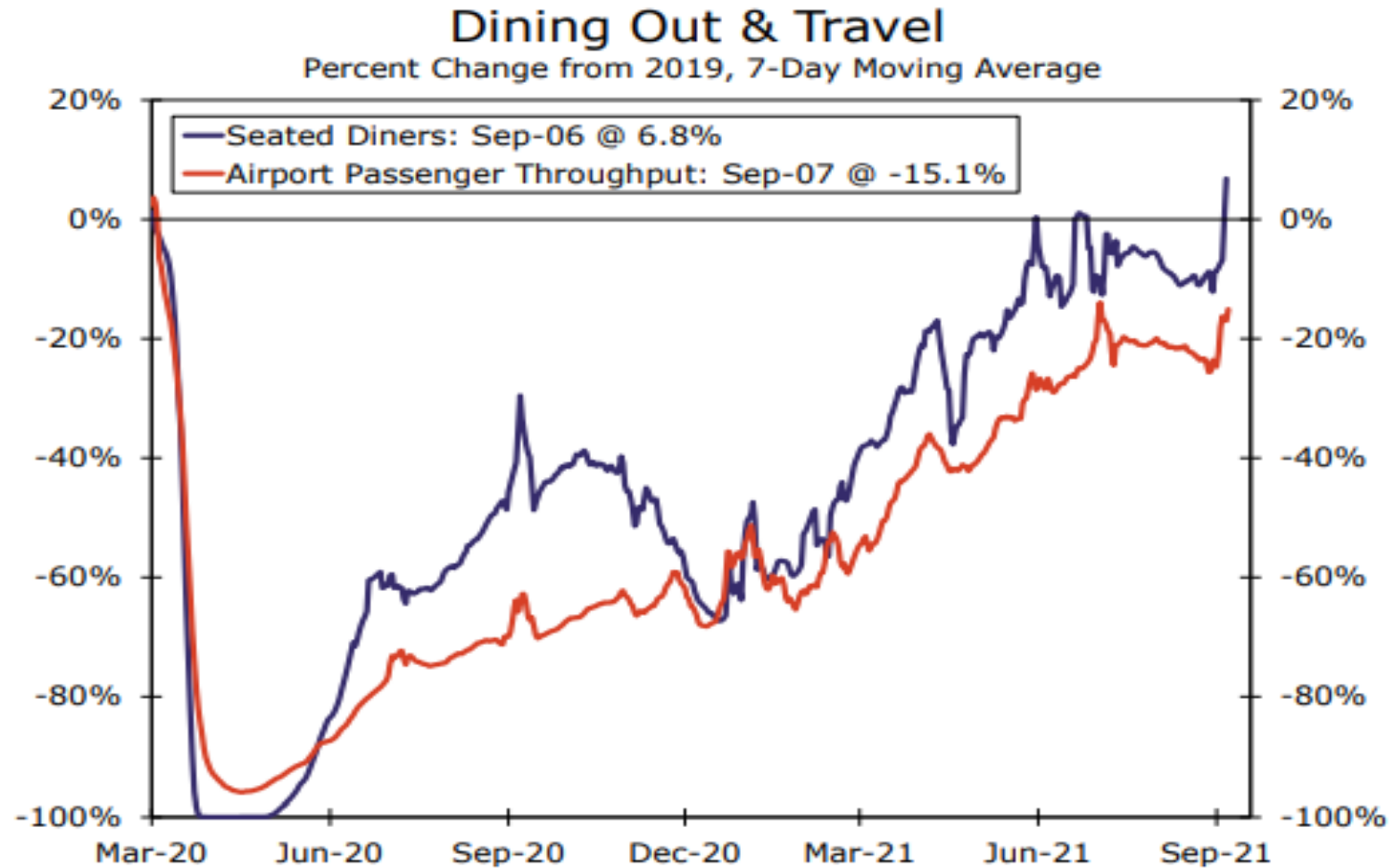
Source: TSA

Attitude Toward Covid



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Source: Bloomberg LP, OpenTable, TSA and Wells Fargo Securities

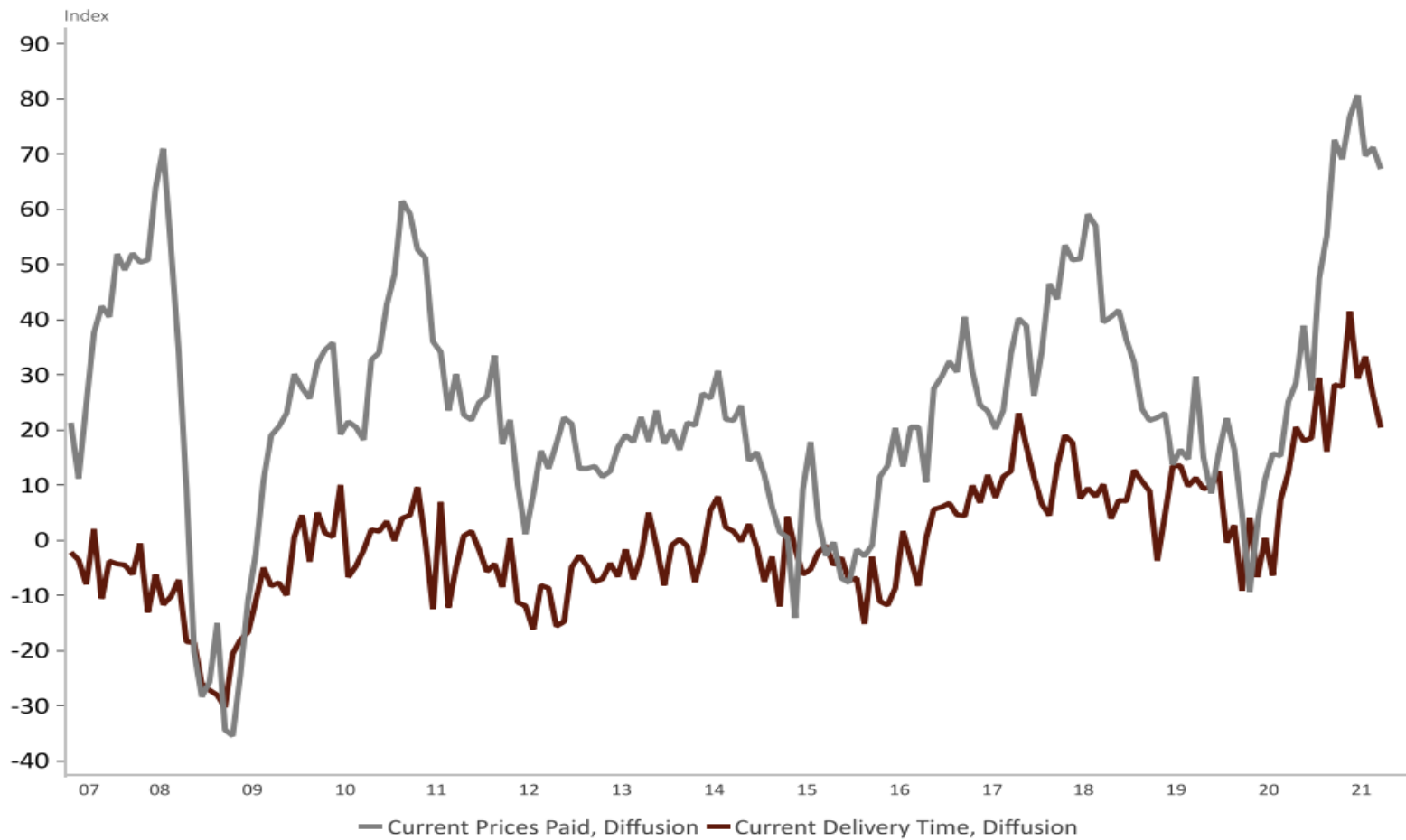
Easing of constraints?



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Delivery times easing



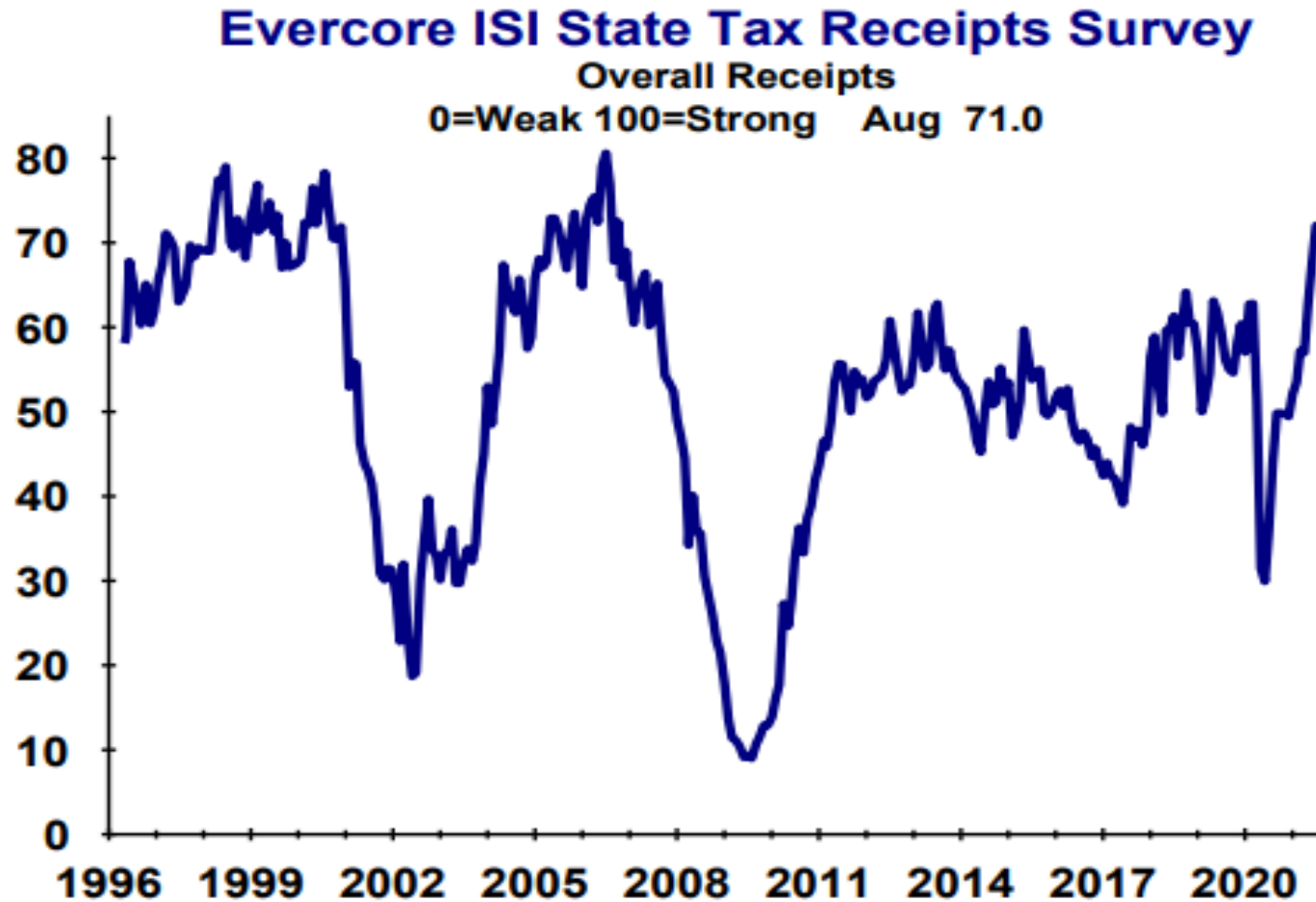
Source: Renaissance Macro Research, Macrobond

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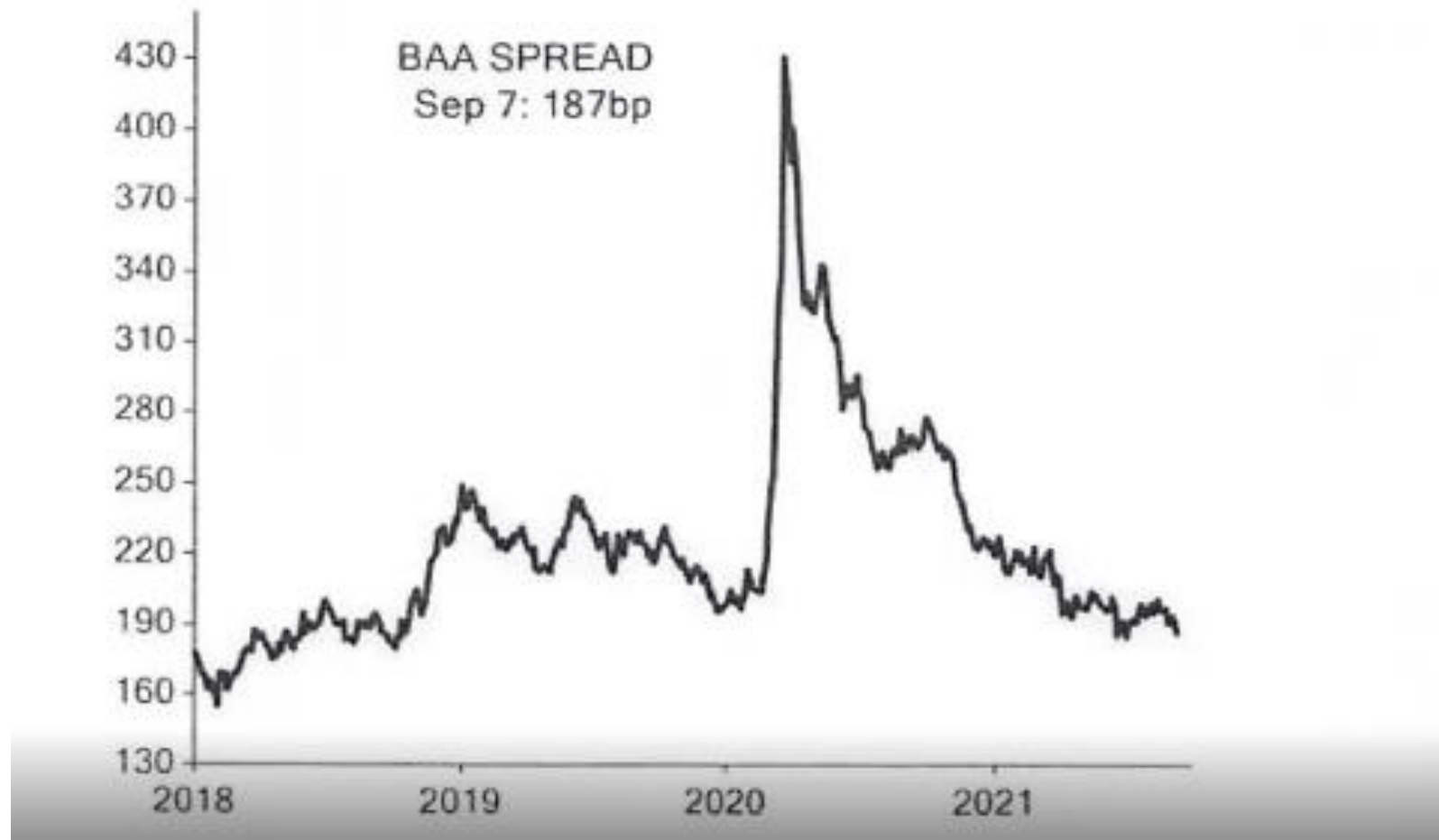


Risk



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Source: ISI

Long Term Interest Rates

Interest Rates and Inflation



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Nominal and real 10-year Treasury yields



Source: BLS, FactSet, Federal Reserve, J.P. Morgan Asset Management.

Real 10-year Treasury yields are calculated as the daily Treasury yield less year-over-year core CPI inflation for that month except for January 2021 where real yields are calculated by subtracting out December 2020 year-over-year core inflation.

Guide to the Markets – U.S. Data are as of January 31, 2021.

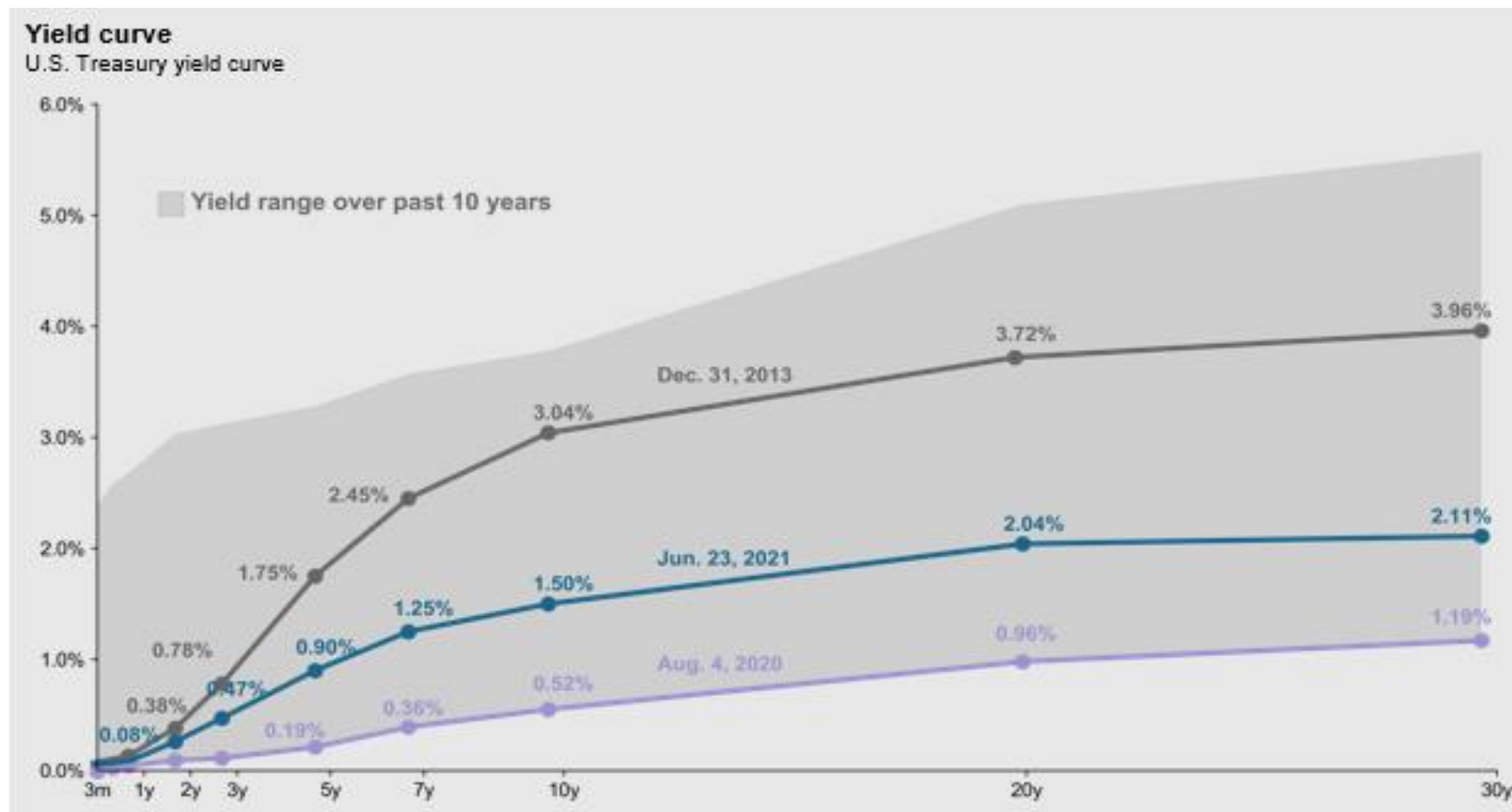
Current Thought Process

Yield Curve



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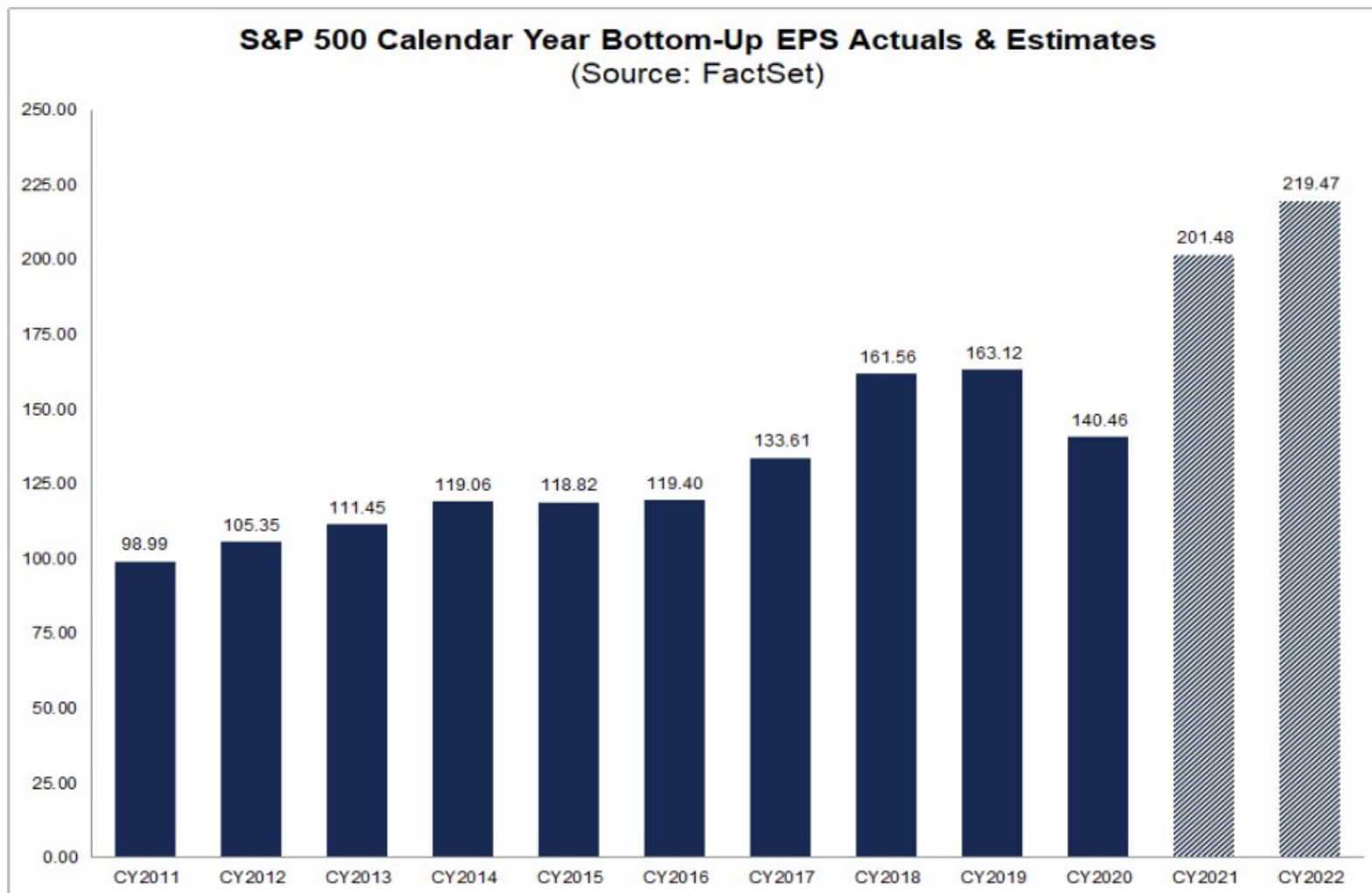
Source: FactSet, Federal Reserve, J.P. Morgan Asset Management.
Guide to the Markets – U.S. Data are as of June 23, 2021.

Current Thought Process: Corporate Earnings Trajectory



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Source: Factset



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