

STIFEL

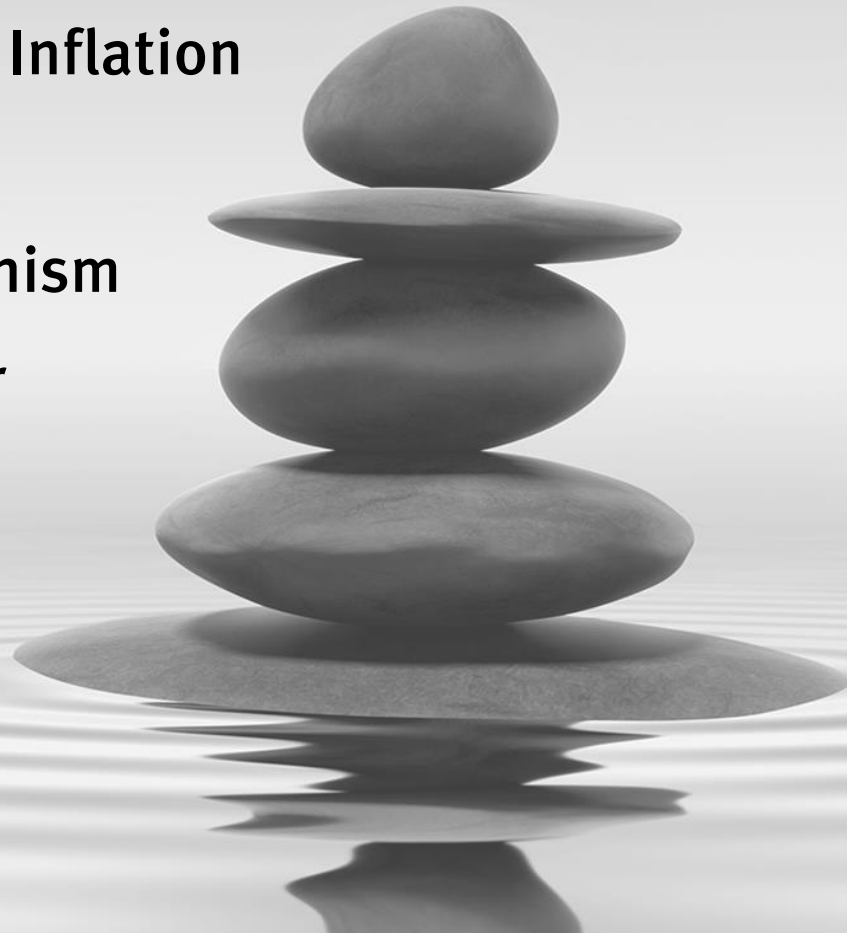
FAVORITE

15

September 1, 2022

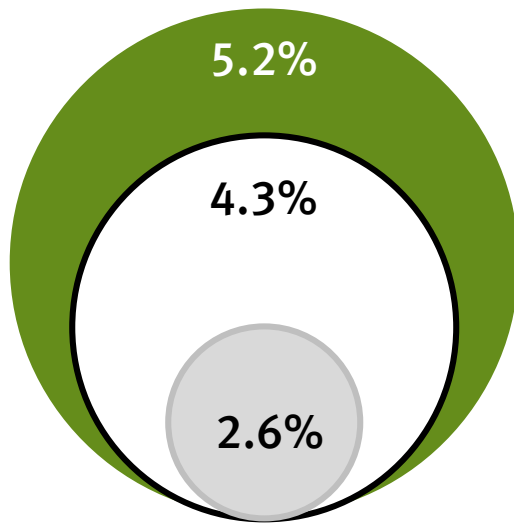
Insights From Stifel's CIO Office

- Pandemic and Shutdowns
- Federal Reserve (Fed) and Inflation
- Companies and Profits
- Geopolitics and Protectionism
- D.C. and Balance of Power

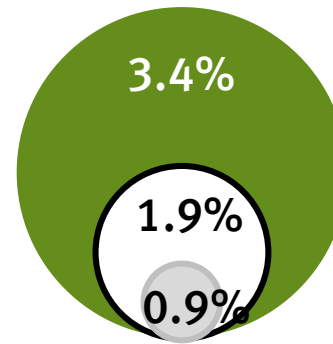




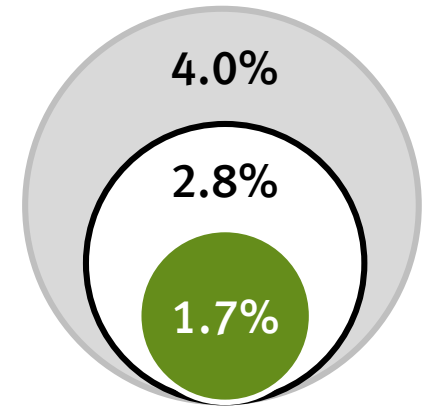
PCE Inflation
(% Change 4Q/4Q)



Federal Funds Rate



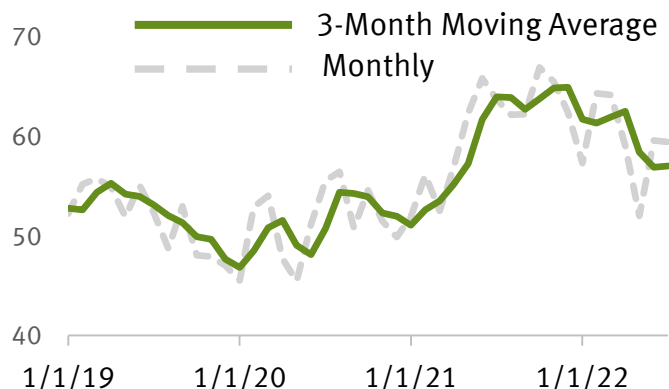
Real GDP
(% Change 4Q/4Q)



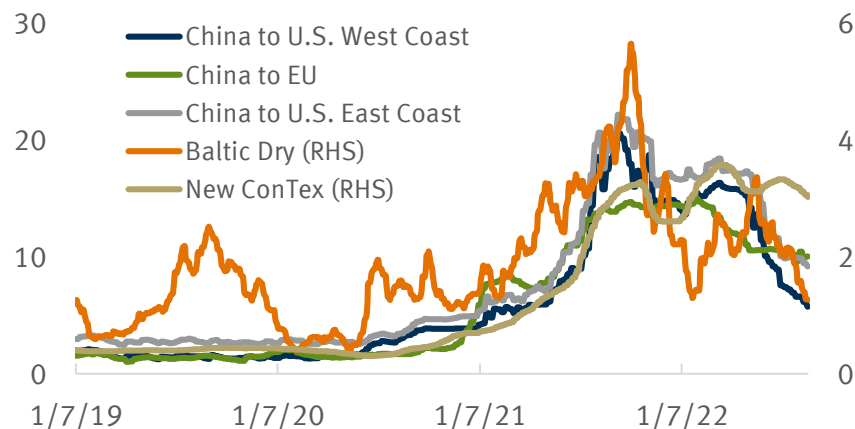
- December 2021 Projection
- March 2022
- June 2022

Market Sight/Lines - Exploring the Data: Supply Chain Pressures May Be Easing

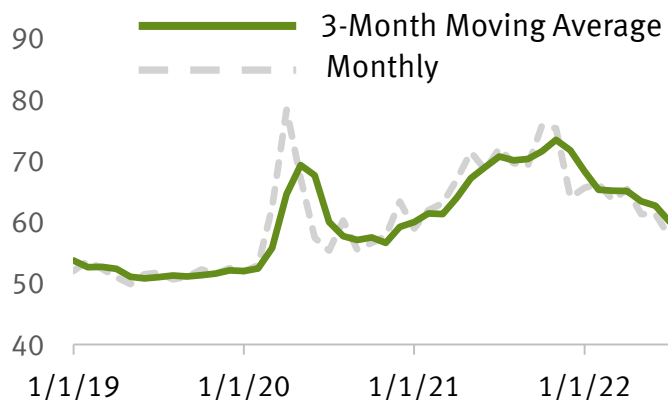
Institute of Supply Management (ISM) – Backlog of Orders



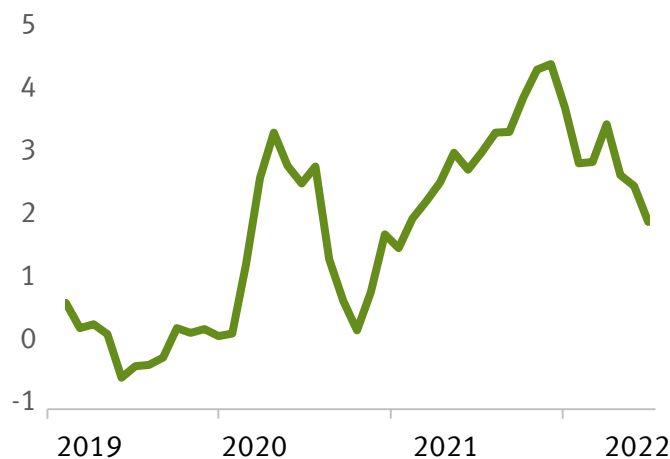
Shipping Costs (\$000)



ISM Supplier Deliveries



Global Supply Chain Pressure Index



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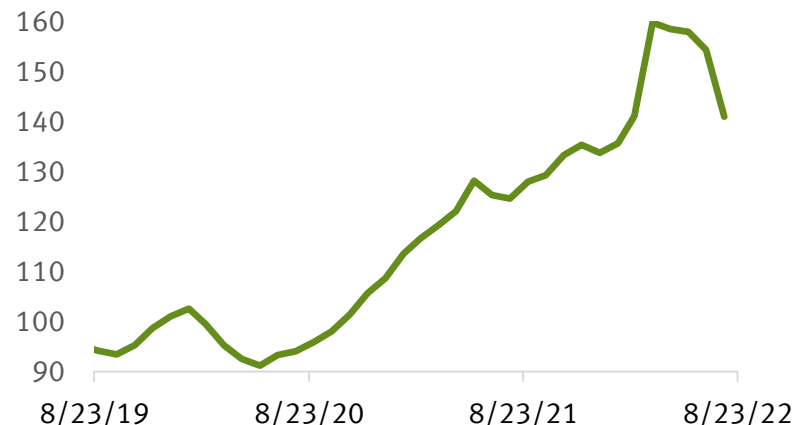
Source: Stifel Investment Strategy data via Bloomberg, as of August 23, 2022

Market Sight/Lines - Exploring the Data: Inflation May Be Cooling

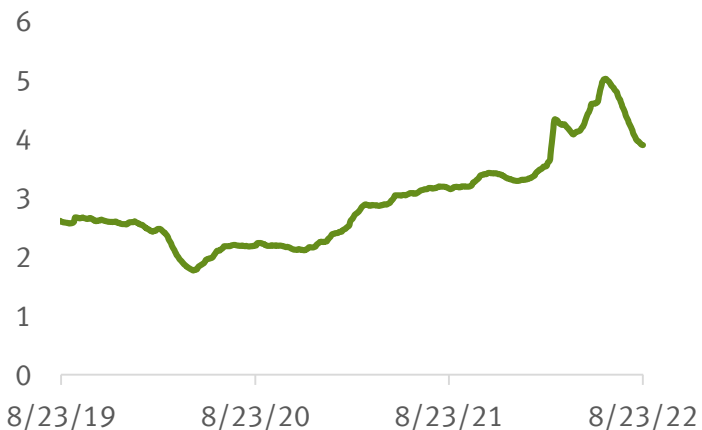
Brent Crude Oil (\$/bbl)



FAO Food Price Index



Average Gas Price (\$/gallon)

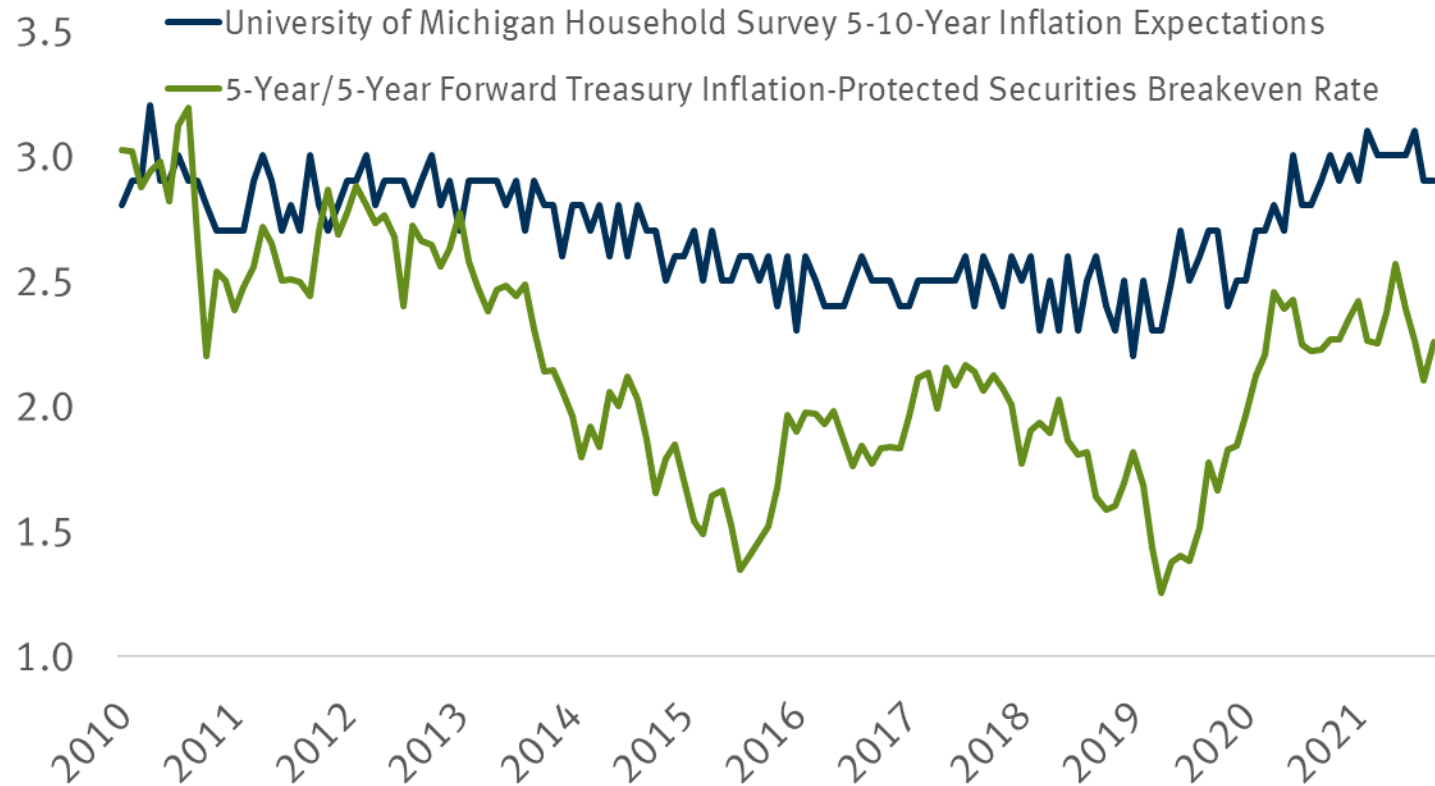


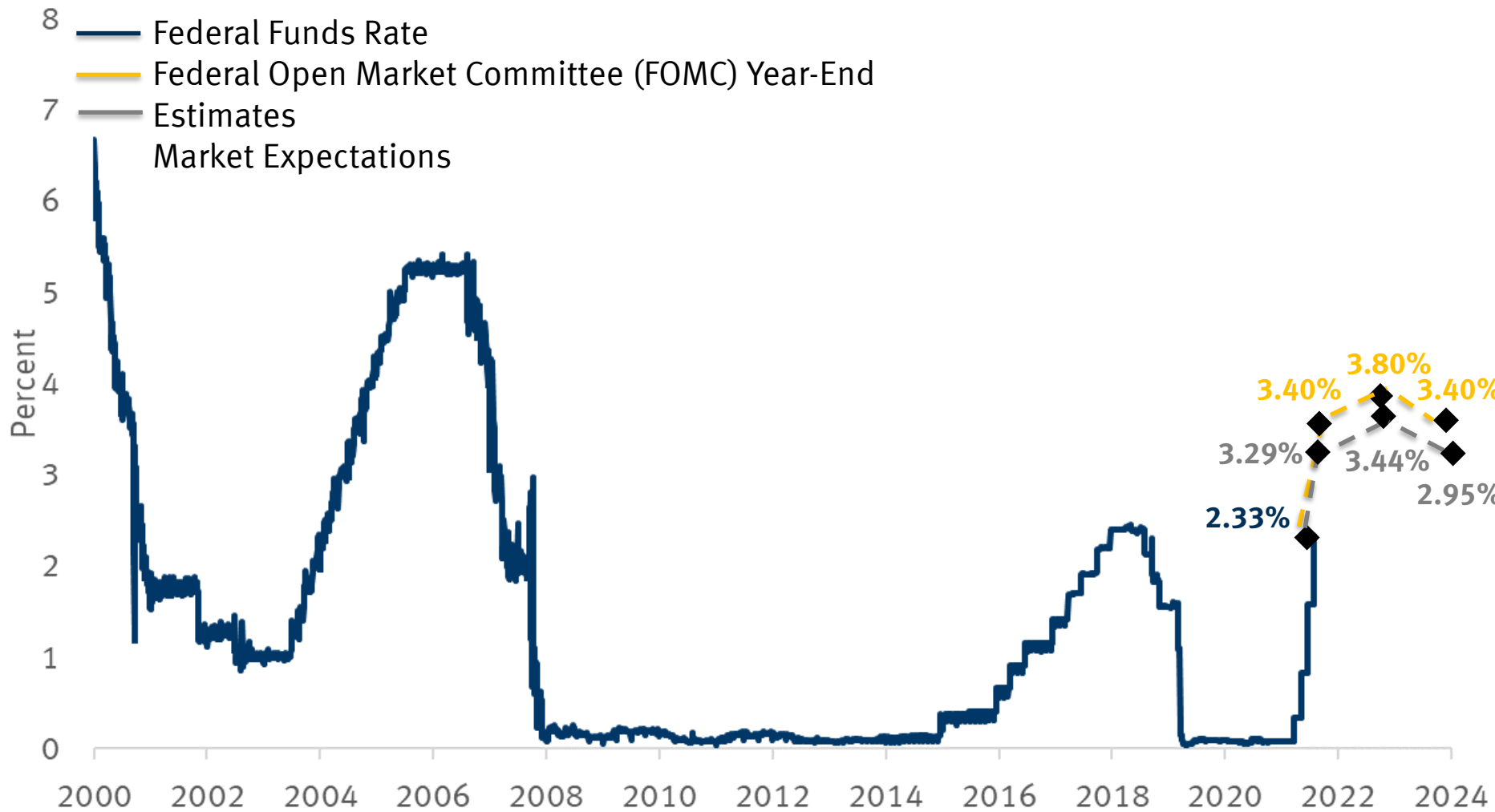
July Consumer Price Index

	CPI		Core CPI	
	Monthly	Annualized	Monthly	Annualized
2020	0.11%	1.29%	0.13%	1.60%
2021	0.57%	7.10%	0.45%	5.48%
1H22	0.89%	11.16%	0.55%	6.85%
July '22	0.00%	0.00%	0.30%	3.66%

Source: Stifel Investment Strategy data via Bloomberg, as of August 23, 2022

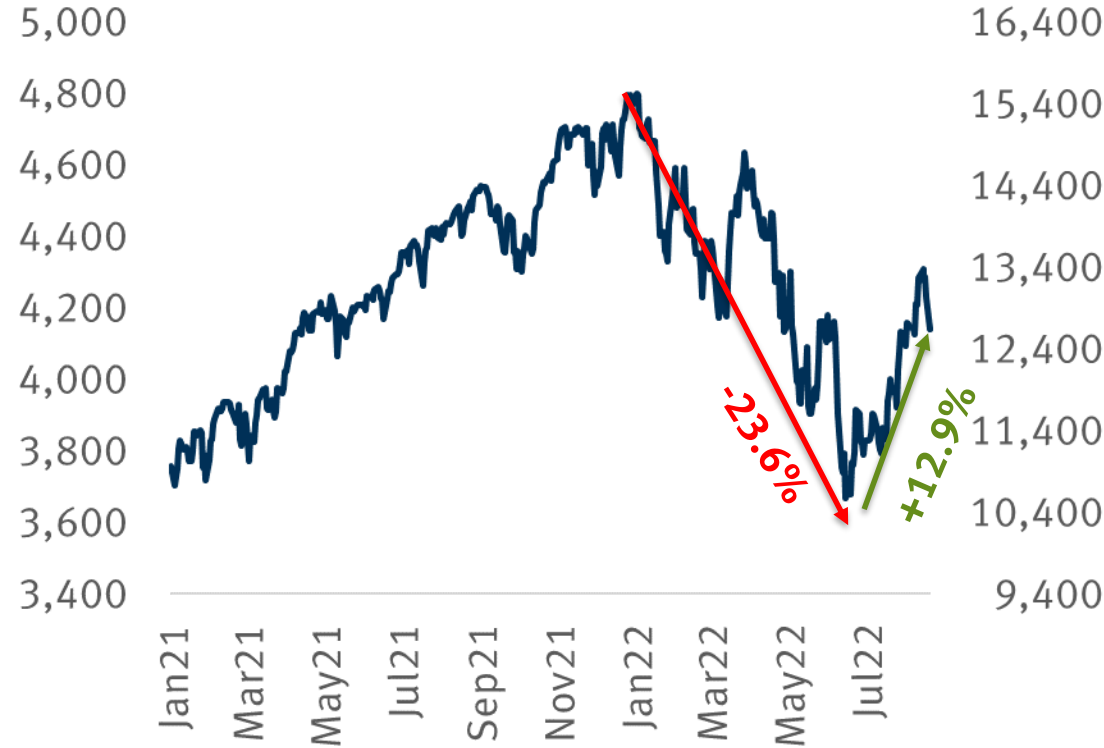




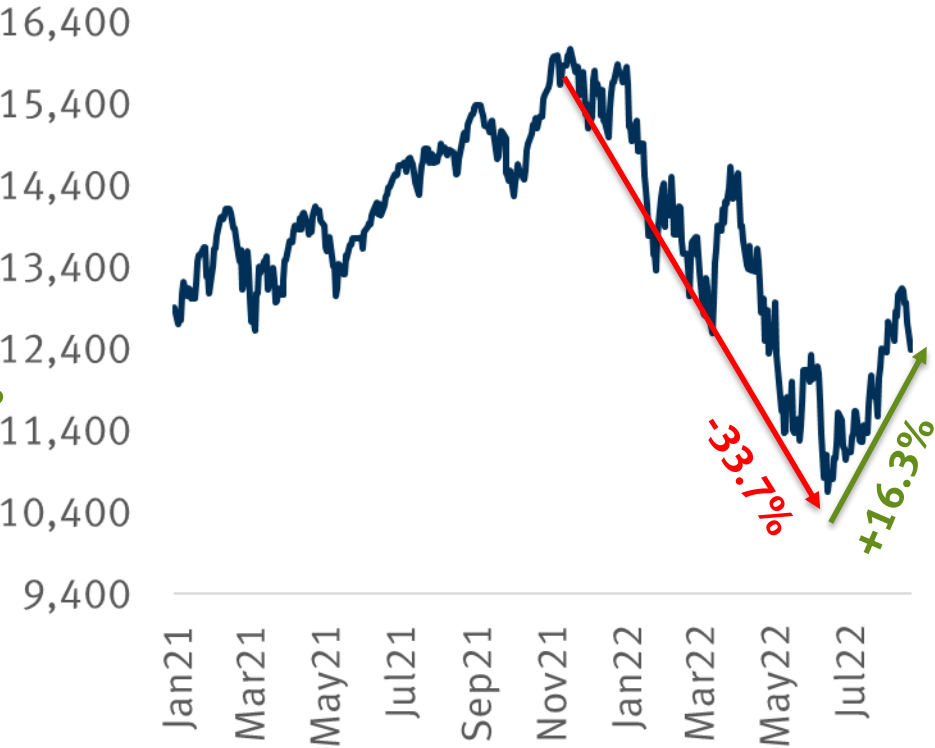


Source: Stifel Investment Strategy data via Bloomberg, JP Morgan, as of August 22, 2022

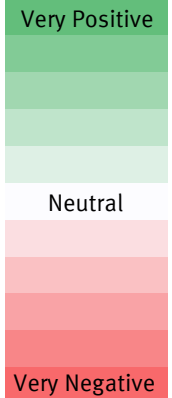
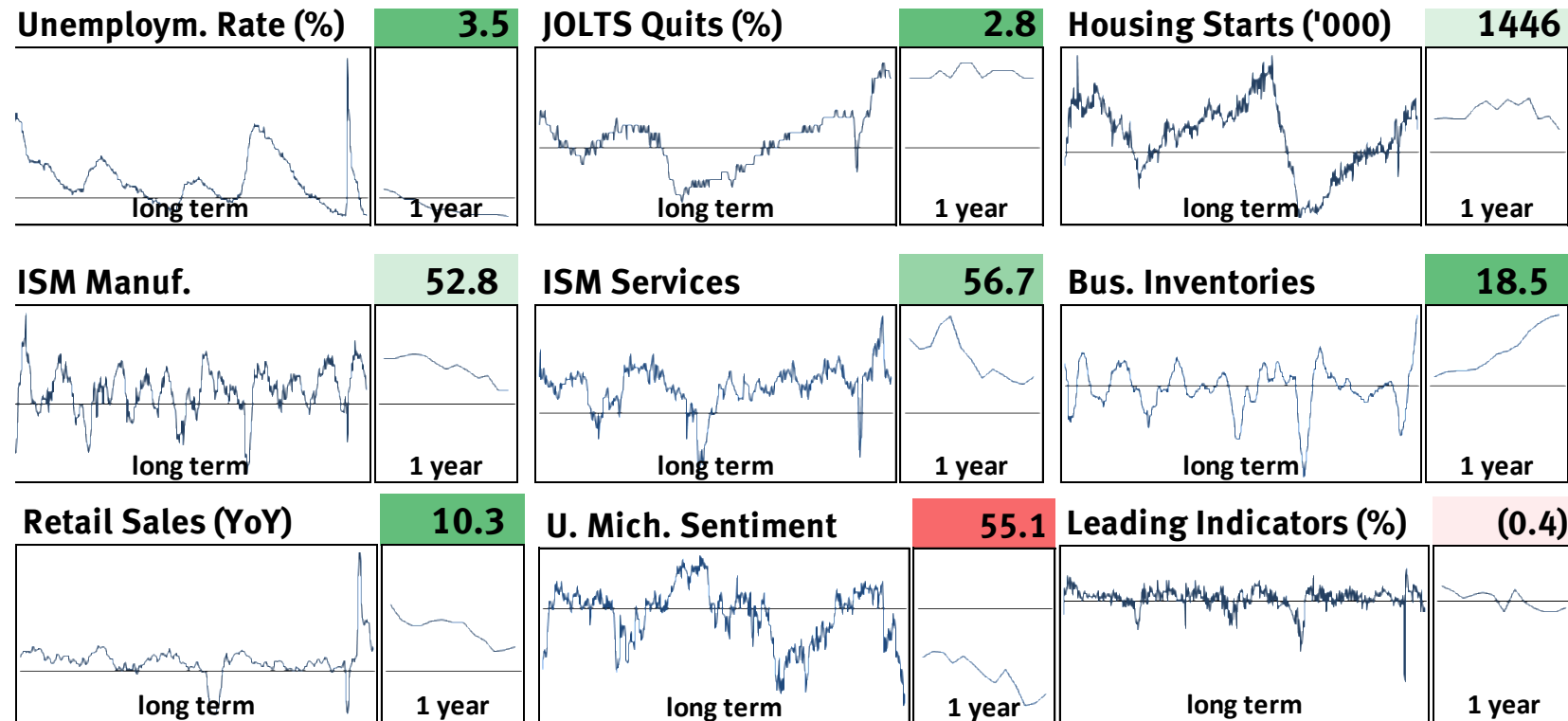
S&P 500 Index



Nasdaq Composite Index



The Economy



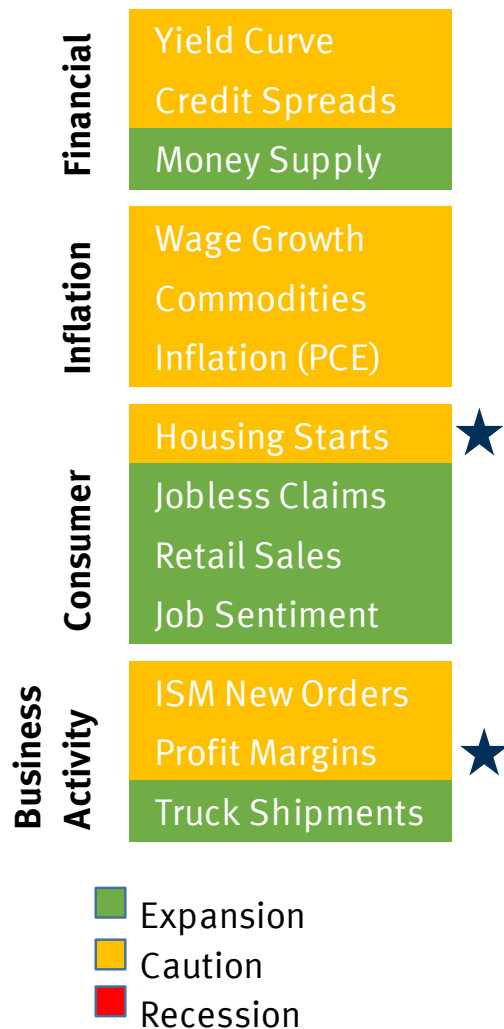
Source: Stifel Investment Strategy via Bloomberg, as of August 23, 2022

*The Consumer***0.7%****Consumers' Contribution
to Q2 GDP***1 year ago: 7.9%***10.3%****Retail Sales***1 year ago: 15.5%***5.1%****Savings Rate***1 year ago: 9.5%***3.5%****Unemployment Rate***1 year ago: 5.4%*

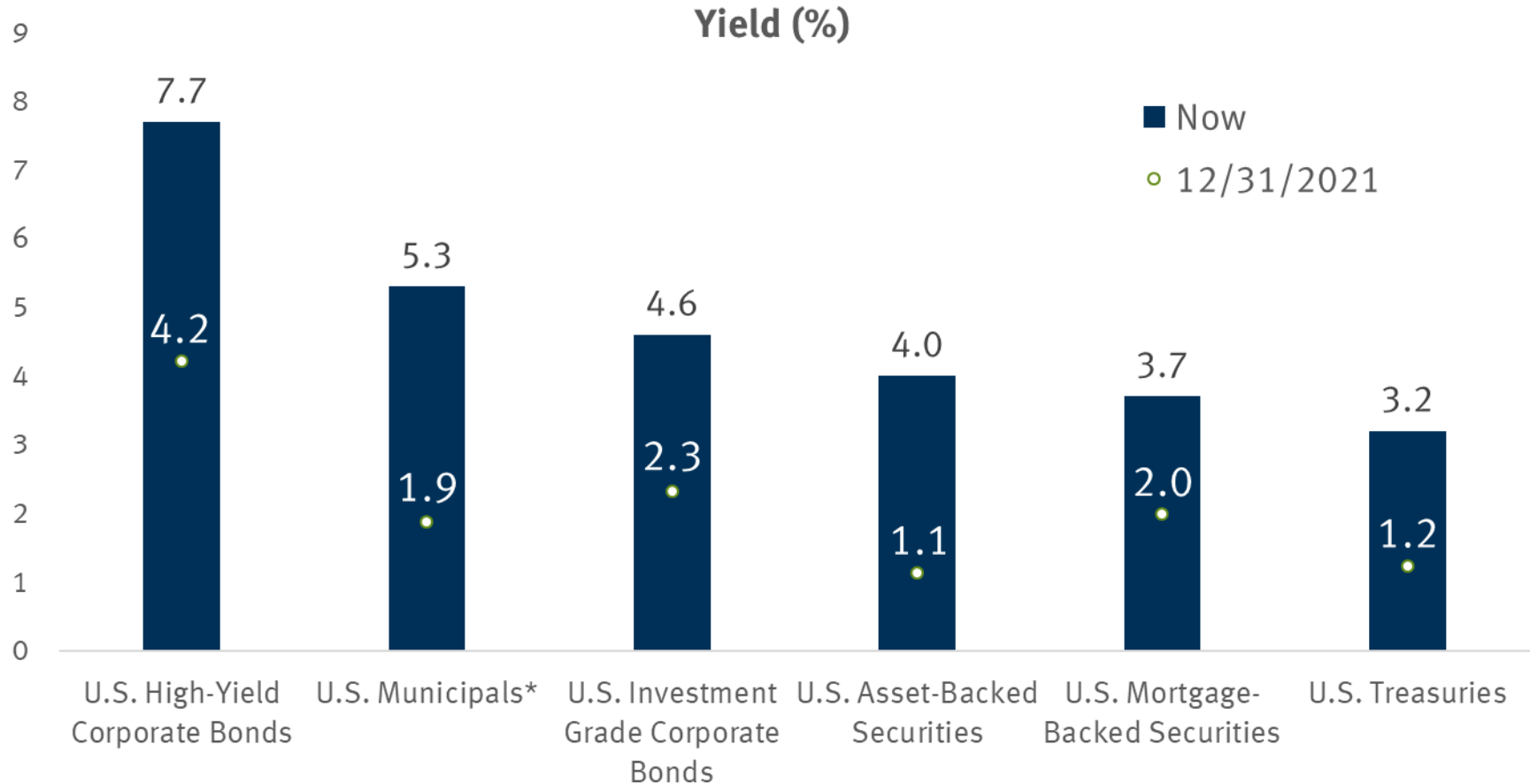
Source: Stifel Investment Strategy data via Bloomberg, as of August 23, 2022



Recession-Recovery Dashboard



- Flatter yield curve indicates increased recession risk.
- Credit spreads have stabilized but remain close to historic average levels.
- Money supply growth has normalized.
- Wage growth pressures remain elevated.
- Commodity prices have eased but are still above our neutrality levels.
- Prices remain stubbornly high both due to structural and cyclical factors.
- Housing starts have stalled on higher costs, chain supply issues, and weak builder confidence.
- Jobless claims have been rising but remain subdued.
- Growth in retail sector is positive despite inflationary pressures.
- More people have been quitting jobs, as leverage has shifted from employers to employees.
- ISM Manufacturing New Orders contracted, however services are still expansionary.
- Profit margins remain historically high but risks are meaningful due to price pressures.
- Truck shipments indicate growth is slowing down.



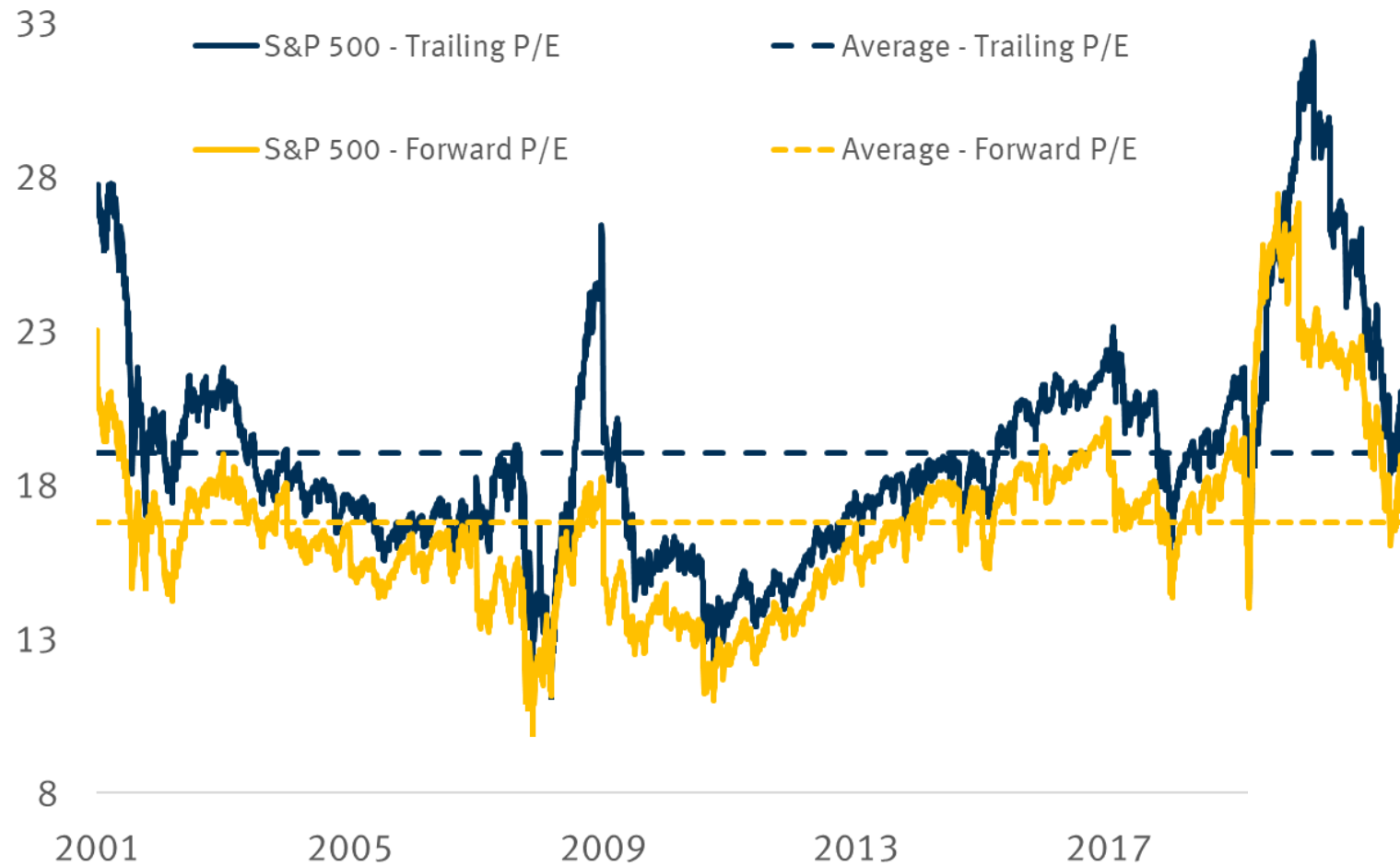
*Based on taxable equivalent yield.

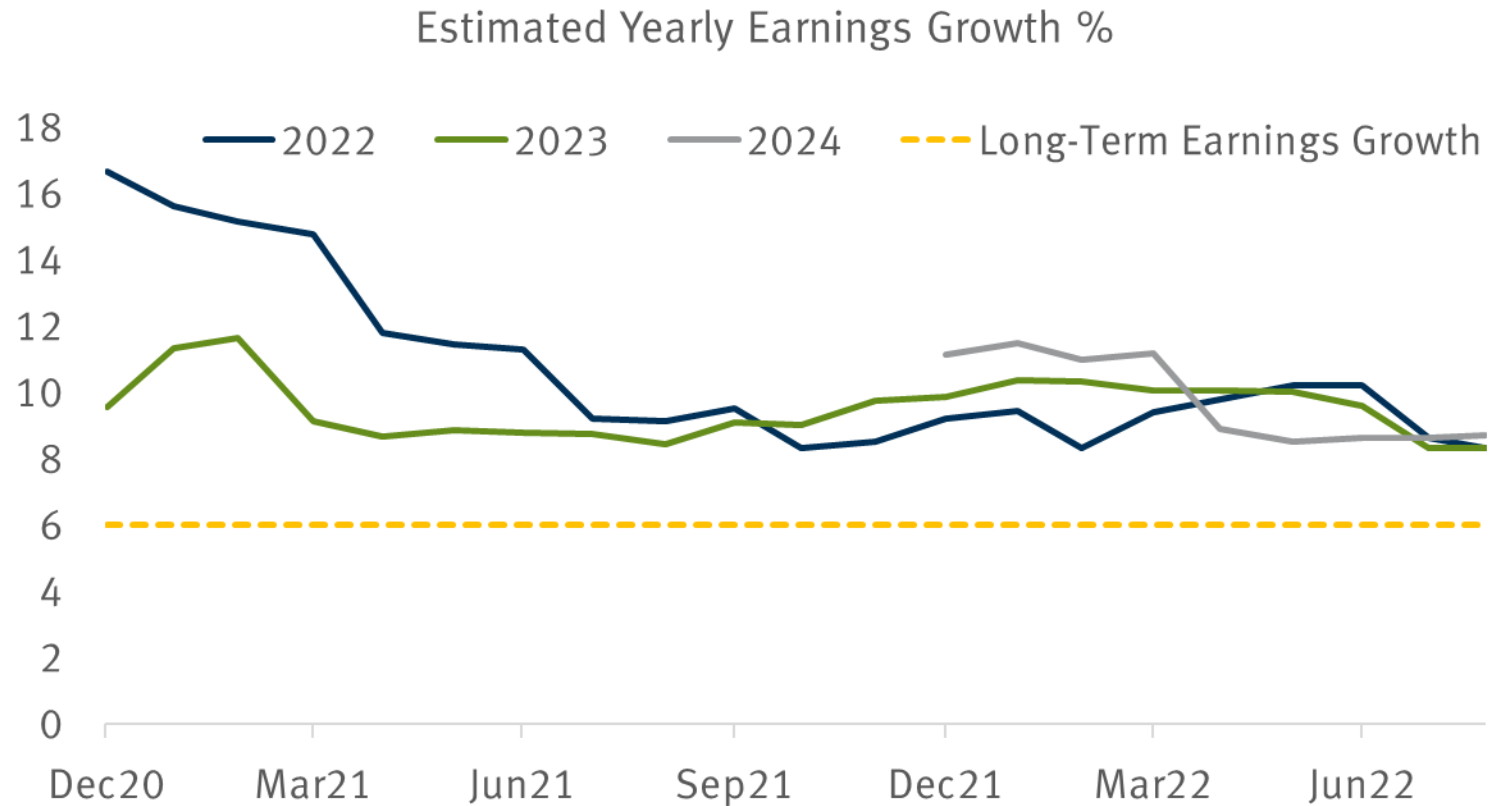
Source: Stifel Investment Strategy data via Bloomberg, as of August 22, 2022



Read: Risks to the Stock Market

S&P 500 P/E Ratios





SEPTEMBER

2	Employment
13/14	Inflation
15	Retail Sales
16	Consumer Sentiment
20/21	Housing
21	Fed Policy Decision
21	FOMC Economic Projections

OCTOBER

7	Employment
12	FOMC Minutes
13/14	Inflation
14	Retail Sales
14	Consumer Sentiment
19/20	Housing
27	3rd Quarter GDP (Adv Est.)

OTHER IMPORTANT TOPICS

- Russia-Ukraine War
- China-Taiwan Tensions
- Progression of Earnings Forecasts
- 3rd Quarter Earnings Season
- Progression of PMI measures
- Business and consumer sentiment
- Global Inflation
- Global Central Bank Policy

NOVEMBER

2	Fed Policy Decision
4	Employment
8	Mid Term Elections
10	CPI/Core CPI
11	Consumer Sentiment
15	PPI/Core PPI
16	Retail Sales
17/18	Housing
23	FOMC Minutes

DECEMBER

2	Employment
9	Consumer Sentiment
9/13	Inflation
14	Fed Policy Decision
14	FOMC Economic Projections
15	Retail Sales
20/21	Housing



INDEX DESCRIPTIONS

U.S. Corp IG Bonds is represented by the Bloomberg U.S. Corporate Bond Index, comprised of the investment grade, fixed-rate, taxable corporate bond market.

High-Yield Bonds is represented by the Bloomberg U.S. Corporate High Yield Bond Index, comprised of U.S. dollar-denominated high-yield, fixed-rate corporate bond market securities.

U.S. LC (Large Cap) equities is represented by Russell 1000 Index, comprised of 1,000 of the largest U.S. securities based on a combination of their market cap and current index membership.

U.S. SC (Small Cap) equities is represented by the Russell 2000 Index, comprised of 2,000 of the smallest U.S. securities based on a combination of their market cap and current index membership.

Dev International Equities is represented by the MSCI EAFE Index, comprised of equity securities that belong to markets outside of the U.S. and Canada.

EM Equities is represented by the MSCI EM Index, comprised of equity securities that belong to emerging markets.

Moderate Bench stands for moderate benchmark portfolio return, which is a blended portfolio of stocks (60% weight, represented by MSCI AC World Index) and bonds (40% weight, represented by Bloomberg U.S. Agg Gov/Credit).

MSCI AC World Index is comprised of equity securities belonging to 23 developed markets and 24 emerging markets countries.

Bloomberg U.S. Government/Credit Bond Index is comprised of investment-grade, dollar-denominated, fixed-rate Treasuries, government-related, and corporate securities.

KBW Restoration Index is composed of 13 high-frequency economic indicators. These indicators include those with longer histories (initial jobless claims, MBA mortgage applications, and steel production) along with newly developed gauges tracking mobility, dining reservations, and airport traffic, among others. KBW set each of the 13 indicators to 100 as of the end of February 2020, the official end of the longest economic cycle in U.S. history, and update the Index each week.

Indices are unmanaged, do not reflect fees and expenses, and are not available for direct investment.

DISCLOSURES

Past performance does not guarantee future results. Investing involves risk, including the possible loss of principal. Asset allocation and diversification do not ensure a profit or protection against loss.

Alternative Investments or Non-Traditional Assets – Alternative investments may include, but are not limited to: Real Estate Investment Trusts (REITs), Commodities, Futures, Hedge Funds, Venture Capital, Limited Partnerships, etc.

Real Estate – When investing in real estate companies, property values can fall due to environmental, economic, or other reasons, and changes in interest rates can negatively impact the performance.

Commodities and Futures – The risk of loss in trading commodities and futures can be substantial. You should therefore carefully consider whether such trading is suitable for you in light of your financial condition. The high degree of leverage that is often obtainable in commodity trading can work against you as well as for you. The use of leverage can lead to large losses as well as gains.



DISCLOSURES CONTINUED

Hedge Funds – Investors should be aware that hedge funds often engage in leverage, short-selling, arbitrage, hedging, derivatives, and other speculative investment practices that may increase investment loss. Hedge funds can be highly illiquid, are not required to provide periodic pricing or valuation information to investors, and often charge high fees that can erode performance. Additionally, they may involve complex tax structures and delays in distributing tax information. While hedge funds may appear similar to mutual funds, they are not necessarily subject to the same regulatory requirements as mutual funds.

Venture Capital – Venture capital investments involve substantial risks. The risks associated with investing in companies in the start-up or expansion stages of development are greater than those of companies in later stages, because the companies' business concepts generally are unproven and the companies have little or no track record.

Limited Partnerships – Generally, limited partnership investments are suitable only for a narrow class of relatively sophisticated investors. Limited partnership investments may be speculative in nature and be subject to resale restrictions or illiquidity. An investment is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment.

Bonds – When investing in bonds, it is important to note that as interest rates rise, bond prices will fall. High-yield bonds have greater credit risk than higher quality bonds.

Duration – Duration is a measure of the sensitivity of the price – the value of principal – of a fixed income investment to a change in interest rates. Duration is expressed as a number of years.

Standard Deviation – Standard deviation is a measure of the dispersion of a set of data from its mean. It is calculated as the square root of variance by determining the variation between each data point relative to the mean. If the data points are further from the mean, there is higher deviation within the data set.

International and Emerging Markets – There are special considerations associated with international investing, including the risk of currency fluctuations and political and economic events. Investing in emerging markets may involve greater risk and volatility than investing in more developed countries.

Private Equity – Private equity funds are not appropriate for all investors. Investors should be aware that private equity funds may contain speculative investment practices that can lead to a loss of the entire investment. Private equity funds may invest in entities in which no secondary market exists and, as such, may be highly illiquid. The funds are not required to provide periodic pricing or valuation information to investors and often charge high fees that can erode performance. Additionally, they may involve complex tax structures and delays in distributing tax information.

Short Positions – The investor should note that when a short position moves in an unfavorable way, the losses are theoretically unlimited. The broker will demand more collateral and the manager might have to close out that short position at an inopportune time to limit any further losses.

Small Company Securities – Small company securities are typically more volatile and carry additional risks, since smaller companies generally are not as well established as larger companies.

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Nik Eftimov, CFA

*Director, Investment Management
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Sneha Jose

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