



April 2024 Economic and Market Outlook

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Current Economic Conditions

- 3 Core CPI upside surprises in a row—while 3m SuperCore CPI is annualizing at an LOLWUT 8.2%
- 4 consecutive Fed GDP Growth upgrades
- US ISM Manu PMI printing at “expansionary” levels for the first time in 18 months
- Chicago Fed's Financial Conditions Index update showing a further loosening in conditions last week to levels last seen *before* the Fed began the hiking cycle in early '22
- NFIB Declining Optimism
 - Declining Sales, Higher Prices, Inflation, and Declining Employment Conditions



Economic Outlook

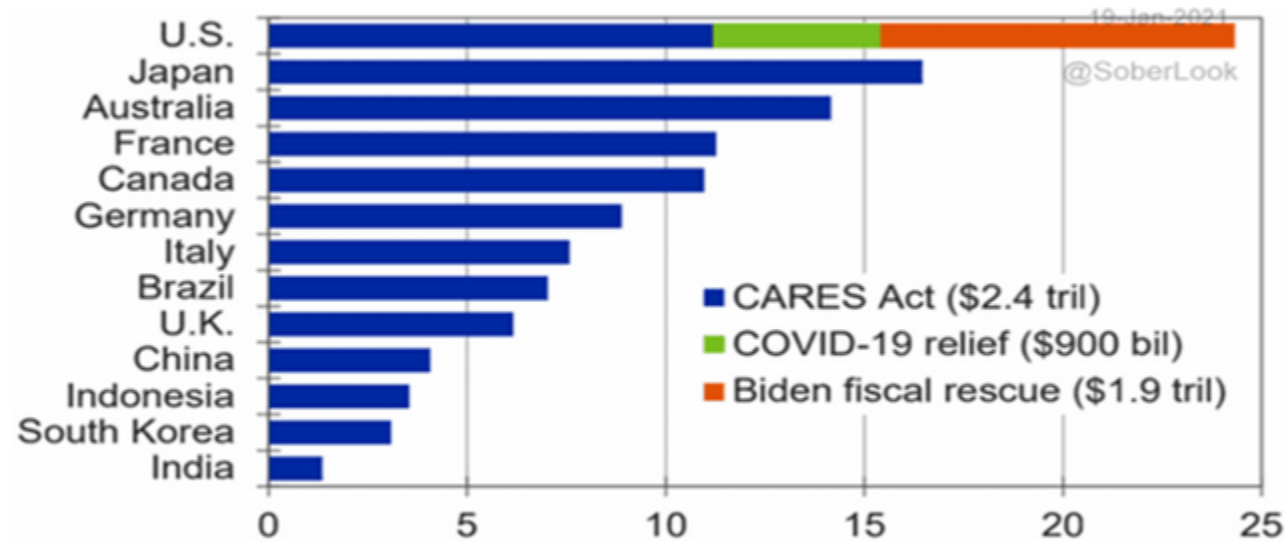
- \$5T Excess Money Swashing Around in the Global
- Burgeoning Fiscal Spending Crisis where Interest on Debt is about to Dwarf Defense Spending and More.
- Commercial Real Estate Contagion Possibility
- Inflation Affecting Consumer Finances, Spending and Housing



Economic Populism

- Huge Fiscal Spending and Corresponding Deficits
- Trillions needed each year for the Green Economy
- The Re-militarization of the World
- The Restructuring of Global Trade
- All of which should mean higher term-premium = higher risk of Vol events

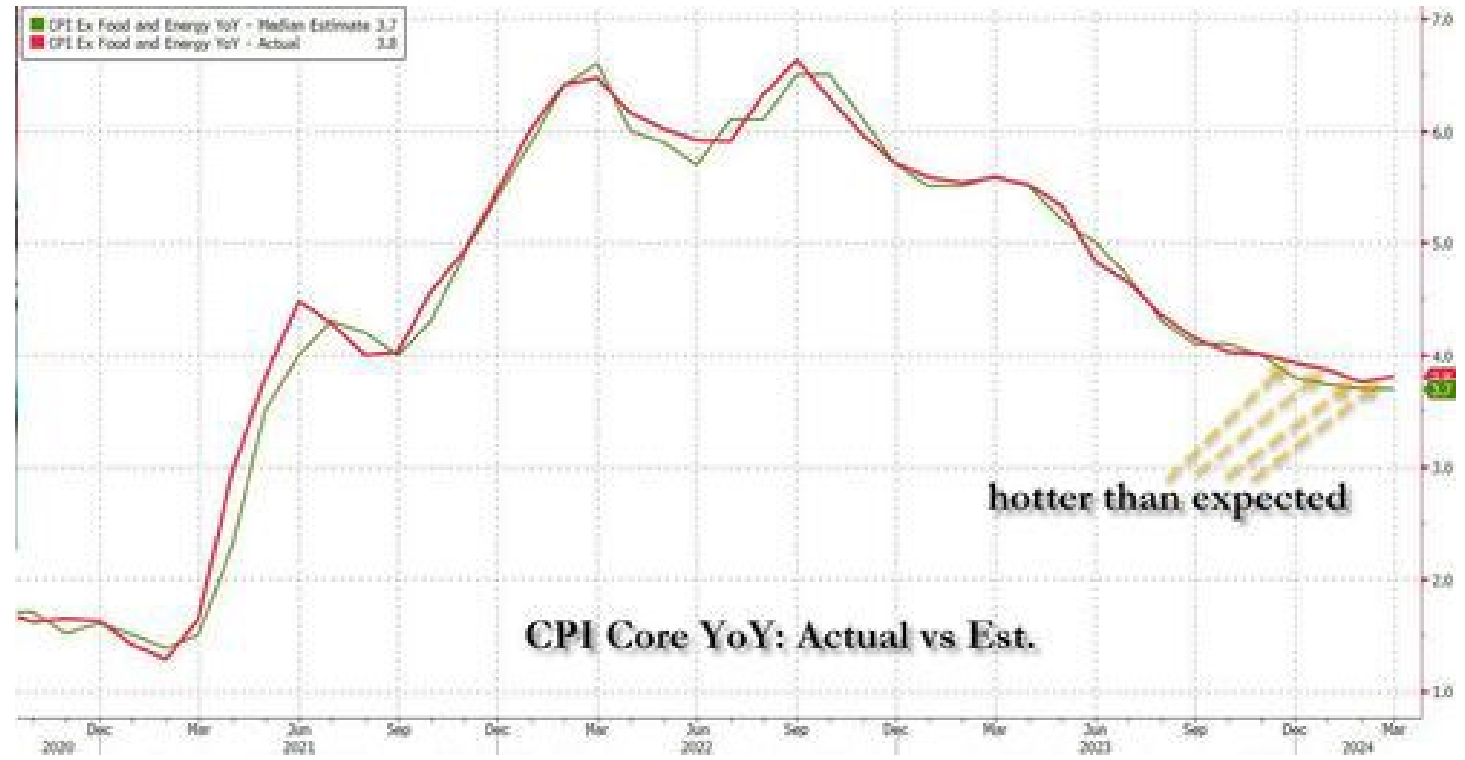
Covid Spending



Source: Moody's Analytics

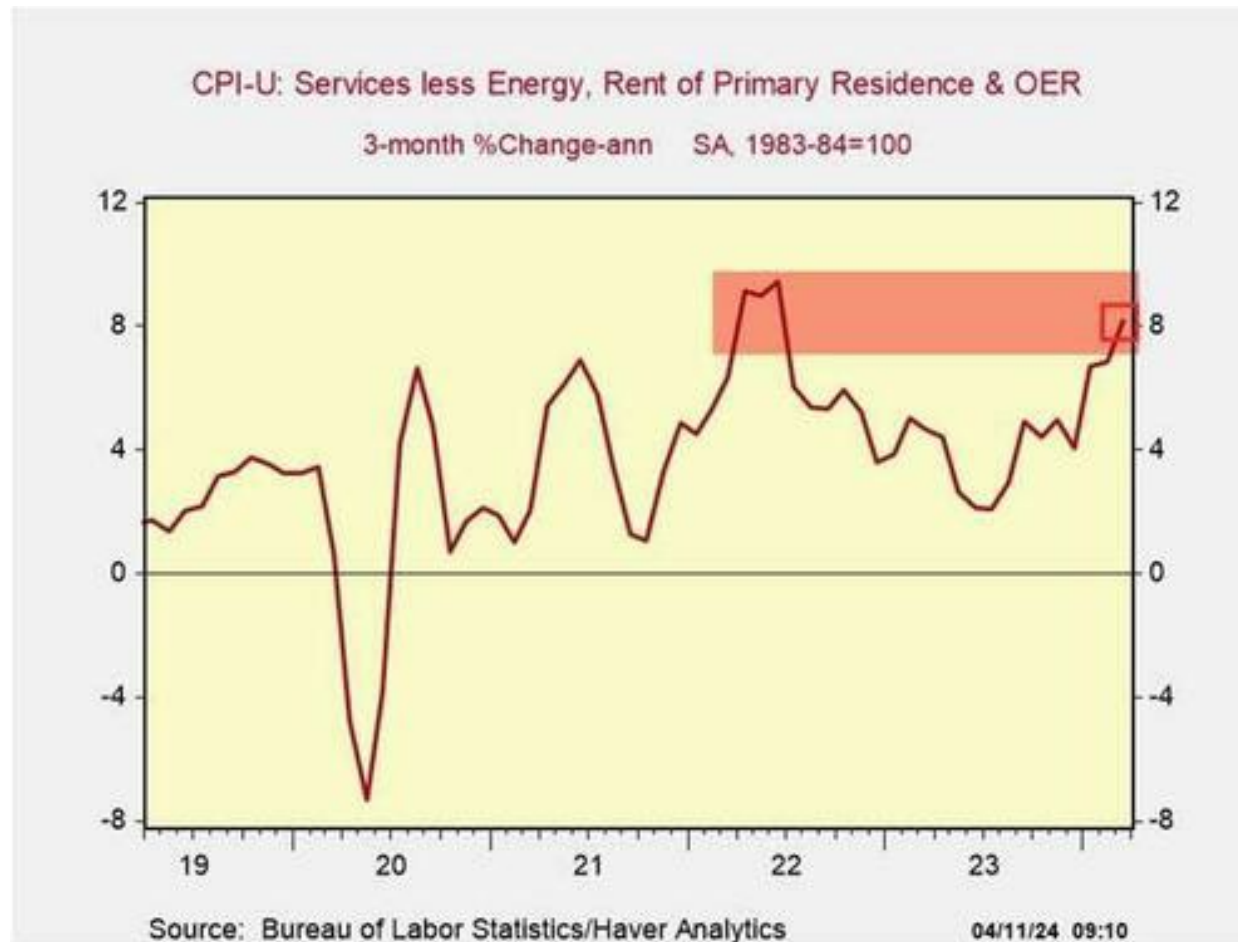
Source: Moody's Analytics

CPI



Source: Bloomberg

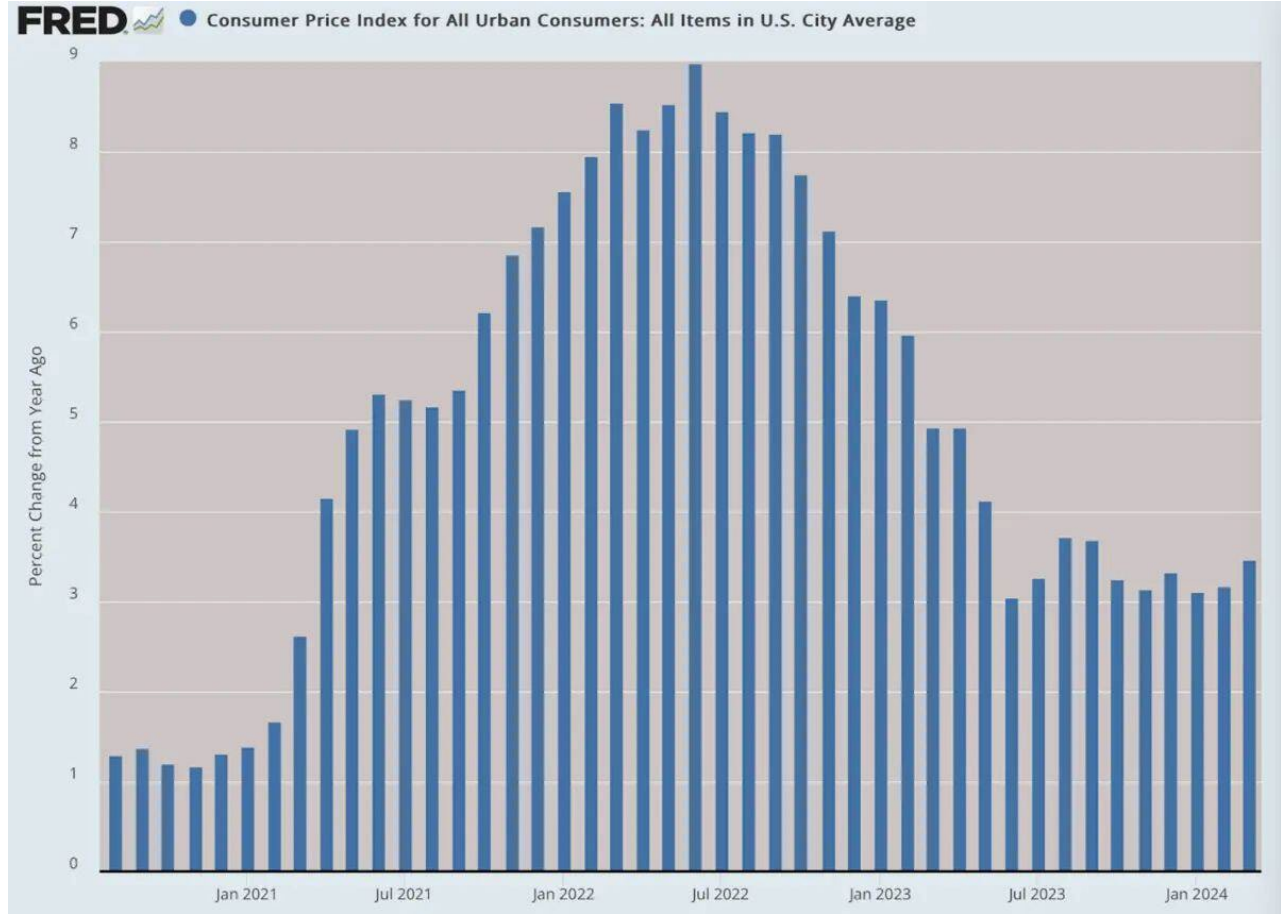
Super Core CPI



Source: BLS

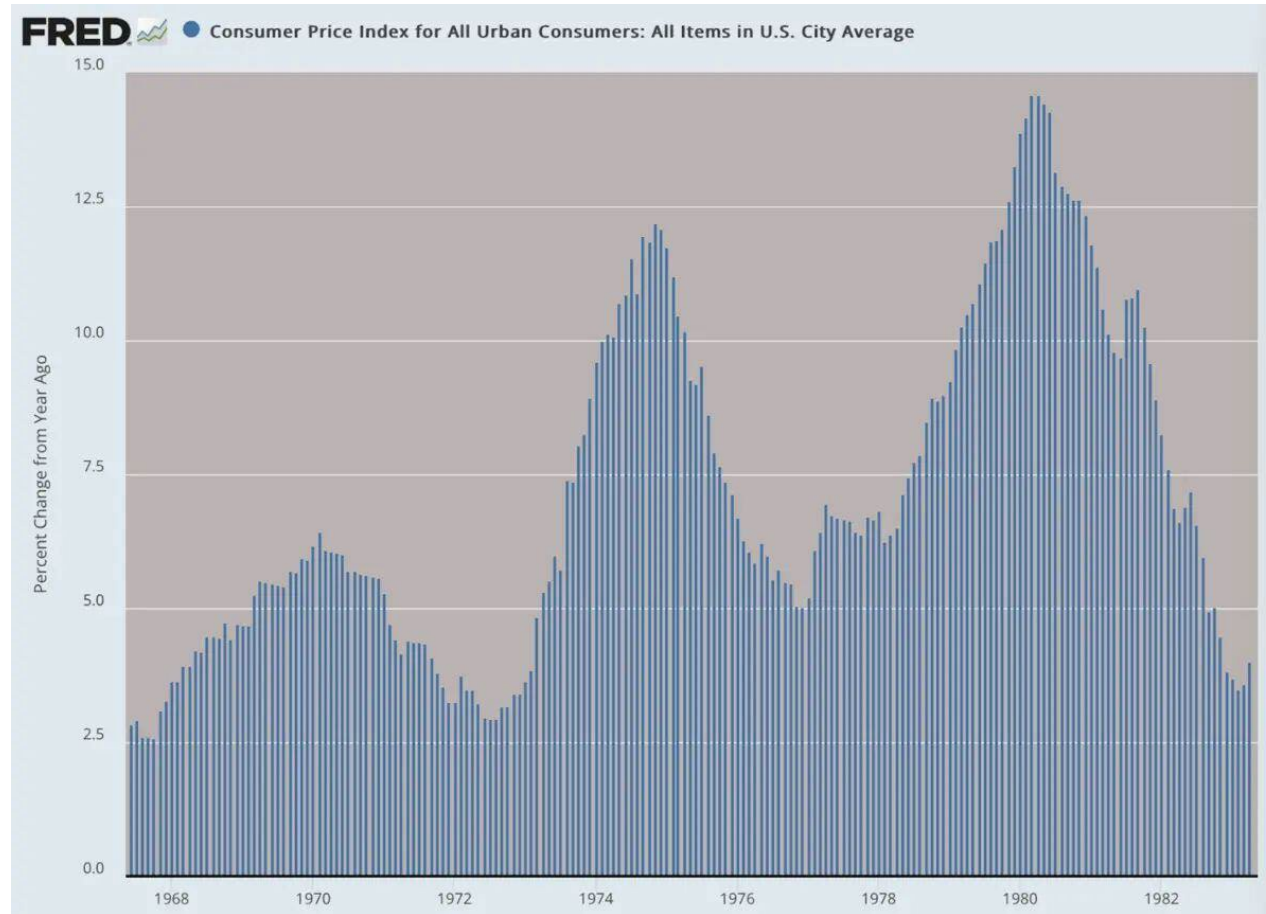


Loss of Purchasing Power



Source: FRED

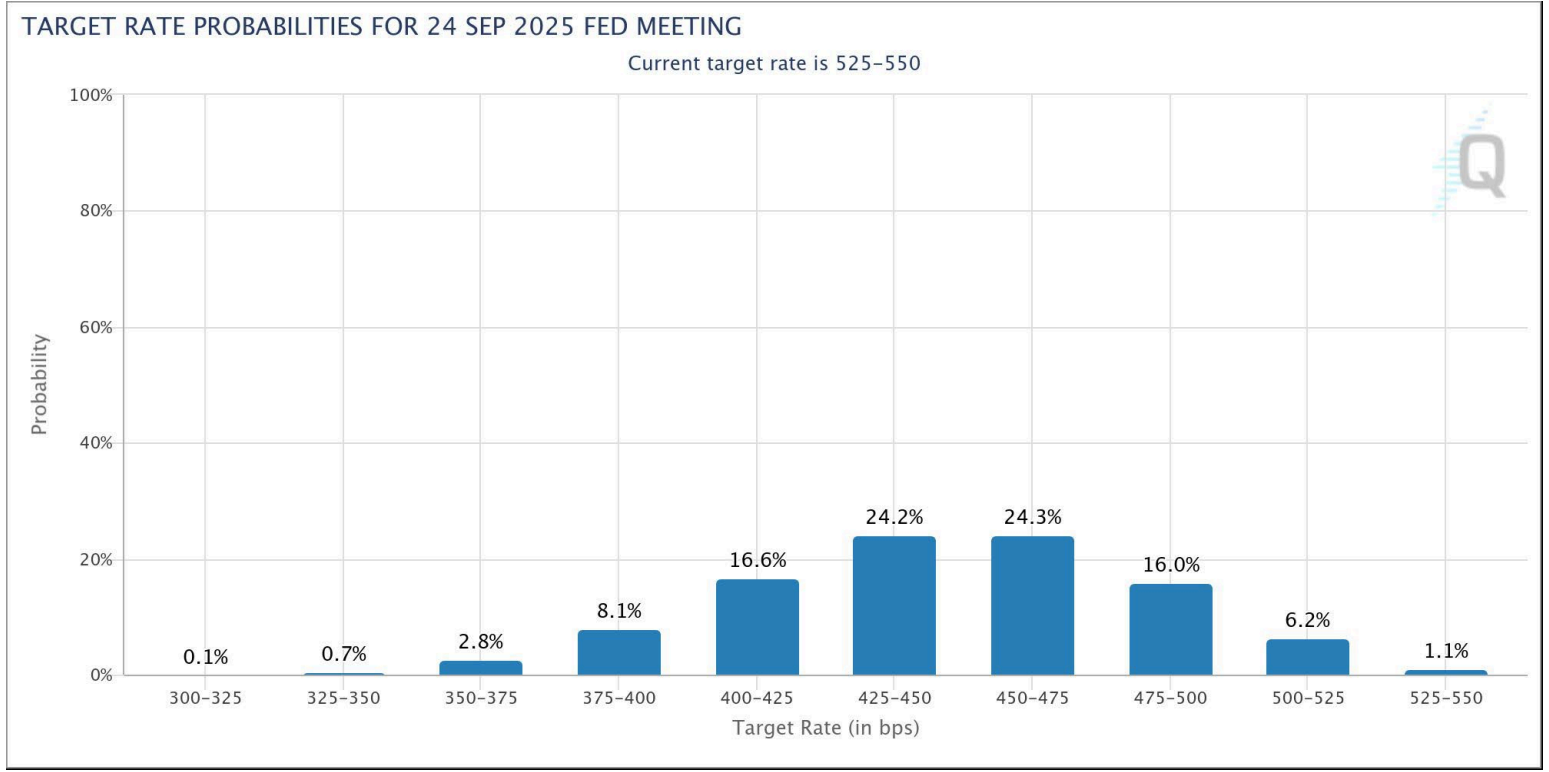
Loss of Purchasing Power



Source: FRED



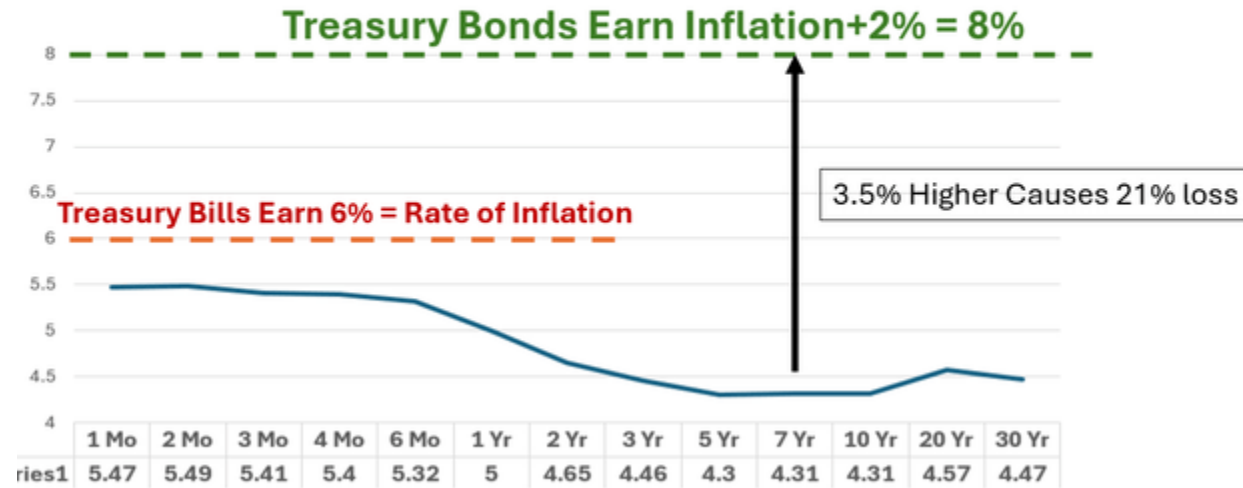
Fed Funds Rate at A Glance



Source: CME Group

Interest Rates and Inflation

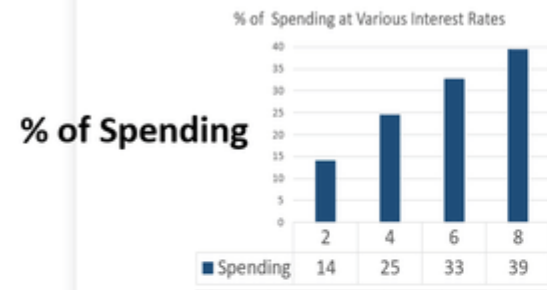
Current Interest Rates versus Historical Averages
(Inflation at 6%)



Sources: US Department of Treasury and Target Date Solutions

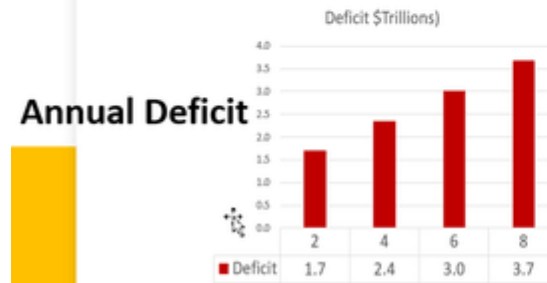
Covid Spending

Government Debt Service at Different Interest Rates



Increases in Interest Rates Cause Debt Expense to Dwarf All Other Spending

Debt Service at 6% Interest is 33% of spending, & deficit spending increases to \$3 Trillion, almost doubling the current \$1.7 Trillion



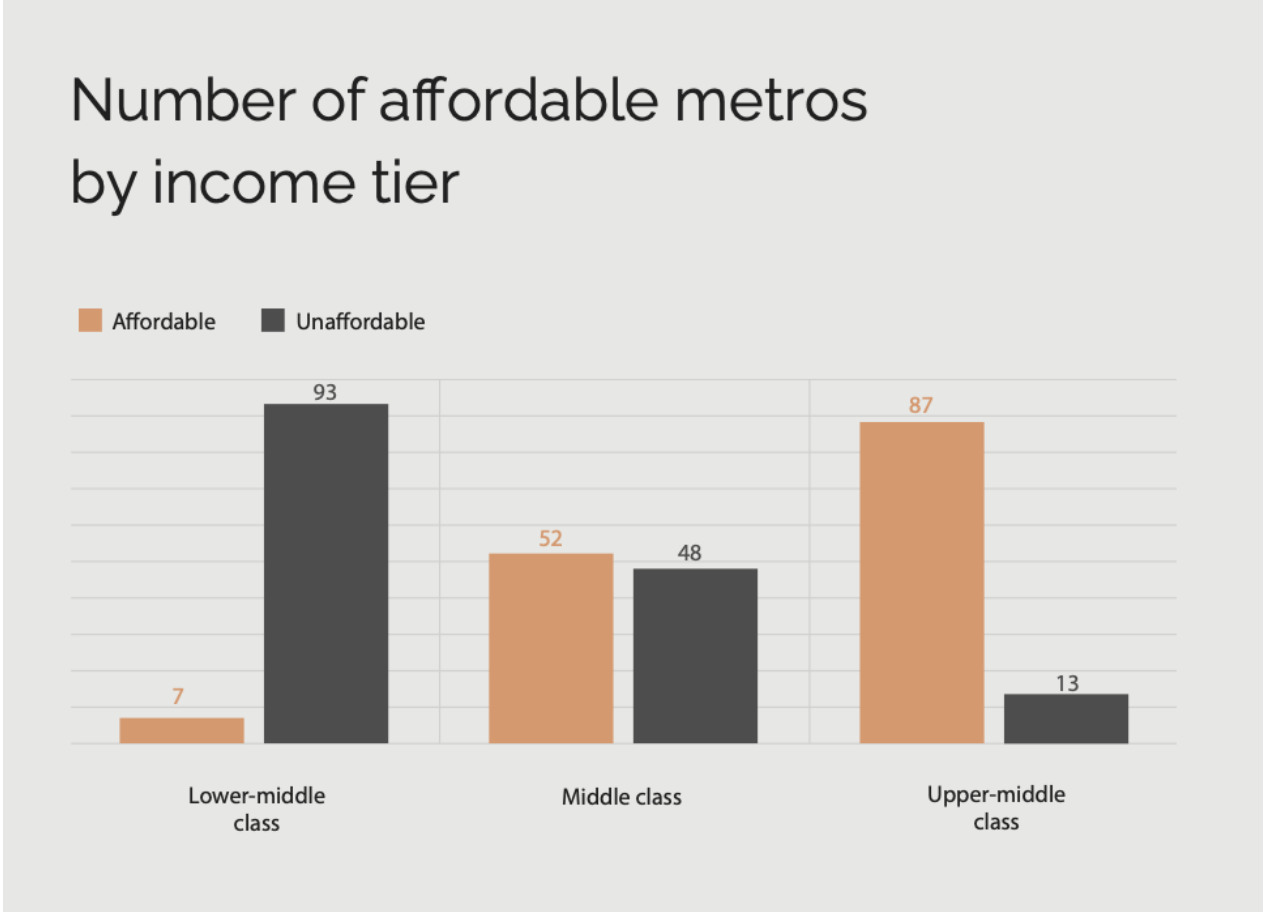
Hyperinflation in Argentina and Venezuela



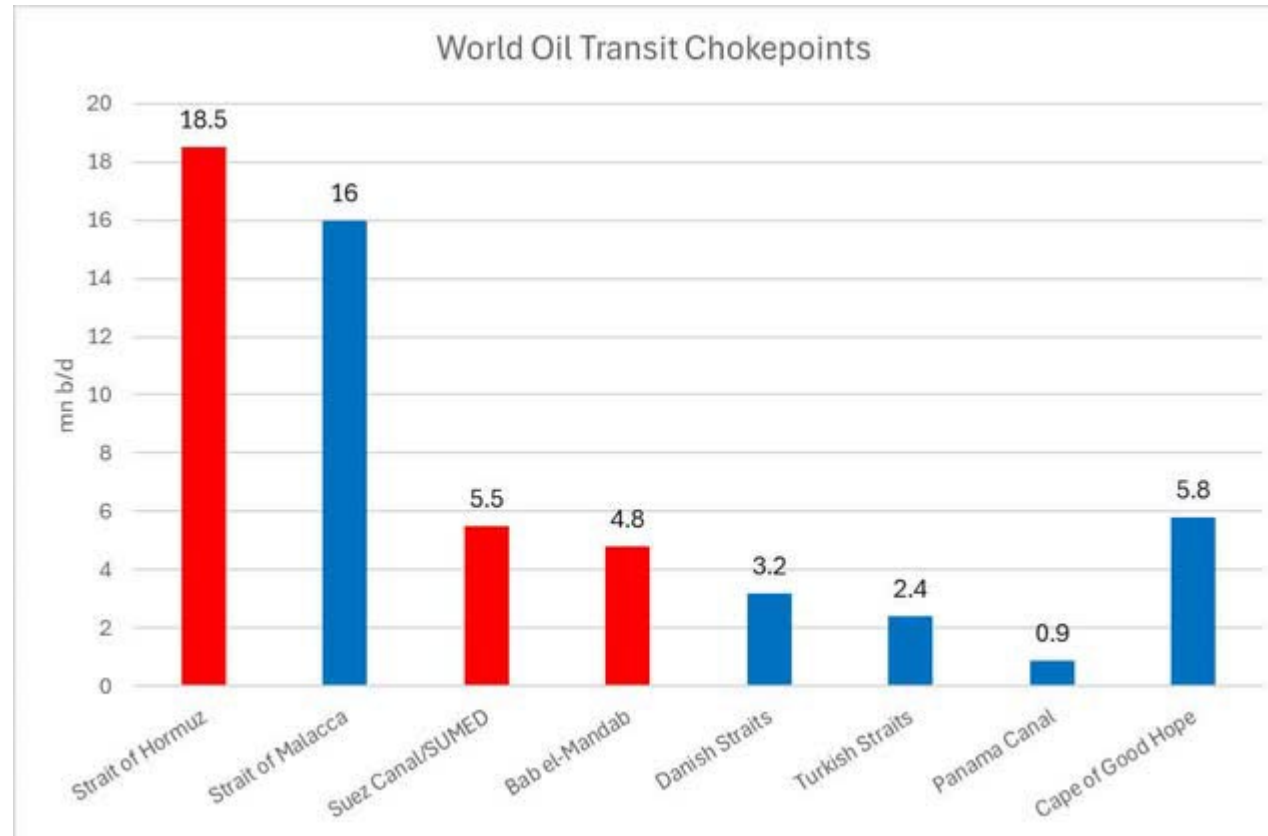
Source: Target Date Solutions



Housing Affordability



Energy Inflation Risks



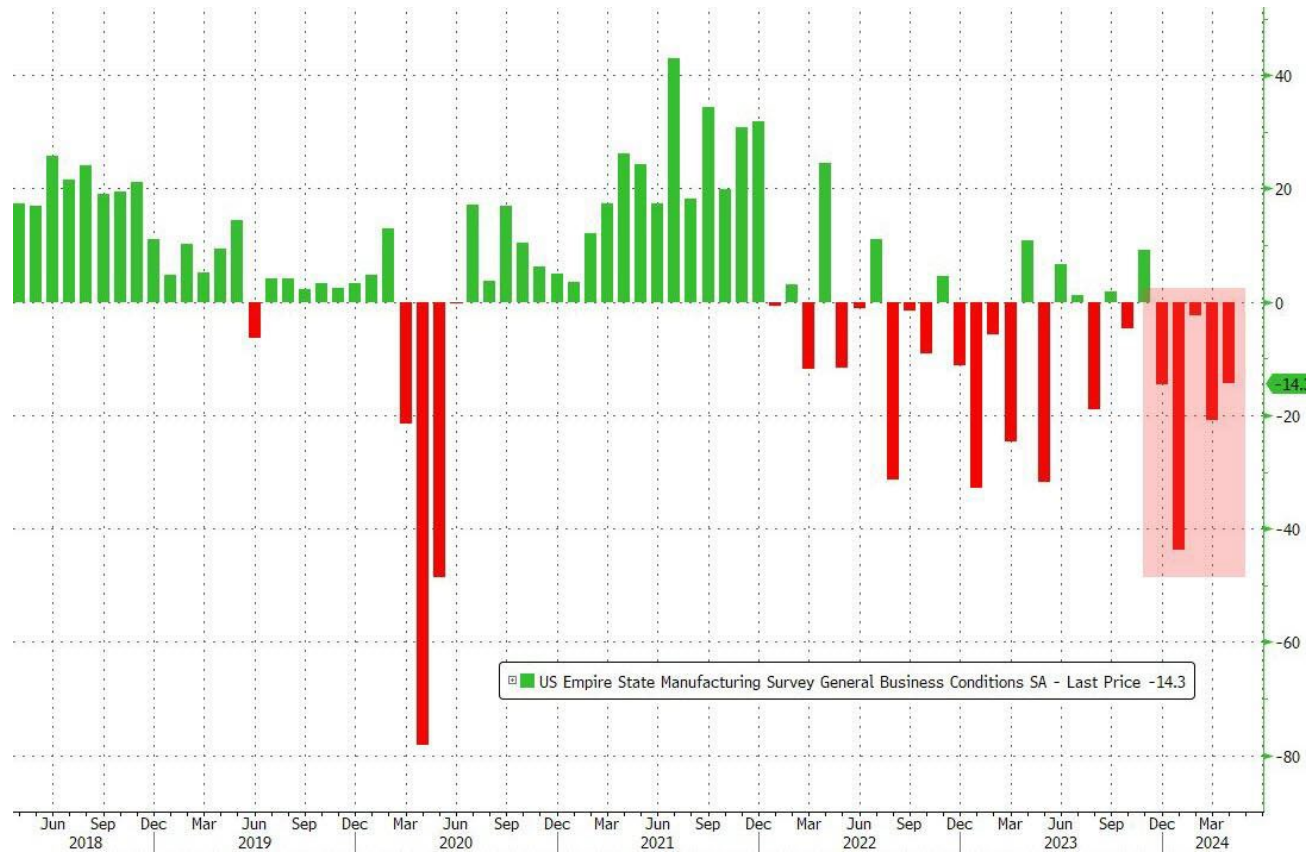
Source: EIA, Investor Acumen

Energy Inflation Chokepoints



Source: EIA, Investor Acumen

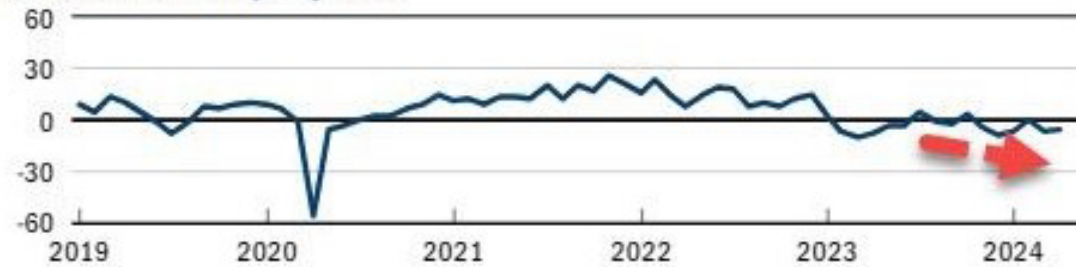
US Empire State Manufacturing



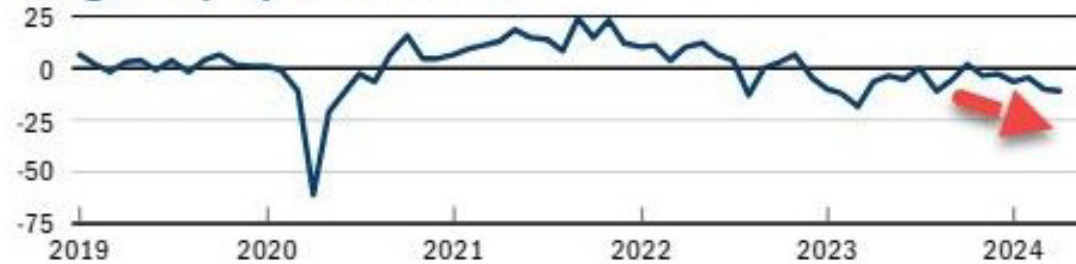
Source: Bloomberg

US Empire State Manufacturing

Number of Employees



Average Employee Workweek

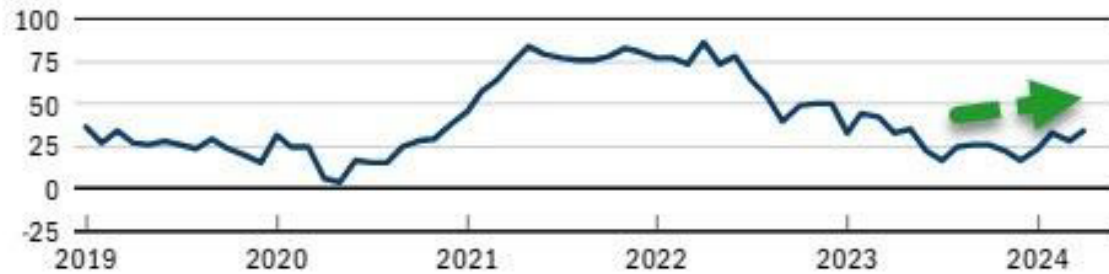


Note: Data are seasonally adjusted.

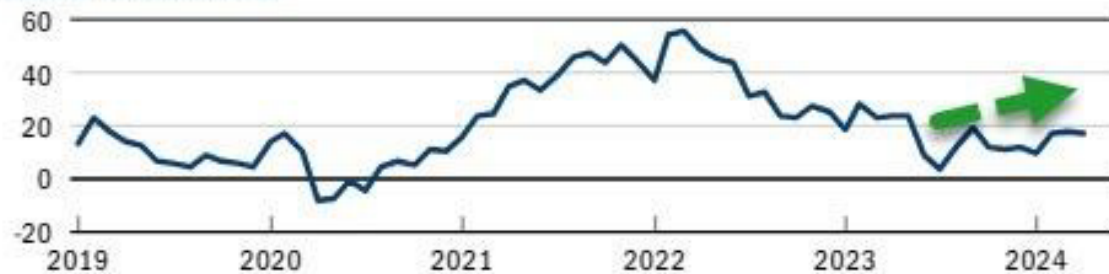
Source: ZH, FRED

US Empire State Manufacturing

Prices Paid

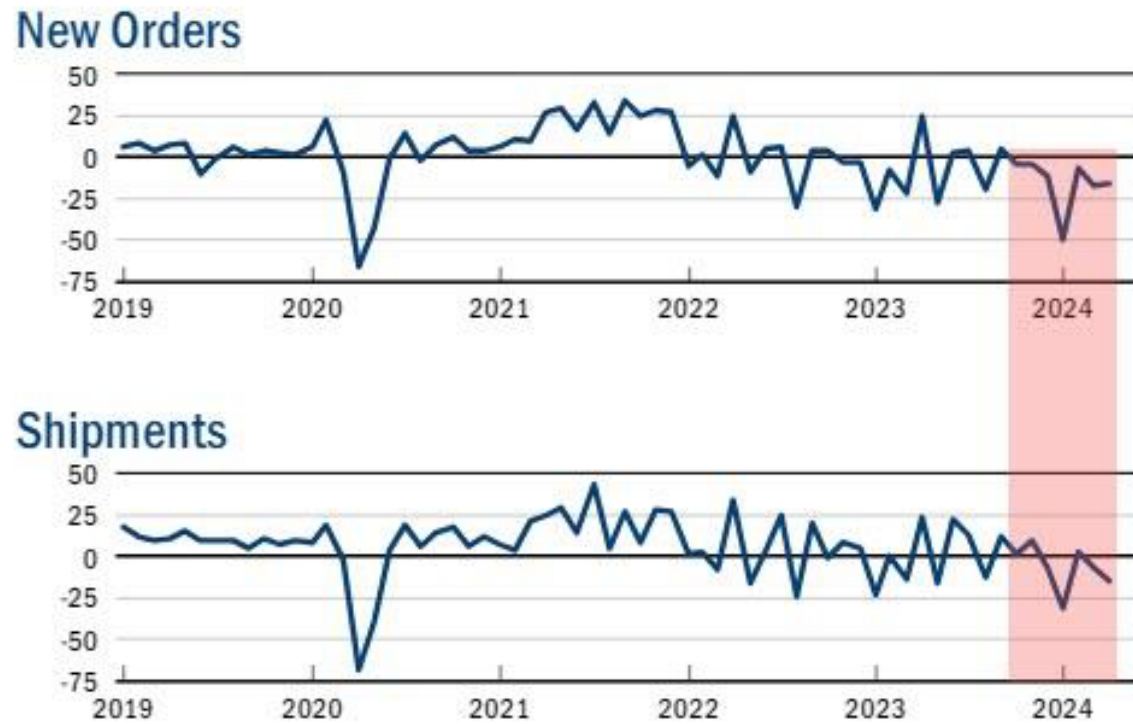


Prices Received



Source: ZH, FRED

US Empire State Manufacturing



Source: ZH, FRED

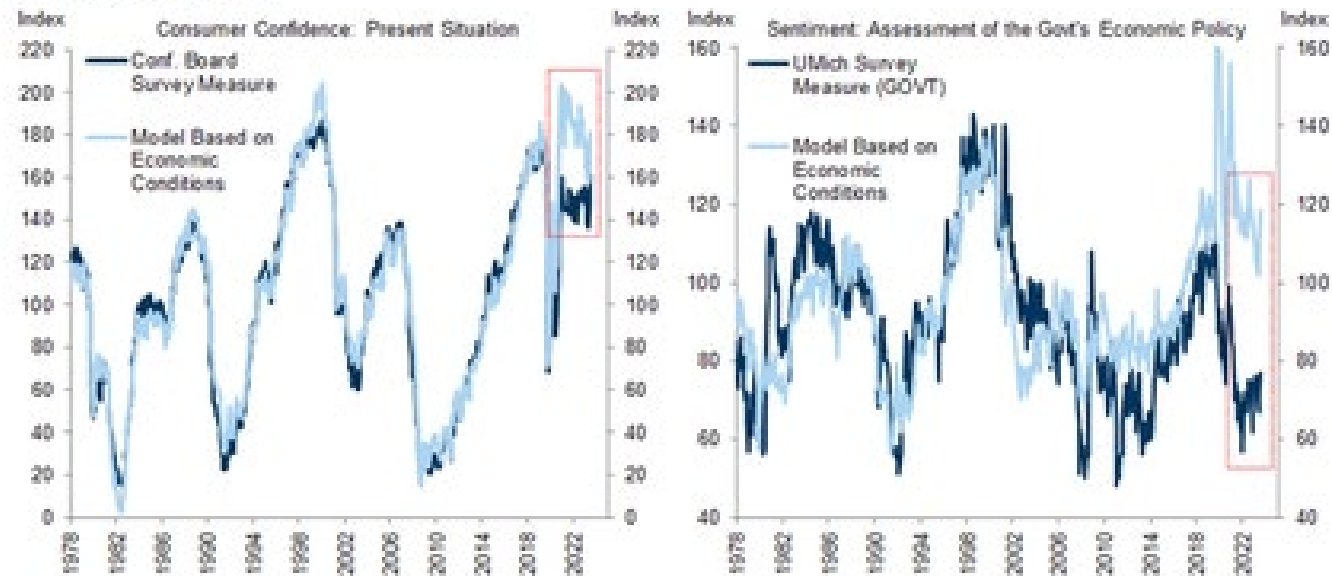
Soft and Hard Data



Source: ZH, Bloomberg

How We “Feel” Economic Indicators

Exhibit 5: Americans' Perception of Current Economic Conditions and Government Economic Policy Are Worse Than the Usual Relationships with Economic Conditions Would Suggest

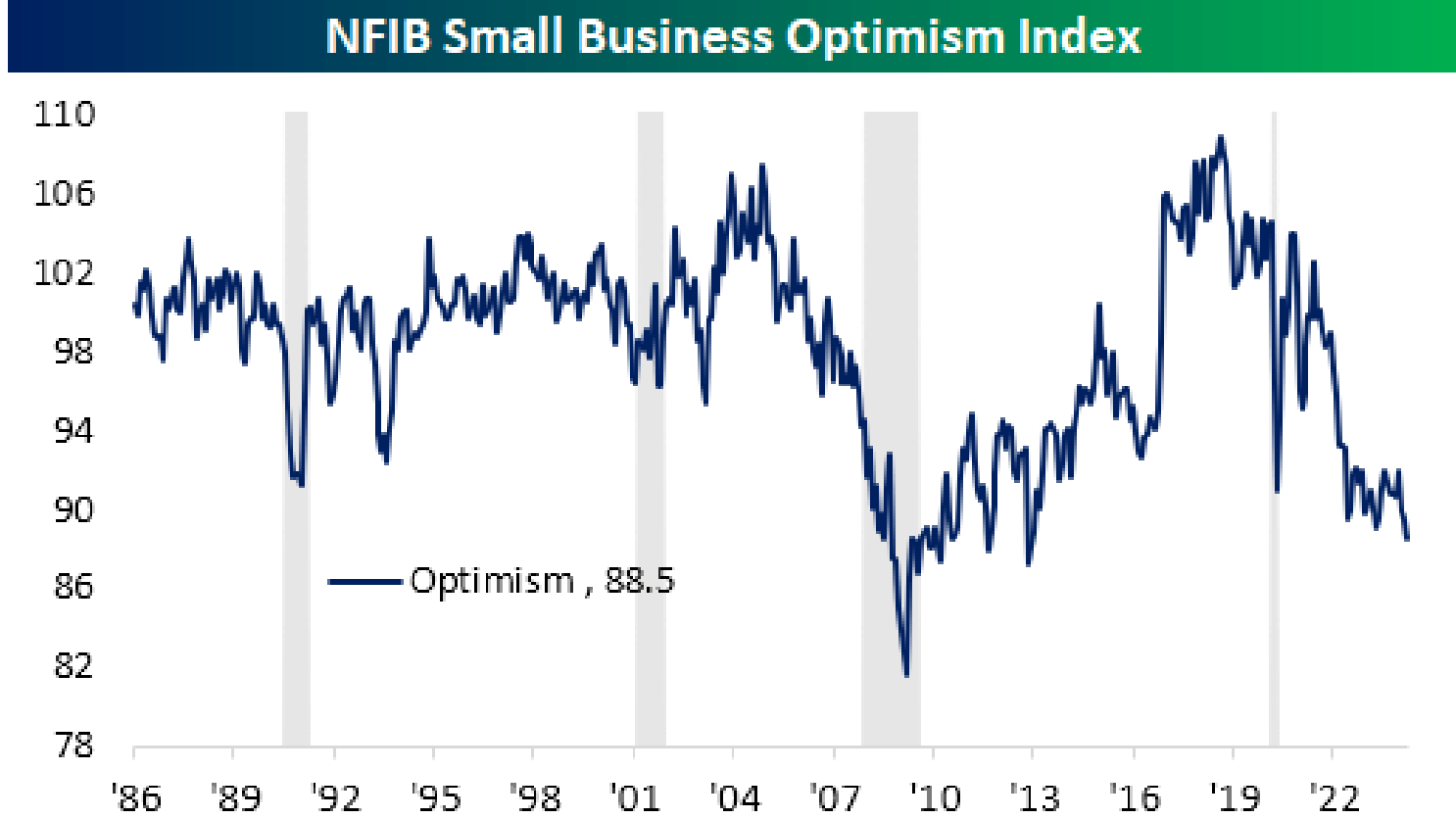


Source: The Conference Board, University of Michigan, Goldman Sachs Global Investment Research

Source: GS Global Investment Research



How We “Feel” Economic Indicators



Source: NFIB

Market Metrics

Market Metrics	
DJIA	37,986 +0.79% YTD (WSJ – 04/19/24)
S&P 500	4,967 +4.14% YTD (WSJ – 04/19/24)
Nasdaq	15,282 +1.80% YTD (WSJ – 04/19/24)
S&P 500 Forward P/E	19.9 (WSJ – 04/19/24)
Russell 2000 Forward P/E	26.15 (WSJ – 04/19/24)
VIX Volatility Index	18.71 (WSJ – 04/25/24)
Current Est. '1Q'24 S&P 500 EPS	0.5% Y-O-Y (S&P FactSet – 04/19/24)
Current Est. '1Q'24 S&P 500 Rev. Growth	3.5% Y-O-Y (S&P FactSet – 04/19/24)
Current Est. '4Q'23 S&P Profit Margin	11.2% Blended (S&P FactSet – 04/19/24)

Sources: WSJ/FactSet

Market Valuation

Shiller PE Ratio



Chart Table FAQ

Share

Current Shiller PE Ratio: 33.49 +0.15 (0.44%)

11:41 AM EDT, Thu Apr 18

Mean: 17.11

Median: 15.98

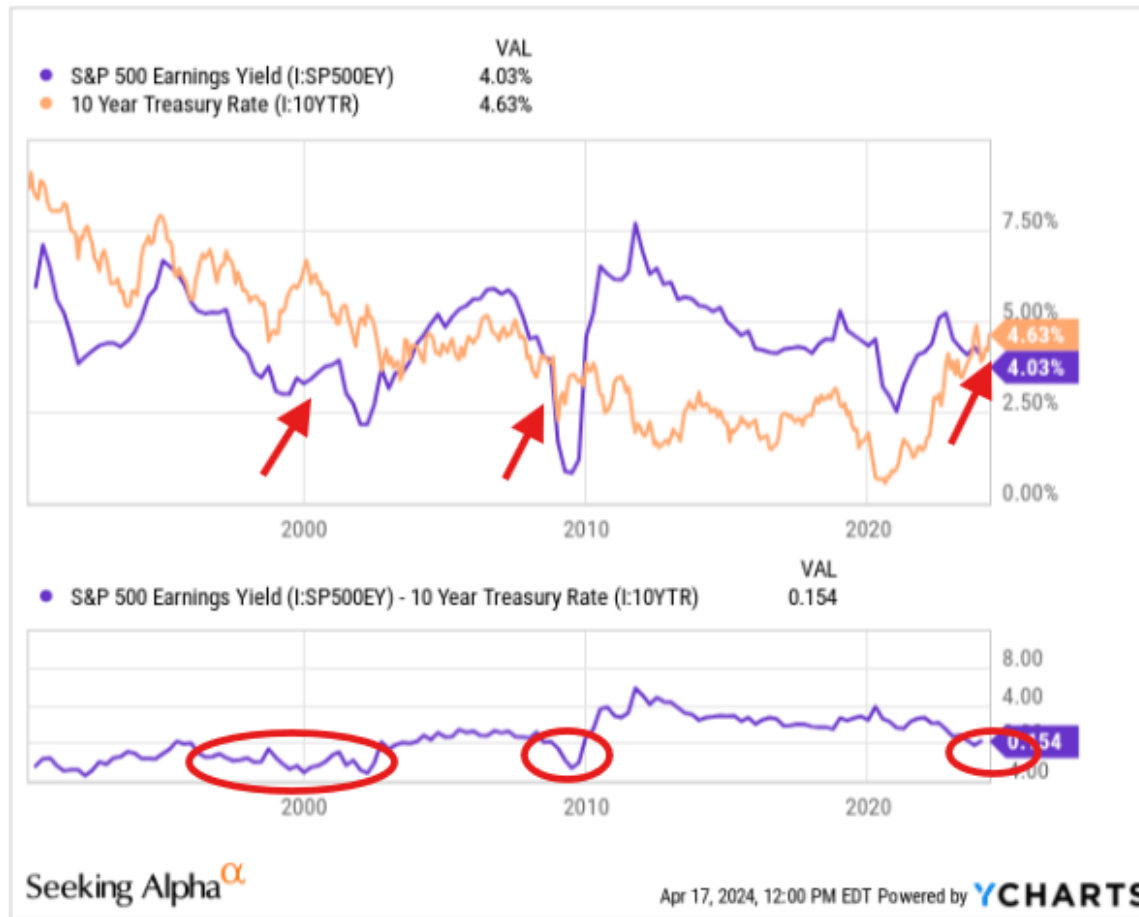
Min: 4.78 (Dec 1920)

Max: 44.19 (Dec 1999)

Shiller PE ratio for the S&P 500.

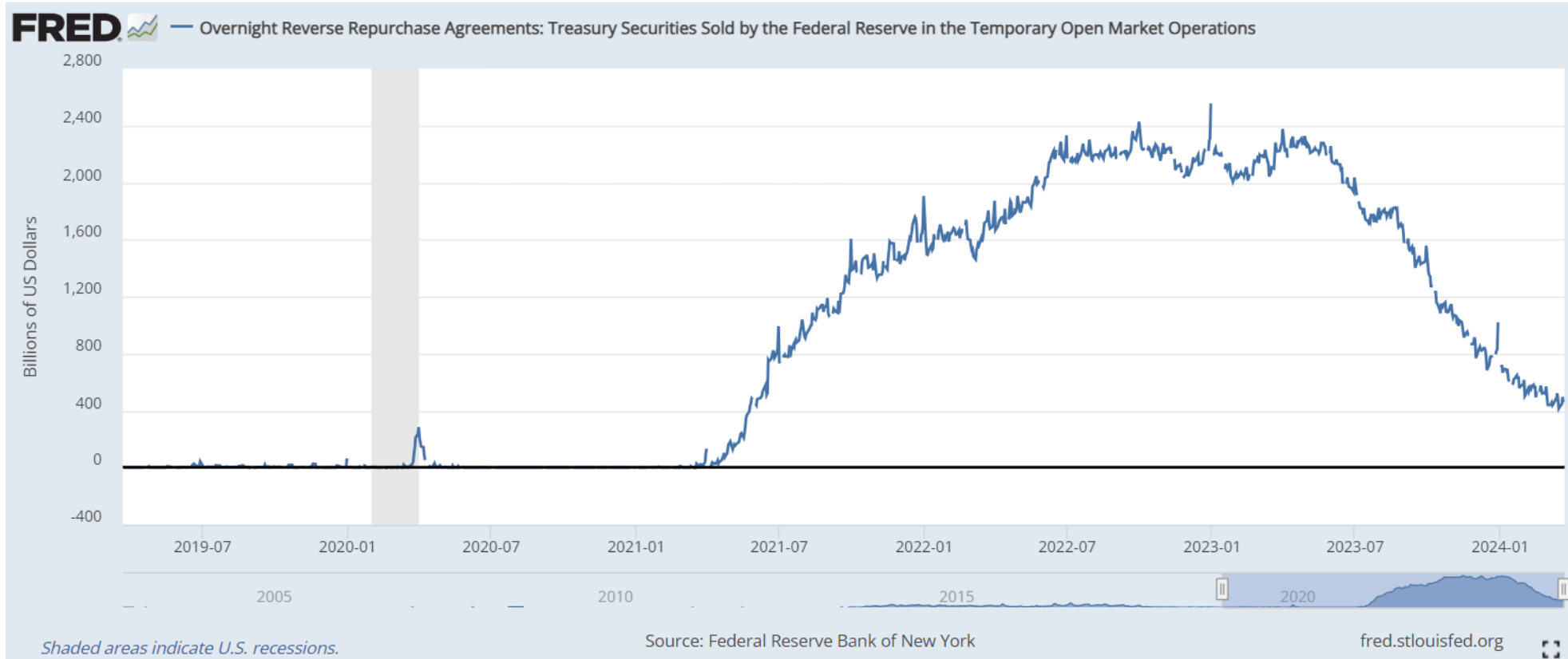
Source: S&P Global

Earnings Yield



Source: YCharts

Reverse Repo Reserves



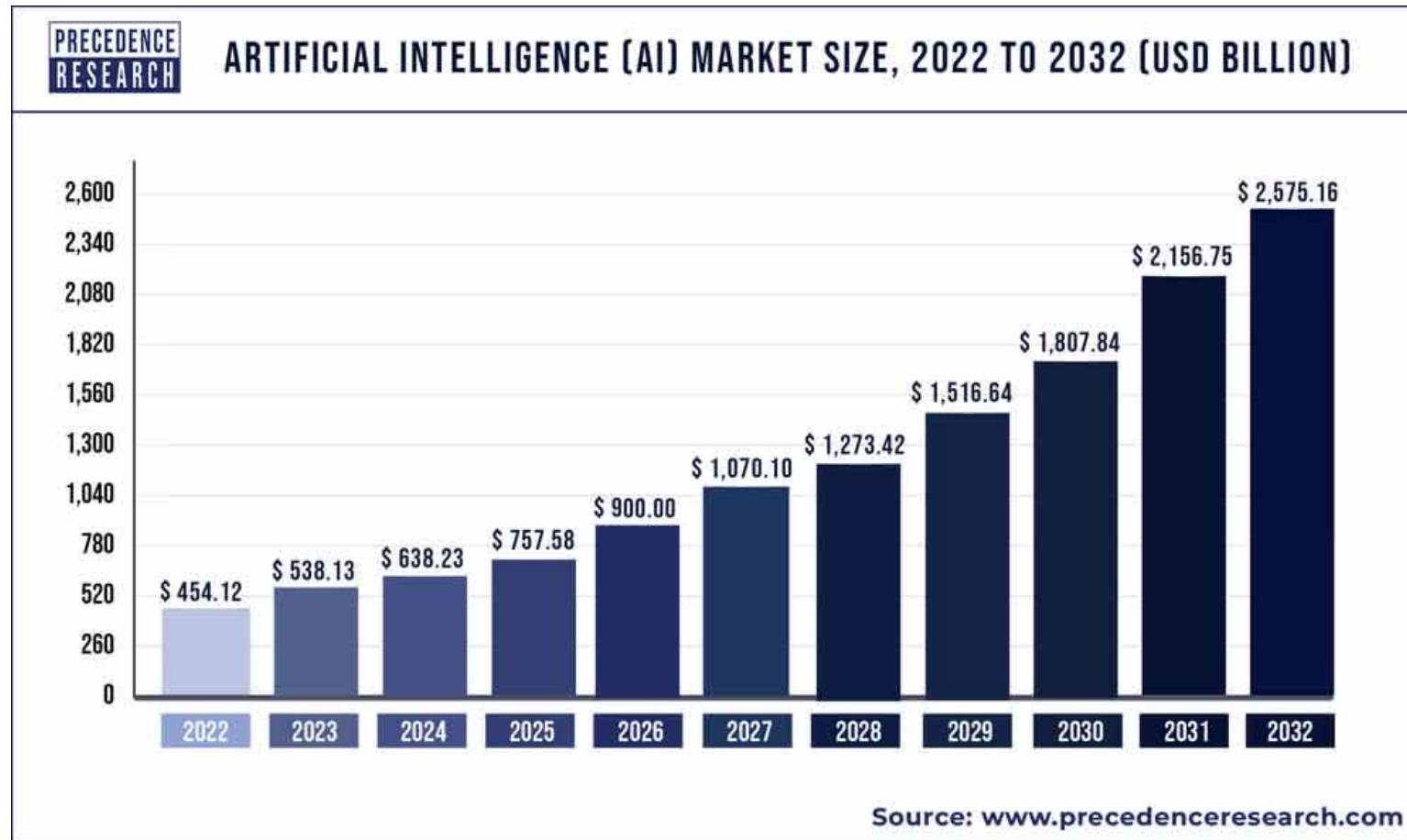
Source: FRED



Market Growth Opportunities

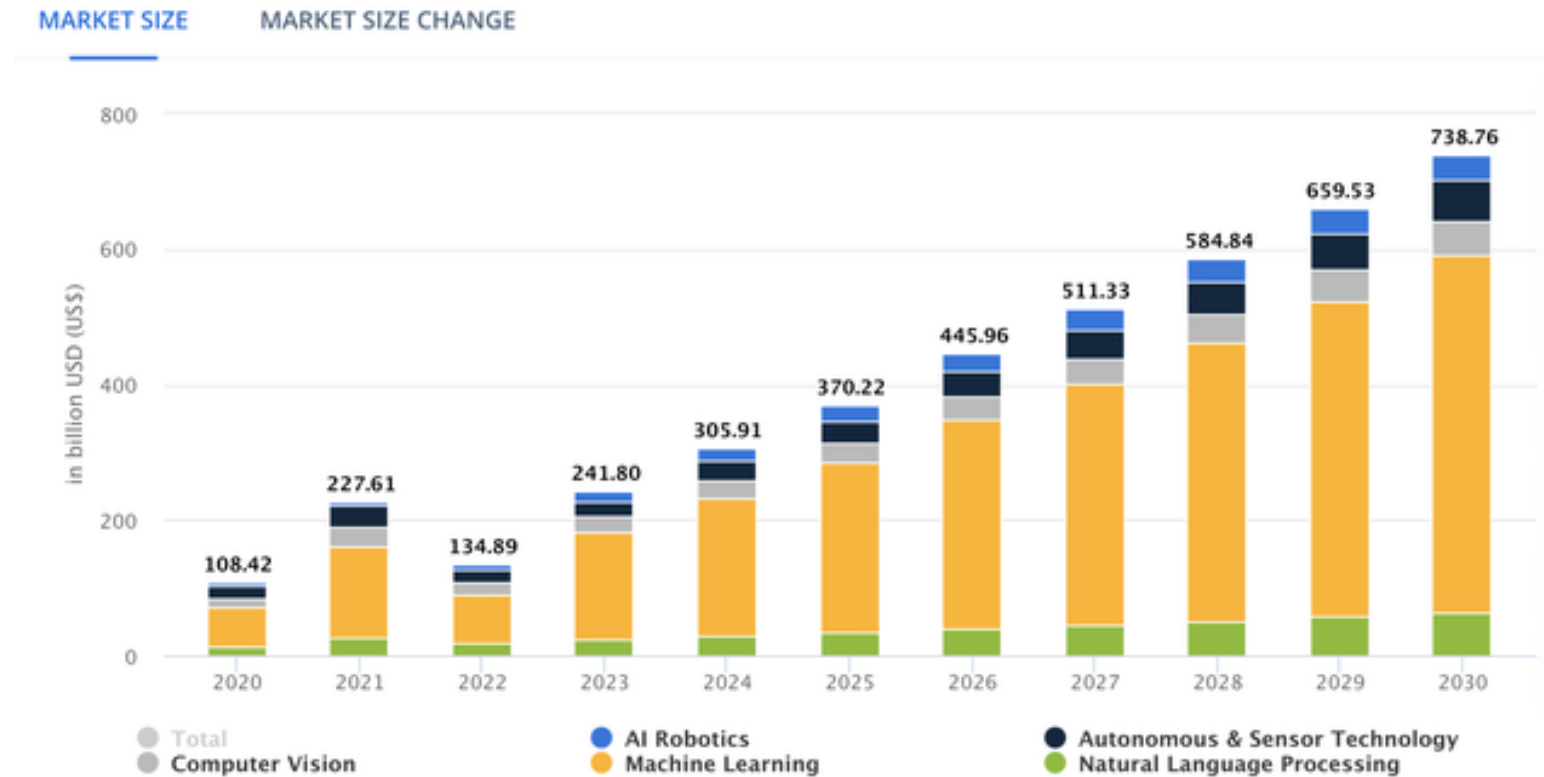
- AI Innovation Cycle
- Robotics
- Streaming
- Driverless Vehicles
- IOT
- Blockchain
- Metaverse – AR/VR
- Synthetic Biology
- M&A reinvigorating growth
- Reshoring

Disruptive Trends in the News - AI Market



Source: Statista

Disruptive Trends in the News - AI Market Data Center Market



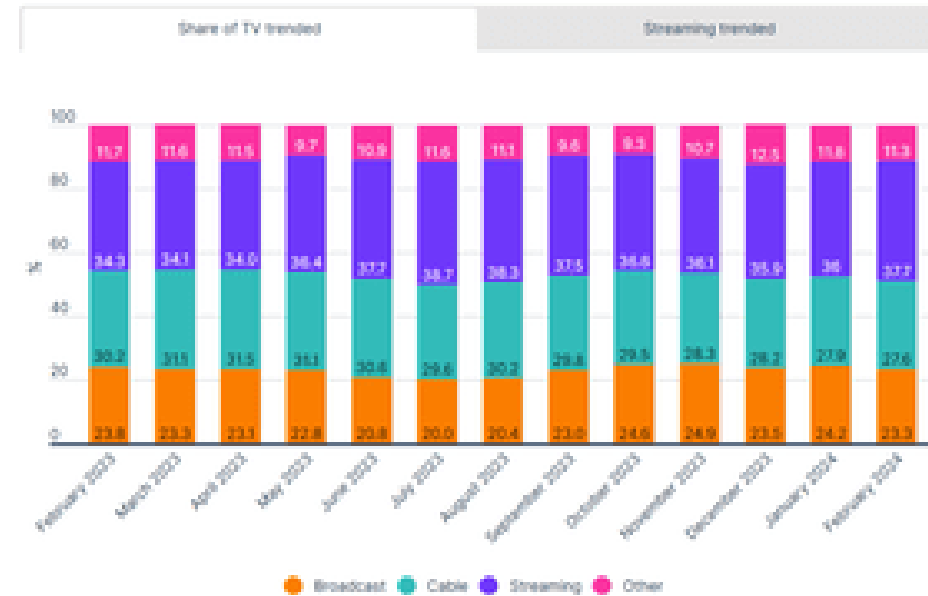
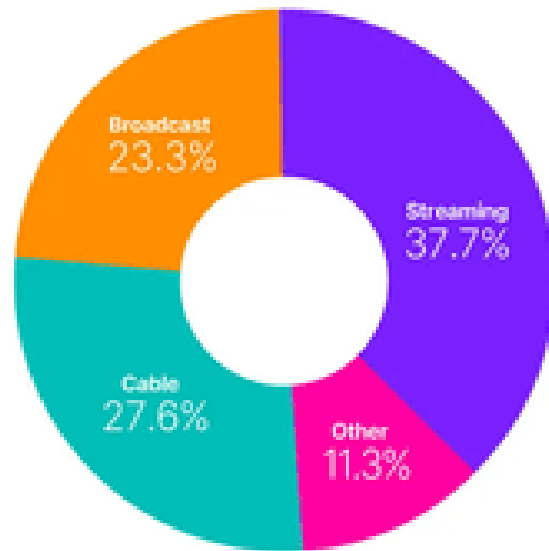
Source: Statista

Disruptive Trends in the News - Streaming

Nielsen

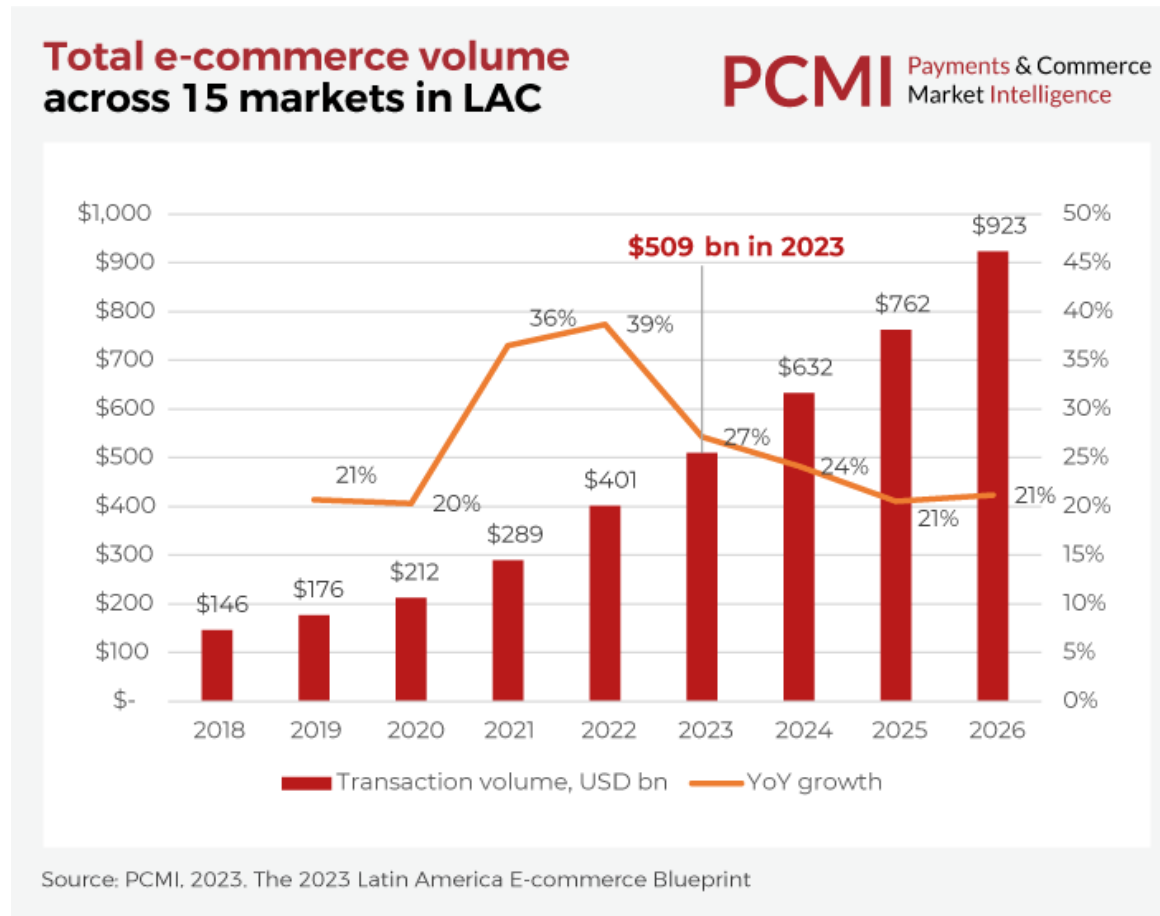
February 2024

Total Day | Persons 2+



Source: Statista

Disruptive Trends in the News - Latin America



Source: PCMI



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