

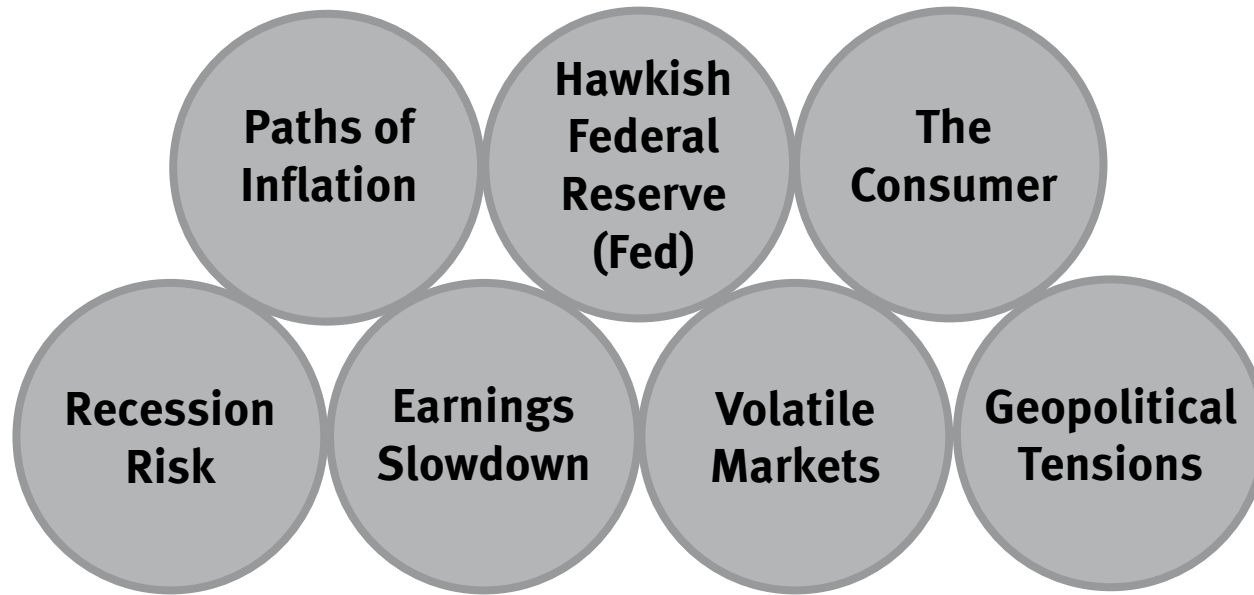
STIFEL

FAVORITE

15

March 2023

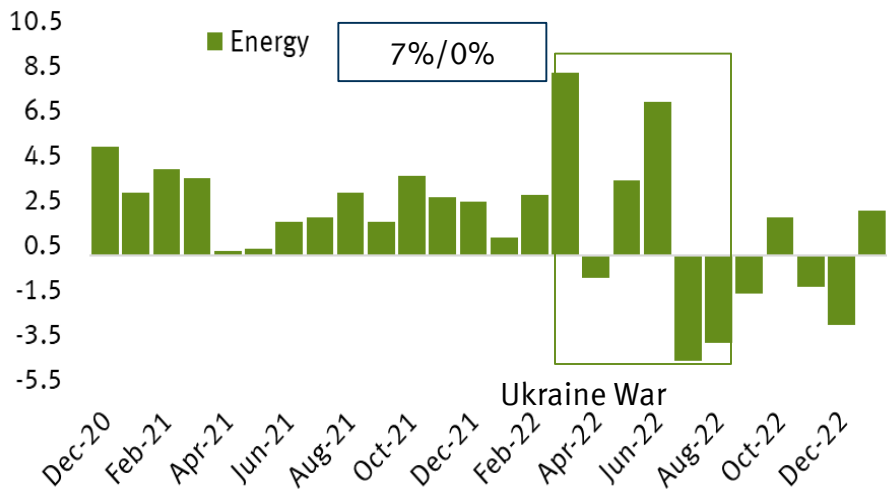
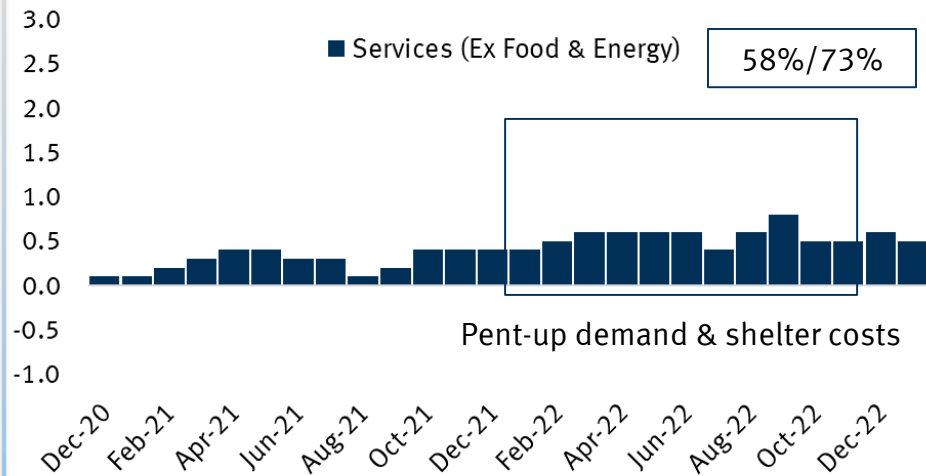
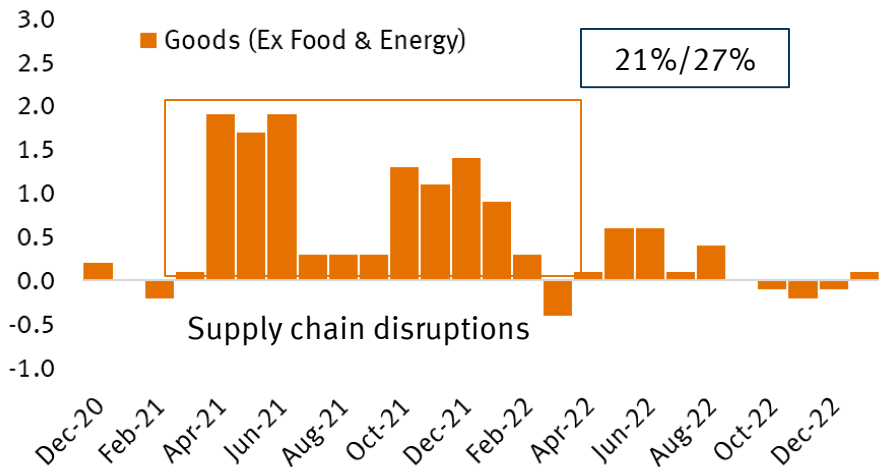
Insights From Stifel's CIO Office



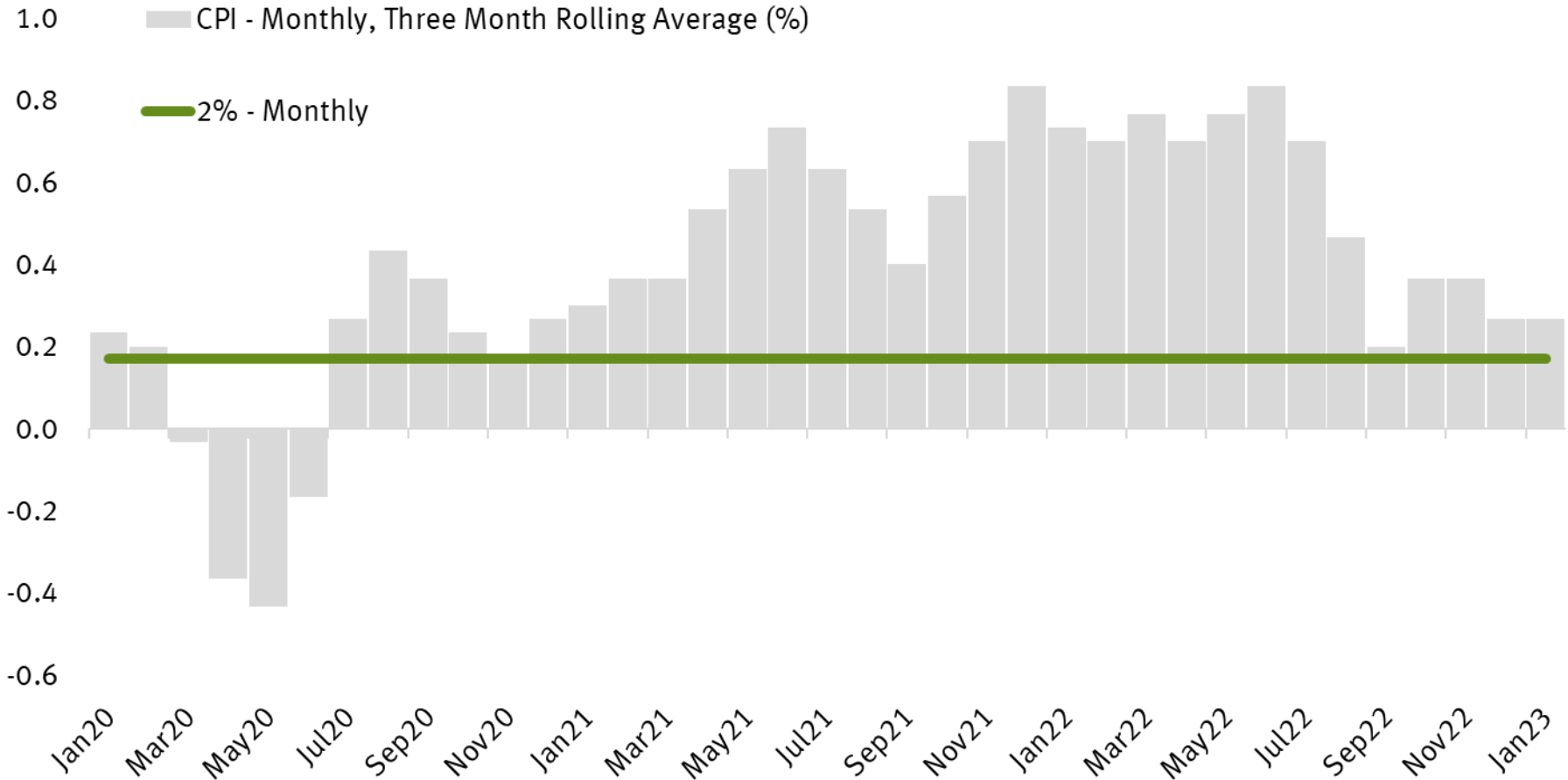
January 31/February 1 Fed Meeting

- The Fed hiked rates 0.25%, as expected.
- The statement acknowledged easing inflationary pressures but noted that inflation remains elevated.
- Markets responded positively
- Powell press conference:
 - ***Ongoing rate hikes will be necessary*** because the “job not fully done.” Core services ex housing still running too high.
 - ***“Premature to declare victory,”*** but we can now say that the ***“disinflationary process is happening.”***
 - Base case: Inflation will go back to 2% without significant downturn. Positive growth at a subdued pace.
 - Powell ***doesn’t see cutting rates this year***, since lots of uncertainty (“wait and see”).

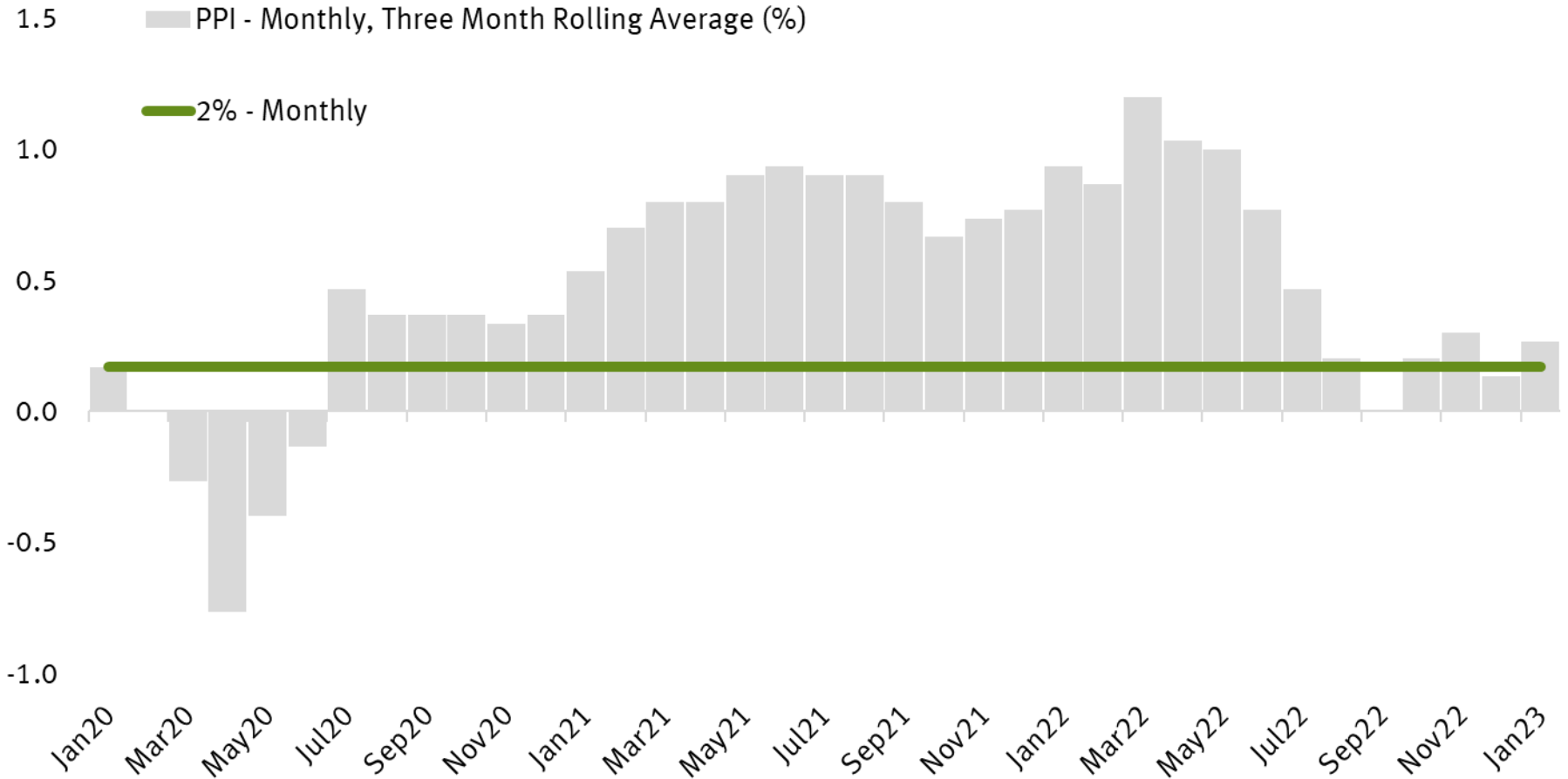
Month over Month % shown below



Source: Stifel CIO Office via Bloomberg, as of March 6, 2023.



Source: Stifel CIO Office via Bloomberg, as of March 6, 2023.



Source: Stifel CIO Office via Bloomberg, as of March 6, 2023.

0.9%

**Consumers' Contribution
to Q4 GDP**

6.4%

Retail Sales

\$1.1 Trillion

Excess Savings

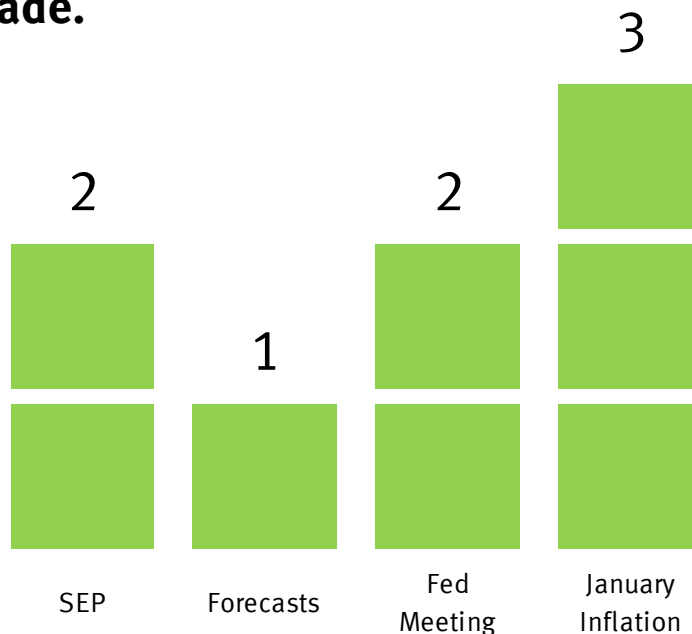
3.4%

Unemployment Rate



Source: Stifel CIO office via Bloomberg and Strategas Research Partners, as of March 6, 2023

**A big question: how many more 0.25% Fed rate hikes from here?
Glimpses of optimism fade.**



The Fed's most recent Summary of Economic Projections (SEP) imply there will be two more 0.25% hikes this year.

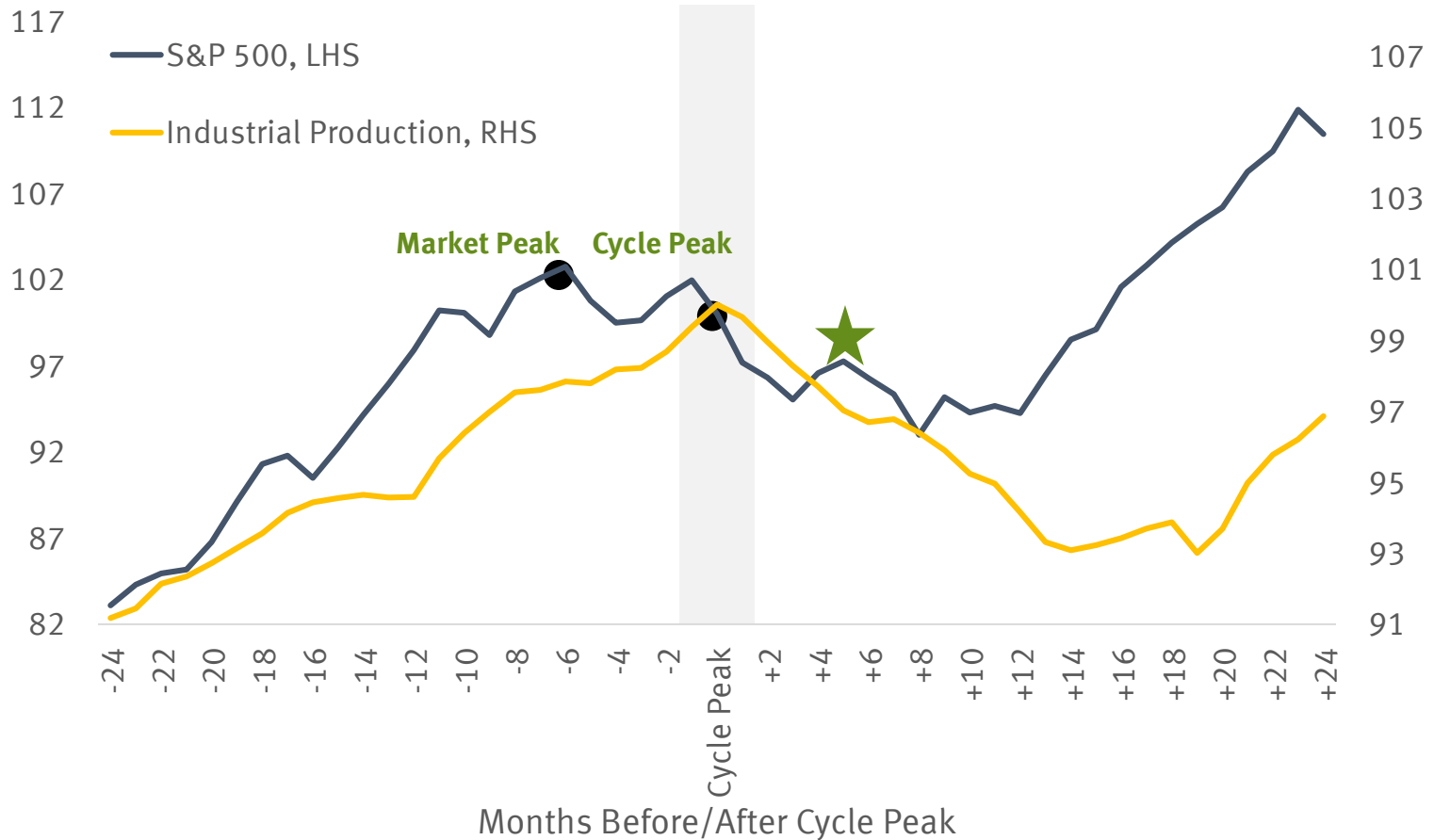
At the beginning of the year, our forecast, and those implied by Fed funds futures, reflected one more.

Just after the Fed meeting Fed funds futures moved, anticipating two more 0.25% moves this year.

The firm January inflation reports moved Fed funds futures further, implying three more 0.25% hikes.

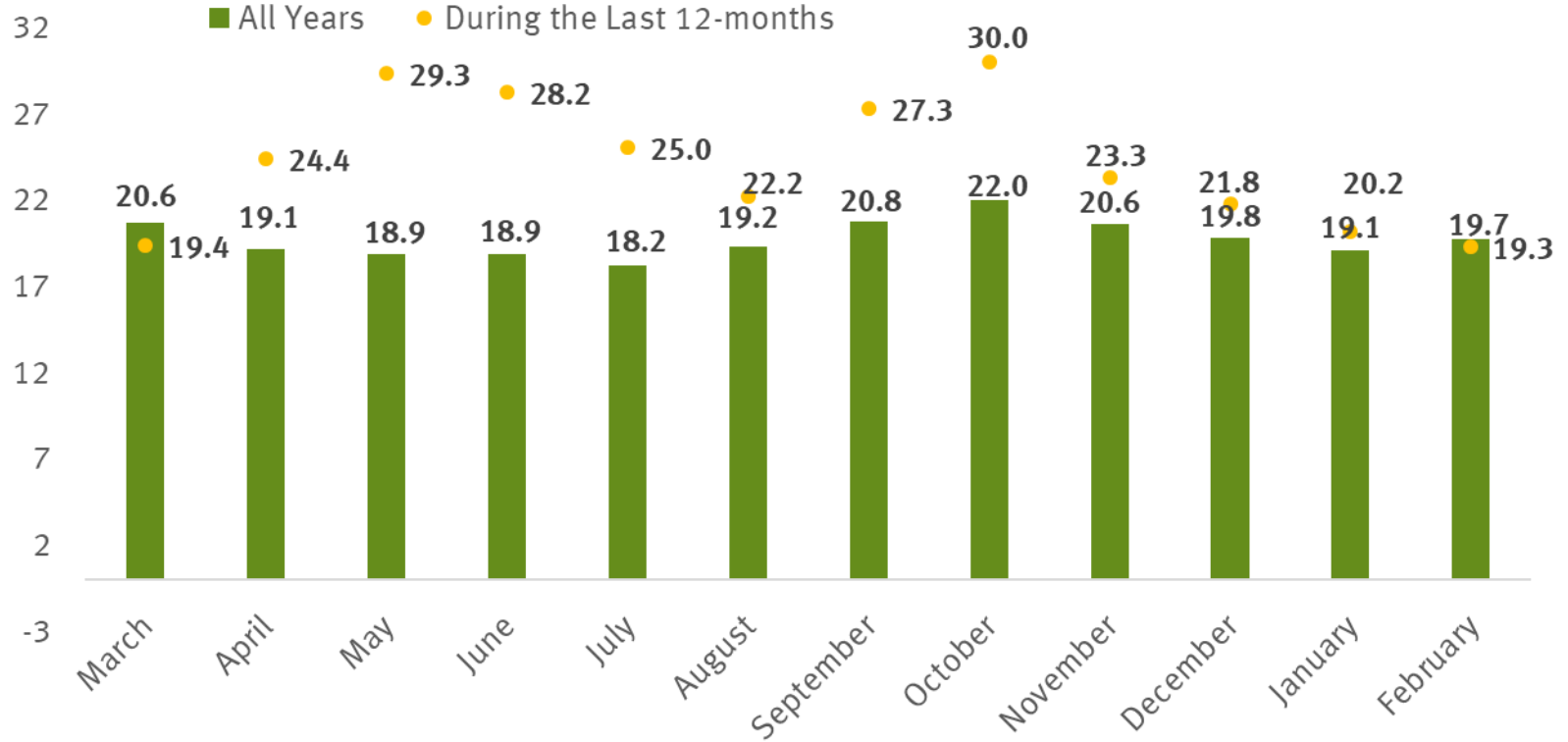


Source: Stifel CIO Office via Bloomberg, as of March 8, 2023



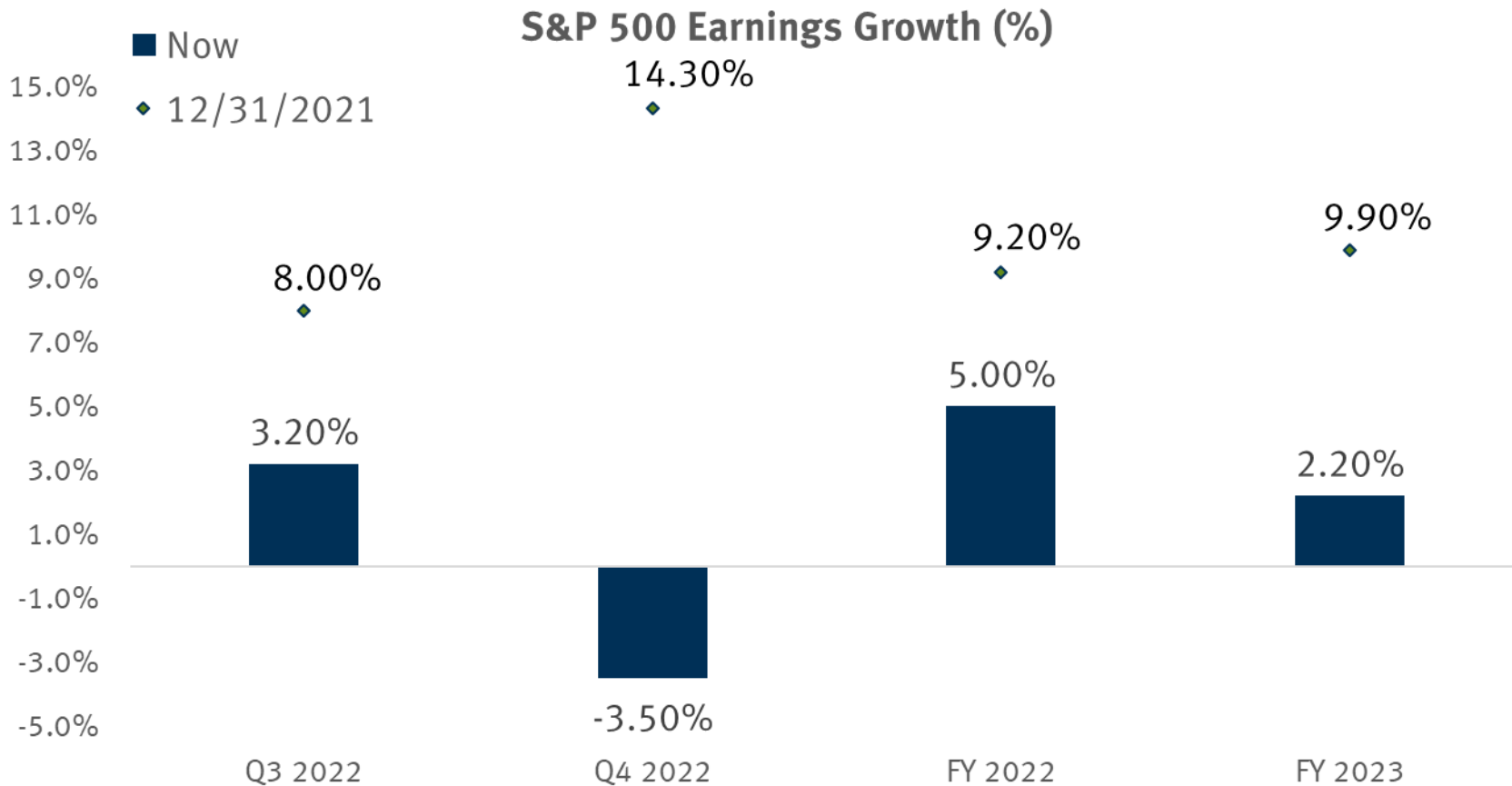
Source: Stifel CIO Office via Strategas Research Partners, as of March 6, 2023; Data since 1950.

Average Daily VIX Index Level - Last 30 years

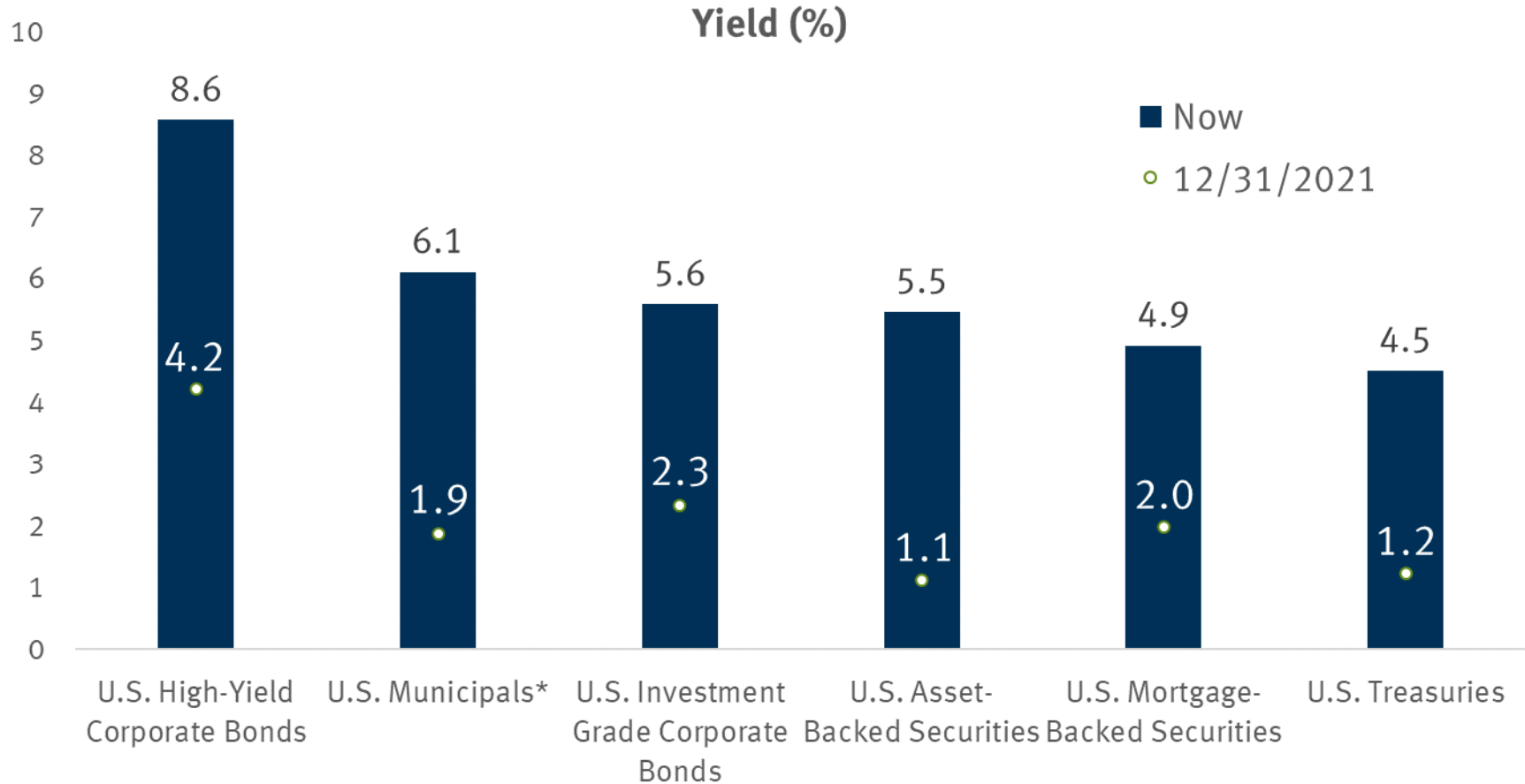


Source: Stifel CIO Office via Bloomberg, as of March 6, 2023 (intra-day)

Many companies citing supply chain, inflation, and recession



Source: Stifel CIO Office via FactSet, as of March 6, 2023



*Based on taxable equivalent yield. Taxable equivalent yield assumes a 37% federal tax and 3.8% net investment income tax.

Source: Stifel CIO Office via Bloomberg, as of March 7, 2023



Index	2020	2021	2022	Jan 2023	Feb 2023	Mar 2023
S&P 500 Index	18.4%	28.7%	-18.1%	6.3%	-2.4%	0.6%
Russell 1000 Value	2.8%	25.1%	-7.6%	5.2%	-3.5%	-0.1%
Russell 1000 Growth	38.5%	27.6%	-29.1%	8.3%	-1.2%	1.2%
NYSE FANG+ Index	103.1%	17.7%	-40.0%	18.7%	3.8%	0.6%
Russell 2000 Index	19.9%	14.8%	-20.5%	9.7%	-1.7%	-0.9%
MSCI EAFE Index	7.8%	11.3%	-14.5%	8.1%	-2.1%	0.3%
MSCI EM Index	18.3%	-2.5%	-20.1%	7.9%	-6.5%	1.5%
Bloomberg U.S. Aggregate	7.5%	-1.5%	-13.0%	3.1%	-2.6%	-0.5%

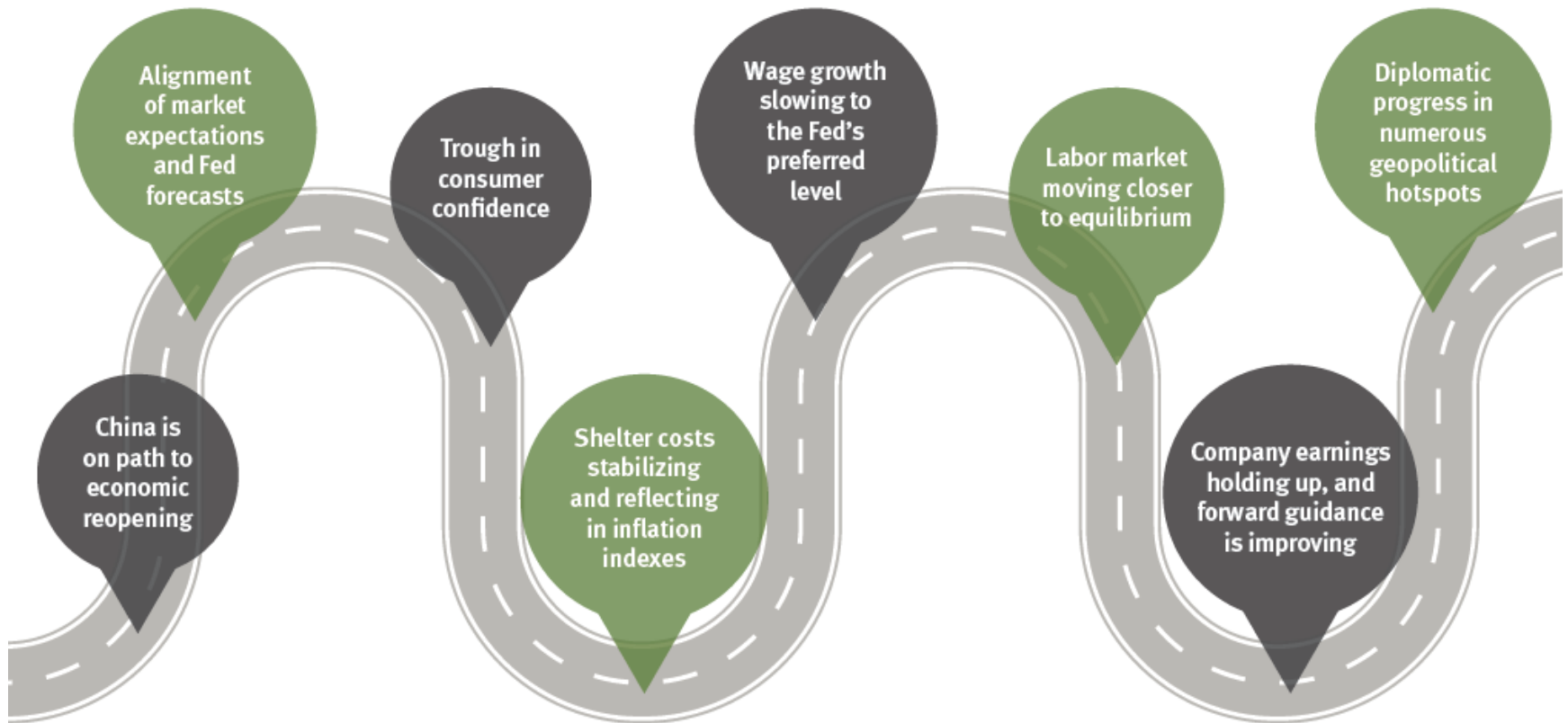


Source: Stifel CIO Office via Bloomberg as of March 8, 2023

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JANUARY

4	Federal Open Market Committee (FOMC) Minutes
6	Employment
12/18	Inflation
13	Consumer Sentiment
18	Retail Sales
19	Housing

FEBRUARY

1	Fed Policy Decision
3	Employment
10	Consumer Sentiment
14/16	Inflation
15	Retail Sales
16/21	Housing
22	Federal Open Market Committee (FOMC) Minutes
23	Fourth Quarter GDP (Adv Est.)

MARCH

10	Employment
14/15	Inflation
15	Retail Sales
16/23	Housing
17	Consumer Sentiment
22	FOMC Economic Projections

APRIL

7	Employment
12	Federal Open Market Committee (FOMC) Minutes
12/13	Inflation
14	Consumer Sentiment
14	Retail Sales
18/25	Housing

OTHER IMPORTANT TOPICS

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



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stifelinsights.com



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INDEX DESCRIPTIONS

S&P 500 Index is a capitalization-weighted index of 500 stocks. The index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

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. Aggregate Government/Credit Bond Index).

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.

Bloomberg U.S. Aggregate Bond Index is a broad-based flagship benchmark that measures the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), and ABS and CMBS (agency and nonagency).

Russell 1000 Value Index measures the performance of those Russell 1000 index companies with lower price-to-book ratios and lower forecasted growth values.

Russell 1000 Growth Index measures the performance of those Russell 1000 index companies with higher price-to-book ratios and higher forecasted growth values.

NYSE FANG+ Index is an equal-dollar weighted index designed to track the performance of highly-traded growth stocks of technology and tech-enabled companies in the technology, media & communications and consumer discretionary sectors such as Facebook, Apple, Amazon, Netflix, and Alphabet's Google.

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.

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.



DISCLOSURES CONTINUED

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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