

JUNE 2026

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# The Three Tailwinds Have Shifted.



**Samford University**

**Brock School of Business**

## *A Banker's Guide to the Southeast Economy*

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Prepared for

**The First National Bankers Bank**

*Annual Summer Conference*

Sandestin, Florida · 8 June 2026

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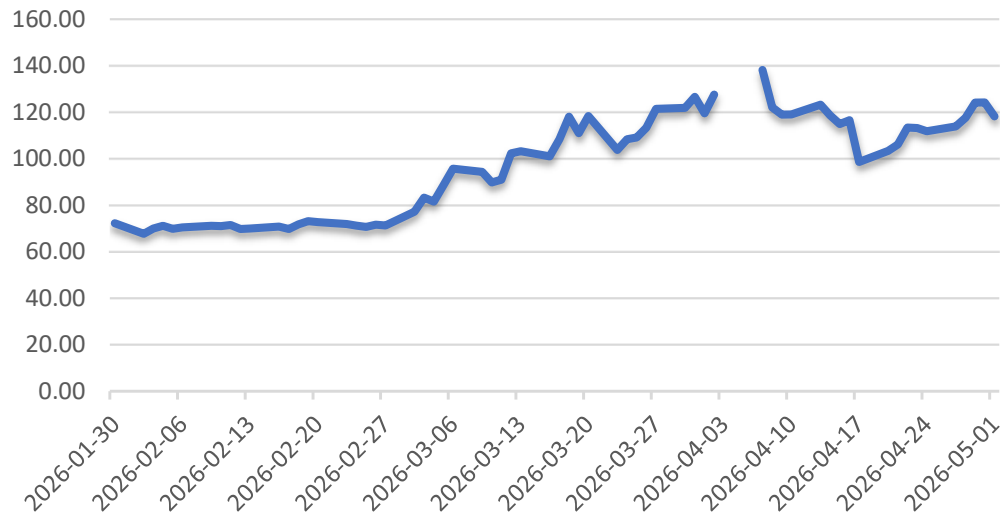
**Jeremy P. Thornton, Ph.D.**

*Dwight Moody Beeson Chair of Business · Samford University*

THE WINDS TURNED

The thesis of this talk is playing out on your television.

BRENT CRUDE



APRIL 10, 2026

US Navy enforces a blockade of Iranian ports

APRIL 17, 2026

Strait of Hormuz briefly “open,” then not

APRIL 22, 2026

Peace talks stall; Brent closes at \$101.91

**For** forty years, US naval dominance silently guaranteed that a tanker leaving the Gulf would reach your refinery.

# The world economy was running on three discounts for the past 40 yrs.

Three geopolitical events made commodities, labor, and secure transport historically cheap.

## DISCOUNT 01

1991

### Soviet collapse

#### Commodities

Oil, gas, metals, and grain flooded global markets.  
Global aluminum prices fell 50% by 1993.

Real global wheat prices dropped 40%.

Spot uranium prices crashed below \$10/lb.

*For thirty years, global firms priced shipping as if the US Navy were a free input. It was not free. It was just not on their invoice.*

## DISCOUNT 02

2001

### China joins WTO

#### Labor & goods

~250M workers entered global production.

US goods prices fell 7.6% from 2001 to 2020.

## DISCOUNT 03

1991

### Gulf War I

#### Secure transport

Global "war risk" insurance premiums at <0.15% of hull value for three decades, now 5%-7.5%.

Global container throughput scaled 26-fold between 1990 and 2020 without requiring armed merchant escorts.

THE REVERSAL

# Today, those discounts are being repriced.

*Each force that powered the deflationary era is now reversing — for reasons that have nothing to do with whoever sits in the White House.*

2022

## Ukraine Invasion

### Fewer commodities

Bloomberg commodity index up 36%

31% escalation in global fertilizer prices

Brent crude prices up 55% since pre-invasion

2014

## China demographics

### Fewer workers

China's working-age population peaked in 2014 at approximately 1 billion individuals.

China recorded only 7.92 million births in 2025, a number last seen during the Qing Dynasty in 1730.

Across 37 of the OECD economies, TFR has fallen structurally below the 2.1 population replacement threshold.

2026

## Global transport

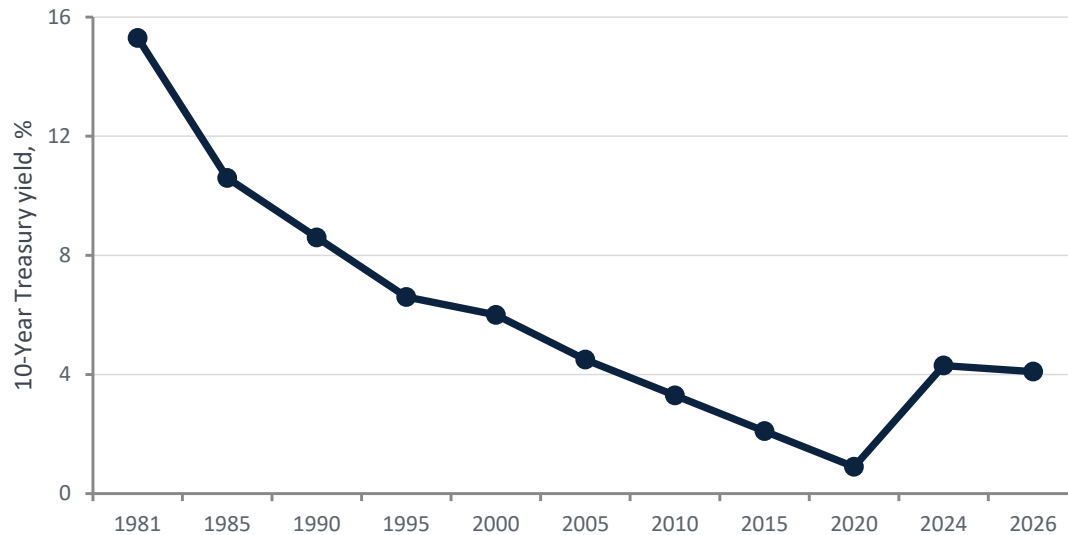
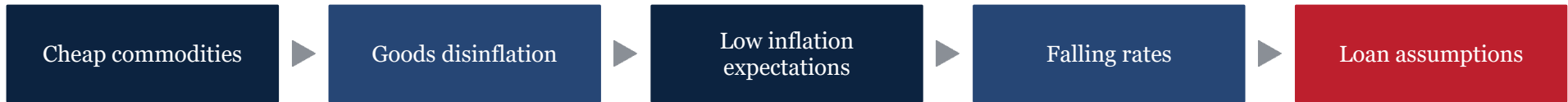
### Less shipping

Maritime war risk premiums surged to 5.0% of a vessel's hull value.

Traffic through the Strait of Hormuz dropped to zero by late March 2026.

# Cheap inputs became cheap money.

*The Great Disinflation. Falling bond yields were the consequence of three structural discounts.*



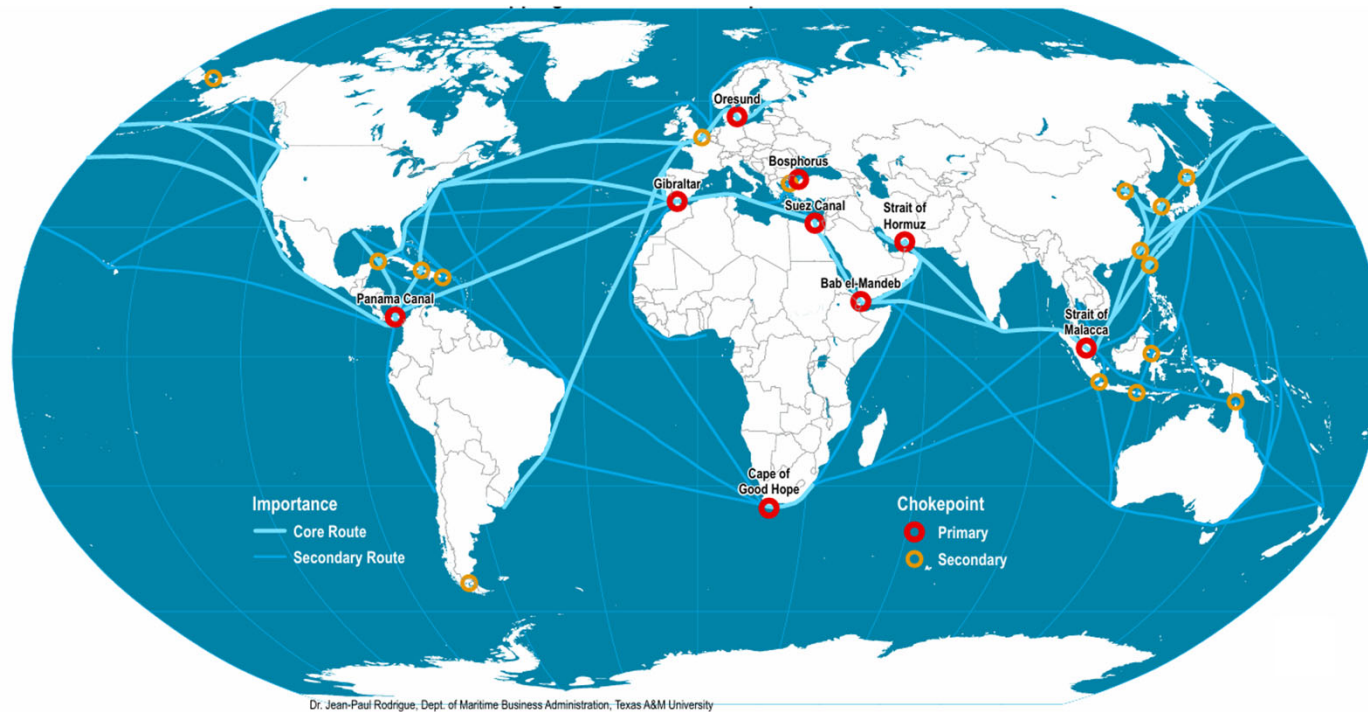
## WHAT THIS MEANS NOW

- If the inputs aren't cheap, the money won't be either.
- The rate floor will be higher than your last cycle.
- Stress-test fixed-rate books against a 4%+ structural floor.

ROADMAP

# The next century will look more like the 18<sup>th</sup> than the twentieth...

*From Tailwinds to Chokepoints*

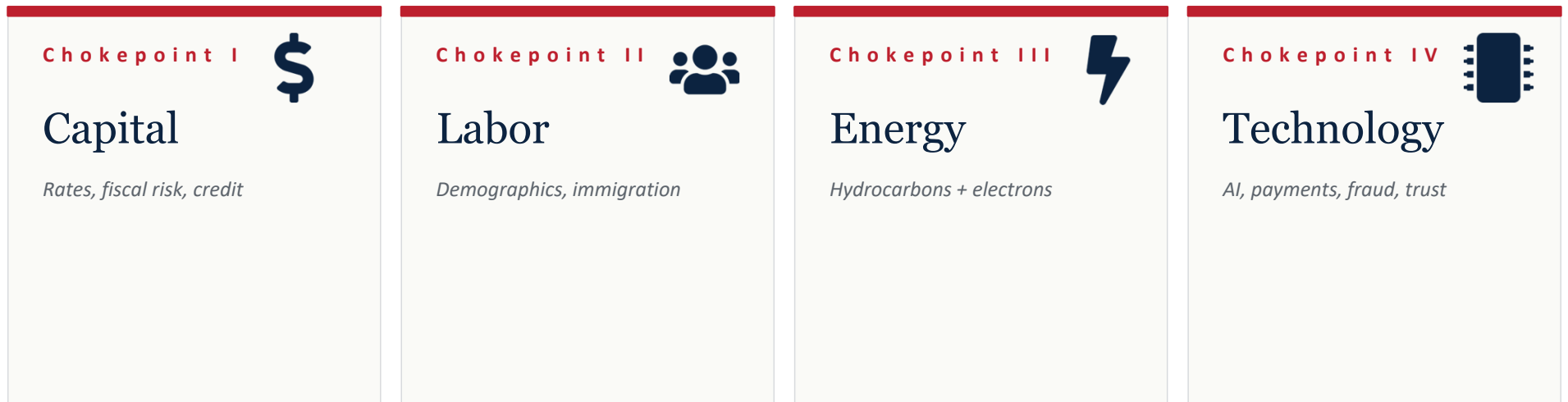


ROADMAP

# The next century will look more like the 18<sup>th</sup> than the twentieth...

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*From Three Tailwinds to Four Chokepoints*



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SECTION I

# The Capital Chokepoint.

*Rates, fiscal risk, and the higher cost of keeping inflation anchored.*

- 01 \$1 trillion in annual interest. Fiscal dominance makes the Fed's policy box smaller.
- 02 Monetary policy works best in a demand-shock world. This is not that world.
- 03 America can win — and rates can still rise. Underwrite the coupon, not the spread.

## CAPITAL SCARCITY

# Capital is scarce — and the Fed cannot fix it.

*More public borrowing raises the risk-free floor. Rate cuts cannot manufacture workers, ships, or oil.*



### BANKER TAKEAWAY

1. Federal debt past 100% of GDP. \$1T+ annual interest crowds out private capital.
2. The Fed was built for demand shocks — not supply constraints like labor, energy, and shipping.
3. Higher risk-free floor + supply-side inflation = structurally higher coupons.
4. Stress-test DSCR against the coupon — not just the spread.

## Two Markets, Two Signals

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*Higher base rates do not imply a credit crunch.*

MARKET SIGNAL	WHAT IT MEANS IN A SUPPLY CONSTRAINED WORLD
Higher Treasury yields	Reindustrialization, deficits, term premium, capital scarcity raise the risk-free floor.
Tight credit spreads	US corporate credit still looks attractive relative to global alternatives.
Higher all-in coupons	The borrower pays more even if spreads do not widen.
Southeast growth	Winning regions need more capital, labor, power, & infrastructure.
<b>Southeast Banks</b>	Underwrite the coupon— not just the spread.

*The US may be the best house in a rough neighborhood. But she still must rebuild the factory, the grid, the port, the shipyard, the transmission line, and the workforce.*

*That all takes capital, and capital is now relatively scarce.*

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SECTION II

# The Labor Chokepoint.

*The South will have people. The question is whether it will have workers.*

- 01 Migration valve narrowing. Domestic pipeline shrinking. China-labor access falling.
- 02 11,200 Americans turn 65 every day. The owner is retiring too — that's the second tsunami.
- 03 Lowest LFPR in the country is the Southeast's hidden reserve. Activate it.

THREE FLOWS

# The labor supply shock is running in reverse.

*Fewer workers arriving. Fewer being born. Less easy access to labor through imports.*

DOMESTIC Growth

1.63

*US births per woman — well below 2.1 replacement*

Fewer entry-level workers in every cohort. The labor shortage is not a 2026 problem you wait out — it is a structural feature of every year for the next two decades.

International FLOW

2.7M → 1.3M

*US net international migration, 2024 → 2025*

Construction, agriculture, hospitality, and healthcare labor tightens fastest in the South — where the foreign-born share of the workforce is highest.

Import Trends

22% → 9%

*China share of US imports — 2017 to 2025 YTD*

America used to solve labor scarcity by importing the work. Goods disinflation fades. Supply chains cost more to finance, not less.

**America solved labor scarcity three ways:** *grow the worker, import the worker or import the work. All are getting harder.*

DOMESTIC MIGRATION

# The Southeast still wins the people game.

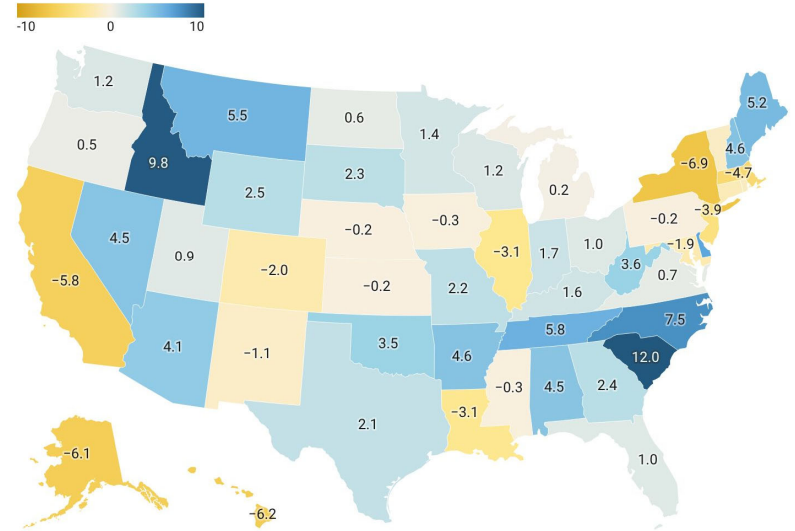
*But population growth is not the same thing as skilled-labor availability.*

THE SOUTHEAST DEMOGRAPHIC ENGINE

1	South Carolina	+1.5%
3	North Carolina	+1.3%
—	Texas (largest numeric gain)	+391k
—	Alabama > Florida in net domestic migration	—

Where Americans moved in 2025: A per capita perspective

Net domestic migration across U.S. states between July 2024 and July 2025, shown as a ratio per 1,000 residents



Net domestic migration is calculated as the difference between the number of Americans moving into a given state (in-migration) and the number of people leaving that state (out-migration) over a specific period.

Map: Meghan Malas • Source: U.S. Census Bureau • Created with Datawrapper



THE SILVER TSUNAMI

# The Silver Tsunami hits the trades first.

*Retirement is no longer a Social Security story. It is a skilled-labor story — and an ownership-transfer story.*

## 11,200/day

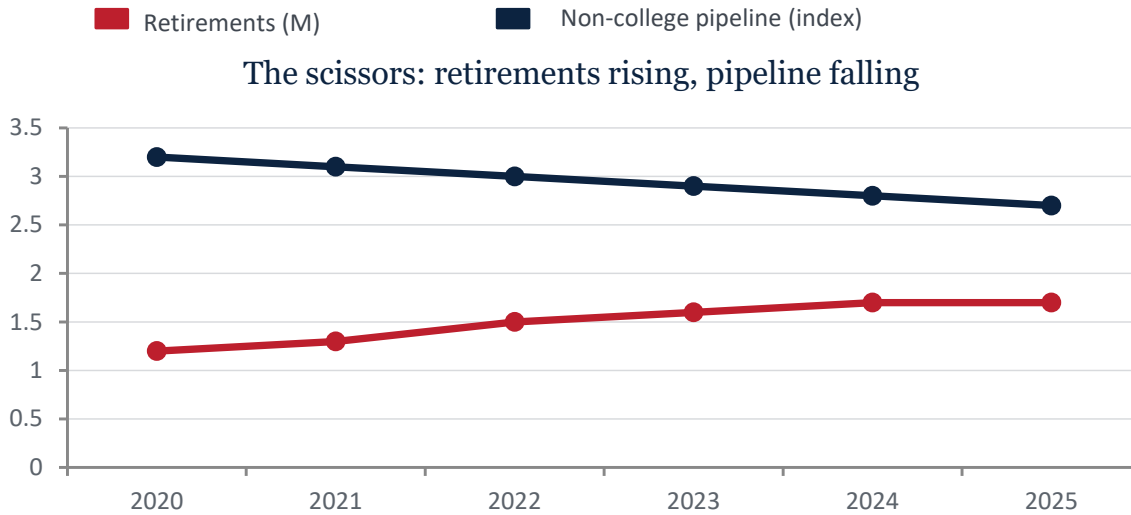
Americans turning 65 through 2027

## 3.8M

Manufacturing jobs to fill by

## ~400k

Manufacturing roles already



THE SECOND TSUNAMI

*The owner is retiring too.*

THE LOAN BOOK

- SBA acquisition loans · seller-financed transitions
- Management buyouts · key-person risk monitoring
- Equipment refresh · working-capital lines

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SECTION III

# The Energy Chokepoint.

*Barrels affect working capital. Electrons determine CRE value. Suppliers become the loan book.*

- 01 Iran war, live on TV: the naval-hegemony thesis playing out in dollars per barrel.
- 02 In the next CRE cycle, power access may matter more than frontage.
- 03 The OEMs are not your loan book. The supplier ecosystem is.

## BARRELS TO BUSHEL

# Barrels to bushels: oil shock hits farm cash flow.

*For ag lenders, the first transmission channels are diesel, fertilizer, and working capital.*



**2026 U.S. diesel forecast**  
vs. \$3.66 in 2025

**\$5.36/gal**



**2026 fertilizer-price forecast**  
urea +60%

**+31%**



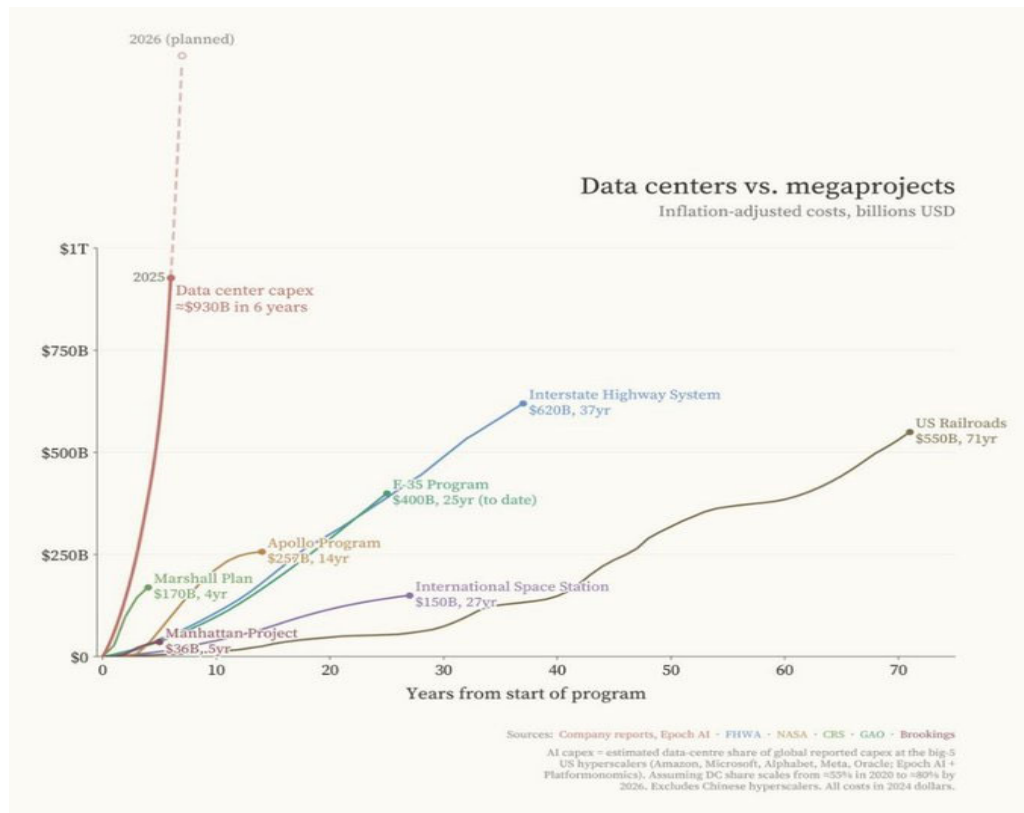
**2026 net farm income forecast**  
down 0.7% vs. 2025

**\$153.4B**

## WHAT IT MEANS FOR AG LENDERS

- Larger operating lines before better profits.
- Row-crop borrowers face a diesel + fertilizer squeeze.
- Commodity dispersion matters: cattle stronger; poultry weaker.
- Watch working-capital turnover, covenant pressure, and carry costs.

# Electrons: power access is the new location.



## THE BUILD-OUT

- Dec 2025: Georgia PSC approves ~10 GW of new capacity — 5 new gas plants — for data centers.
- Southern Co. pipeline: 12 GW → 36.5 GW (2024 alone).
- Mississippi Power: \$10B Compass hyperscale campus.
- Alabama Power: state's first utility-scale battery at 150 MW.
- Atlanta: data-center construction +76% YoY.

Factories & Reshoring

## Opportunities below the OEMs.

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*The real community-bank opportunity is below the headline project — in the tier-2 and tier-3 supplier ecosystem.*

**\$200B+**

announced manufacturing investment since 2022

**2/3**

of US plant construction in Southern states

**+53%**

increase in reshoring under IRA / CHIPS Act

**500k+**

manufacturing jobs created or planned

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Hyundai Metaplant

Georgia

**\$12.6B**

*40,000 jobs, operational*

Toyota Battery

North Carolina

**\$13.9B**

*Largest Toyota investment ever*

Rivian (+ DOE loan)

Georgia

**\$5.0B**

*Plant + \$6.57B DOE financing*

Scout Motors (VW)

South Carolina

**\$2.3B**

*200,000 vehicles / year*

# AI moves the chokepoint from productivity to trust.

Productivity rises when routine knowledge work is compressed. The constraint shifts to power, data, compliance, fraud, and verification.

- 01 Productivity is showing up first at the task level, not yet cleanly in GDP.
- 02 For banks, AI compresses fixed costs in service, compliance, underwriting prep, and fraud monitoring.
- 03 The same tools industrialize fraud. Trust becomes credit infrastructure.

PRODUCTIVITY EVIDENCE

# Productivity growth is real, but costly.

AI raises throughput in routine knowledge work. Implementation costs depend on scale.

14%

**AVERAGE PRODUCTIVITY GAIN**

NBER call-center field study; novice and lower-skilled workers gained roughly twice as much.

428 bps

**IMPLEMENTATION TAX (ROE)**

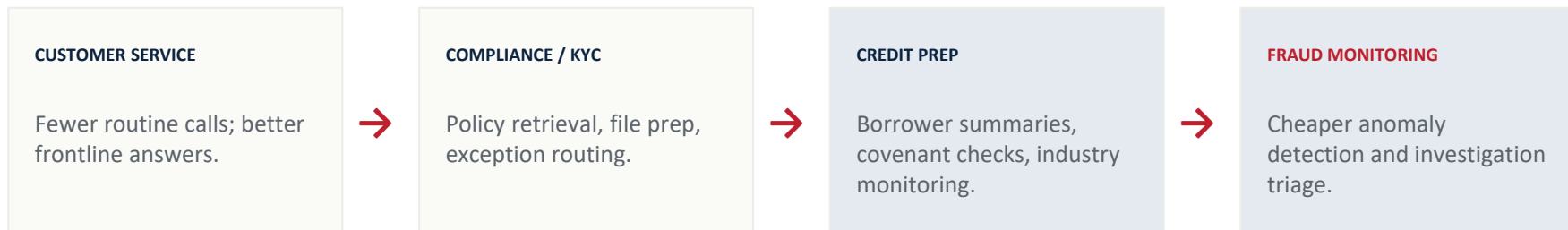
Mean for AI-adopting US banks. 517 bps for smallest quartile; 129 bps for largest. *Kikuchi (2026), Univ. of Tokyo*

*In the Old West, “God created men. Sam Colt made them equal.”*

*In the New South... “God created men. Sam Altman made them equal.”*

# AI makes relationship banking scalable.

The community-bank opportunity is not replacing the relationship. It is lowering the fixed cost of serving it.



If fixed costs fall, smaller banks can defend more relationships — but only if vendor governance, data quality, and verification keep pace.

# AI lowers the cost of fraud, too.

The same productivity shock that helps banks also helps criminals scale impersonation, phishing, and synthetic identity.

## THE ATTACK SURFACE

- Voice cloning
- Deepfake video calls
- Synthetic identity
- AI-written phishing
- Automated account takeover

## THE BANK RESPONSE

- Out-of-band verification
- Transaction holds and callbacks
- Behavioral fraud models
- Vendor and model governance
- Customer education at the branch

In an AI-fraud world, trust is infrastructure.

LENDING OPPORTUNITY

# Underwrite the chokepoints AI creates.

**BOTTLENECK**

**BANKABLE EXPOSURE**

Power and cooling	Substations, backup generation, industrial HVAC, electrical contractors.
Data-center ecosystem	Site prep, fiber, security, water systems, maintenance vendors.
Bank modernization	Core integration, document automation, KYC cleanup, workflow redesign.
Cyber and identity	Managed security providers, verification tools, fraud analytics, training.
Labor leverage	AI-enabled back-office expansion for accounting, healthcare, logistics, and legal services.

AI is the catalyst. The credit opportunity is in power, process, cybersecurity, and trust.

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# The new banking map.

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*From cheap inputs to chokepoints.*

## Capital

Cheap inputs became cheap money. With those inputs reversing, the rate floor is higher. Underwrite the coupon, not just the spread.

## Labor

The South can win population and still face a worker bottleneck. Skilled trades and ownership transfer become the loan book.

## Energy

Barrels affect working capital. Electrons determine CRE value. Suppliers — not OEMs — are the community-bank opportunity.

## Technology

AI compresses fixed costs and moves the bottleneck. Trust, fraud, deposit contestability, and skilled compute become the new scarcity.

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QUESTIONS

# Thank you.

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Jeremy P. Thornton, Ph.D.

*Dwight Moody Beeson Chair of Business*

Brock School of Business · Samford University



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