Re-acceleration?

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NDR
NED DAVIS RESEARCH

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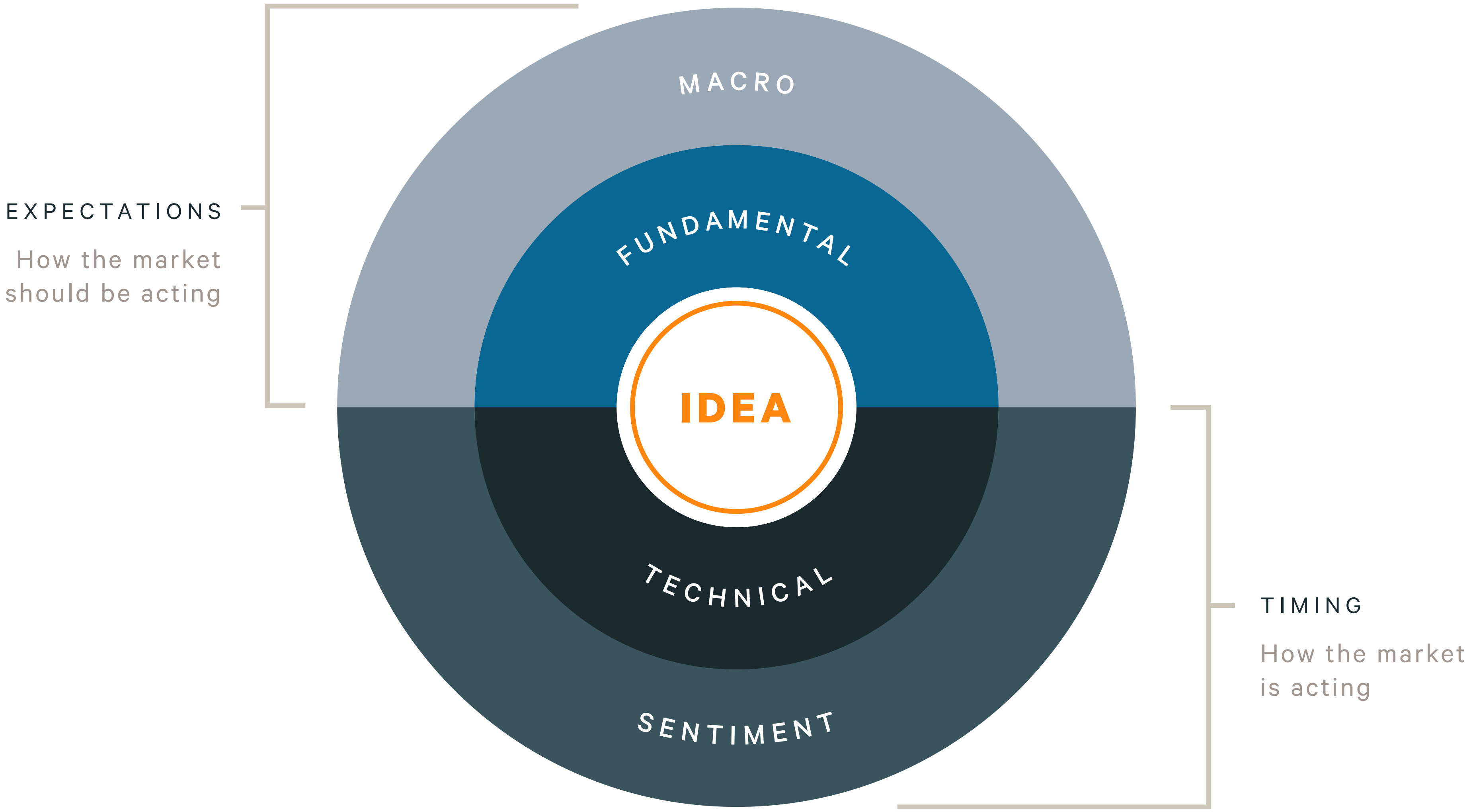
Overview

NDR's 10 Rules of Research

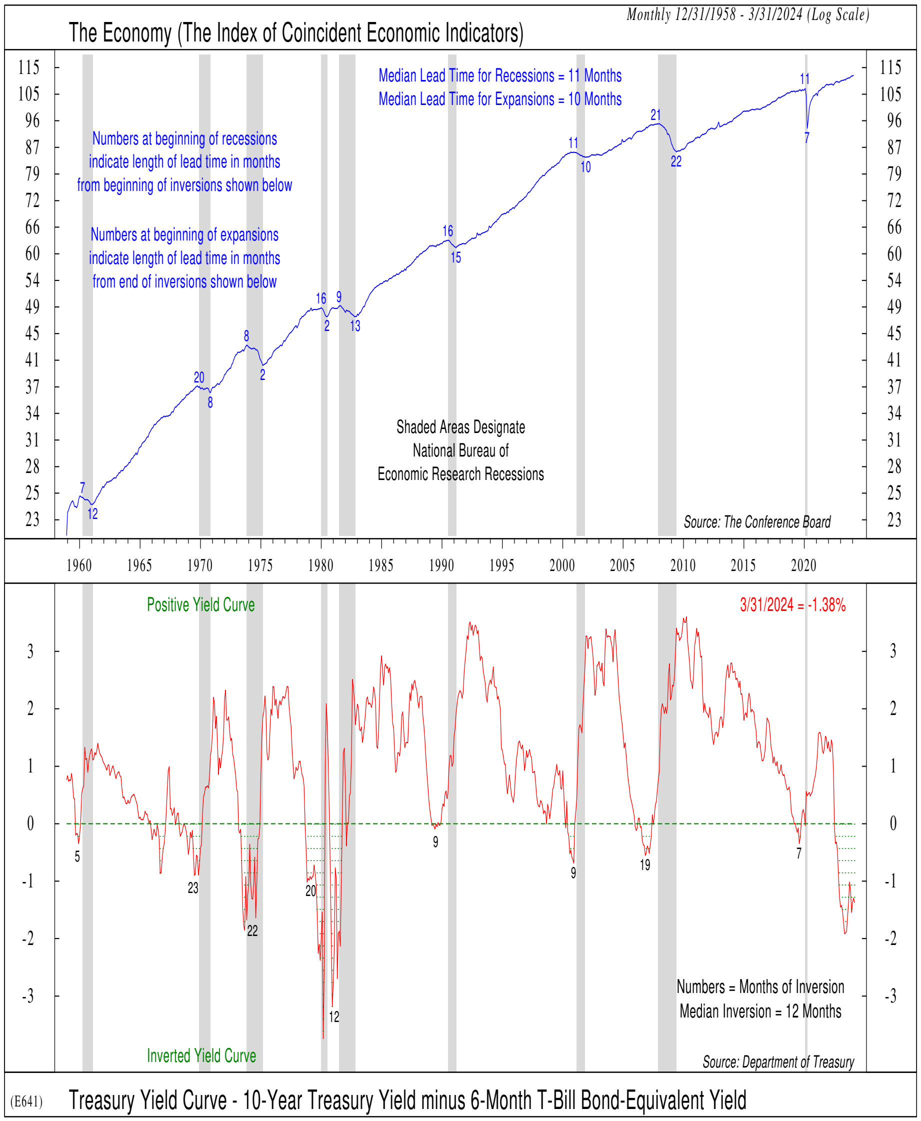
1	Be Objective	6	Don't Fight the Fed
2	Be Disciplined	7	Beware of the Crowd at Extremes
3	Be Flexible (and humble)	8	Those who do not study history are condemned to repeat its mistakes
4	Be Risk Averse	9	Apply Money Management Rules: primarily cut your losses and let your profits run
5	Don't Fight the Tape	10	Don't fight the government (e.g., fiscal policy)

NDR utilizes a 360 degree approach.



Economy

With 525 bp of rate hikes and an inverted curve, why is the economy growing above-trend? Fiscal stimulus is one reason.



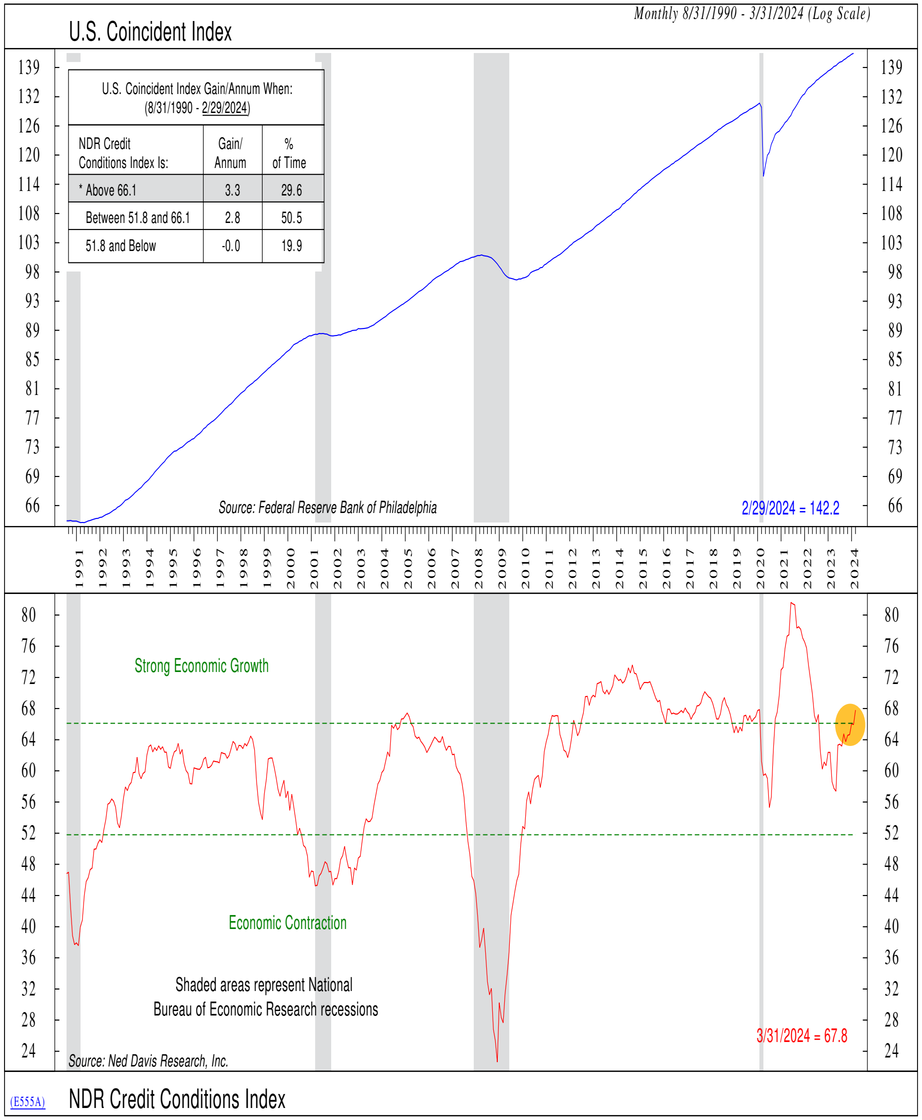
Increase (+) or decrease (-) in direct spending, revenues, and deficit ($ Millions)

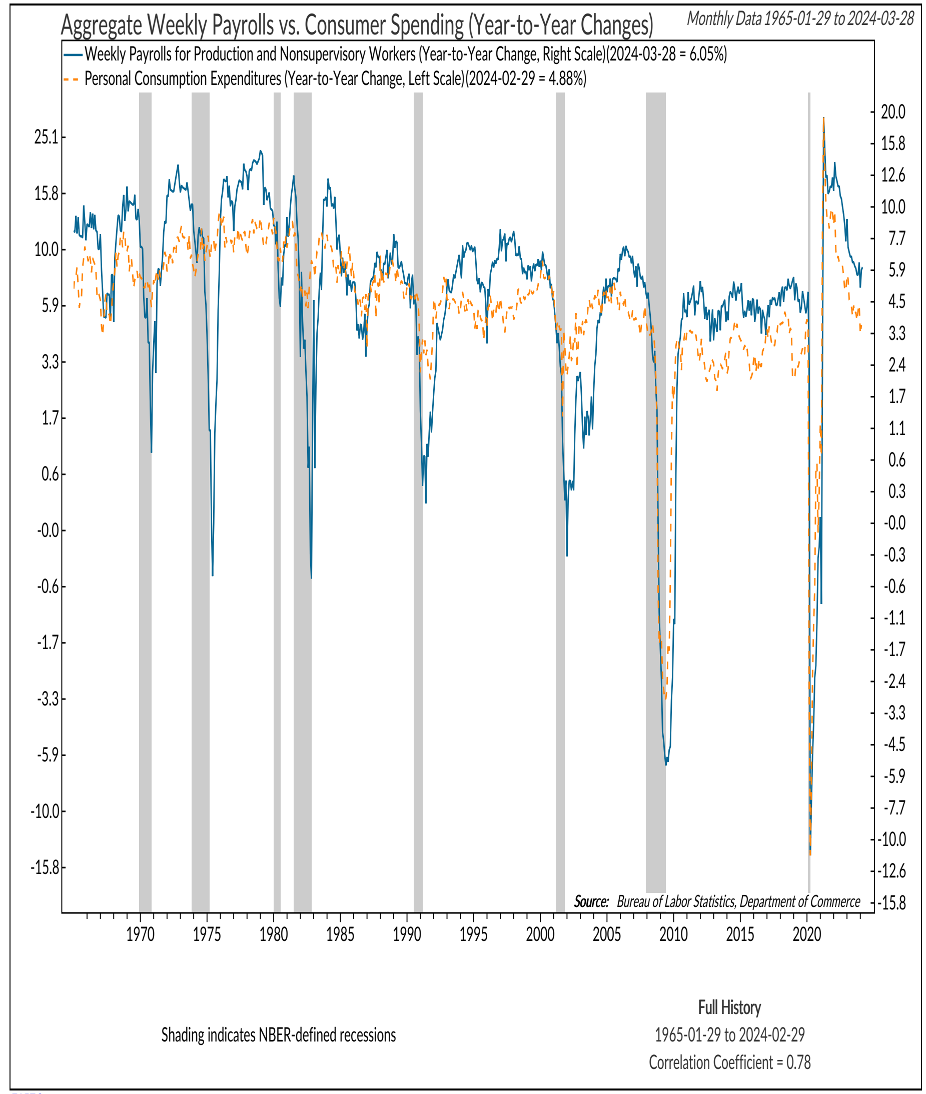
	Infrastructure Investment and Jobs Act (IIJA)(1)	Inflation Reduction Act (IRA)(2)	CHIPS Act(3)	Total Spending	Total Revenue	Deficit
2022	4,133	0	0	4,133	8,079	-3,946
2023	10,041	26,766	2,325	39,132	42,653	-3,521
2024	32,045	25,888	5,583	63,516	19,712	43,804
2025	41,896	21,016	8,022	70,934	1,398	69,536
2026	**64,358**	**18,878**	**9,433**	**92,669**	**-5,497**	**98,166**
2027	58,741	7,815	8,577	75,133	6,536	68,597
2028	44,432	-15,160	7,050	36,322	9,866	26,456
2029	29,109	-19,889	5,733	14,953	10,014	4,939
2030	22,133	-31,183	4,640	-4,410	9,929	-14,339
2031	-1,063	-37,592	3,711	-34,944	9,773	-44,717
2022-2026	152,475	92,547	25,363	270,385	66,339	204,046
2022-2031	305,829	-3,462	55,074	**357,441**	112,460	244,981

Notes: CBO cost estimates as of: (1) August 9 2021, (2) August 5, 2022, and (3) July 21, 2022.
Source: Congressional Budget Office

Ned Davis Research T_BEC_O2024031311

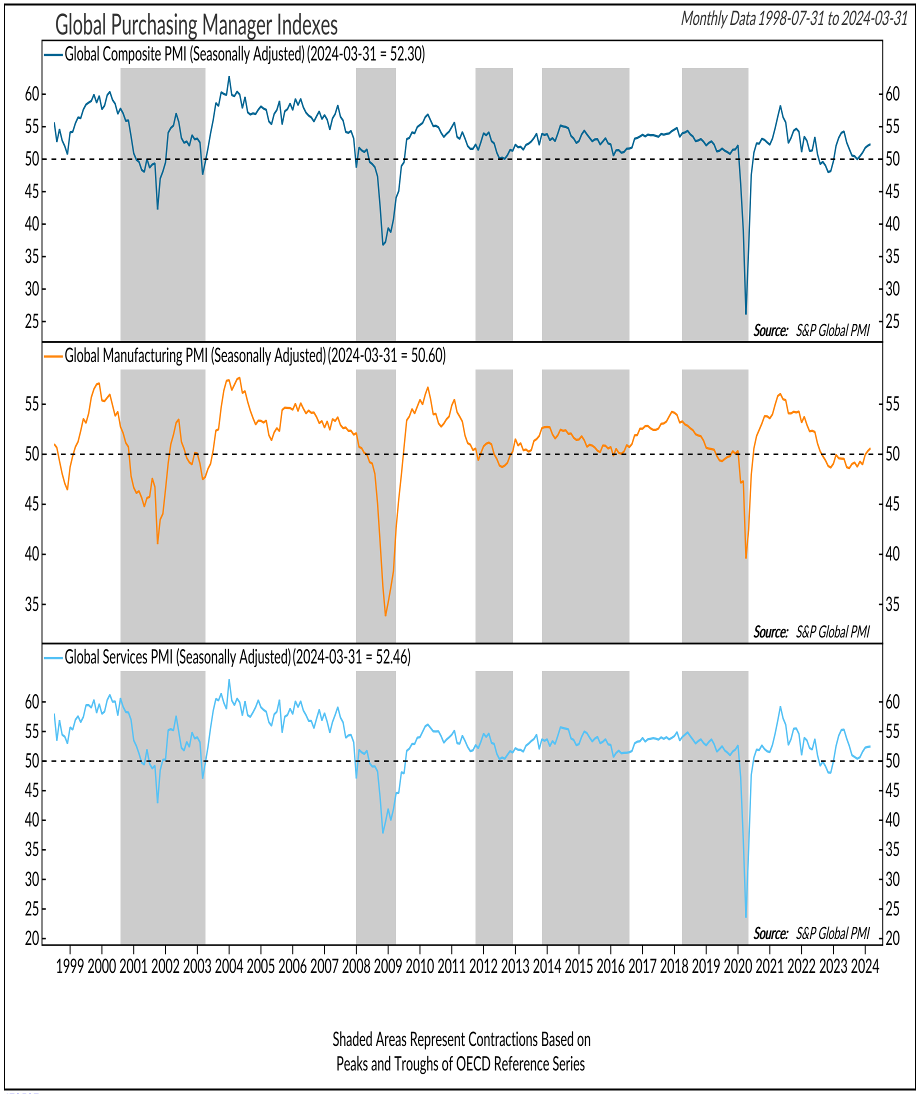
Rate hikes less effective in U.S. Consumers have jobs and income.

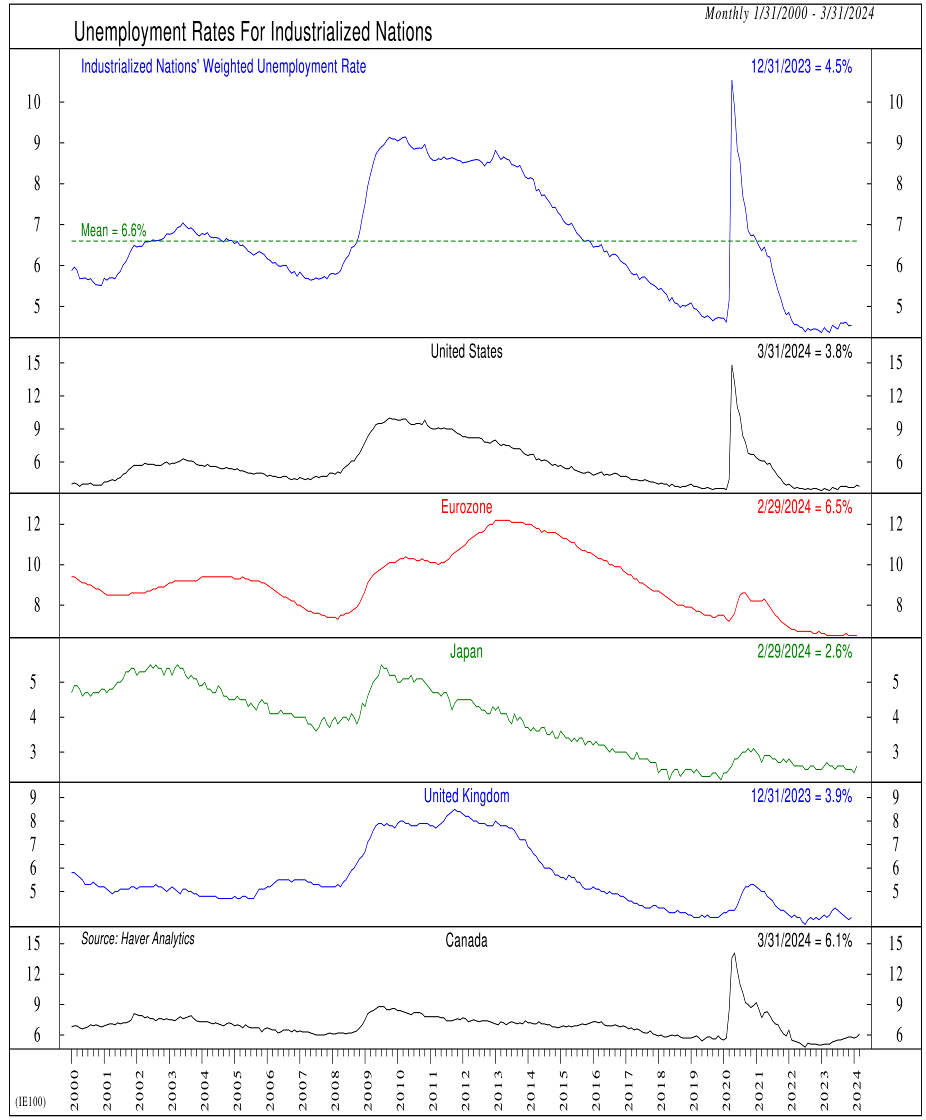




E157G

Other economies stagnate with below-trend growth.





Can we get back to 2%?

We'll get close. Lagged effects from house prices and multifamily supply should cool rent growth.

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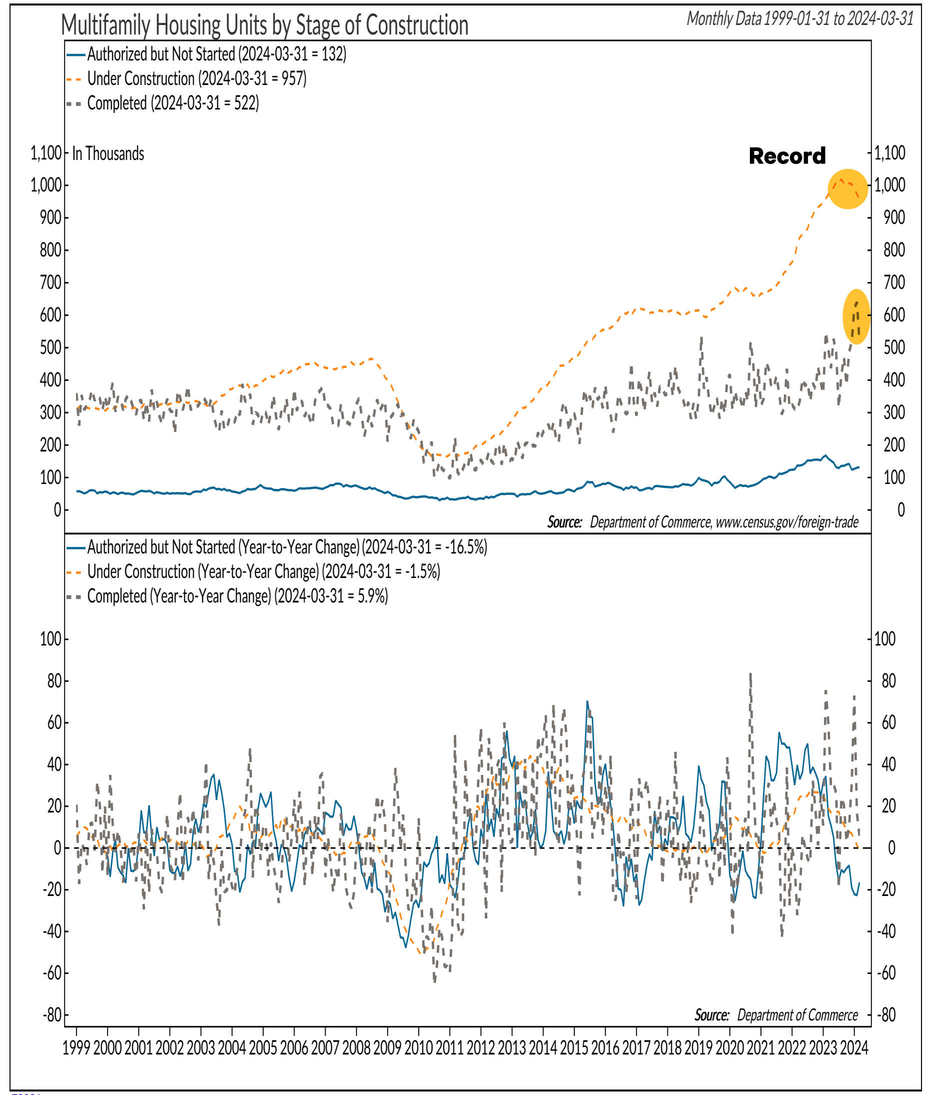
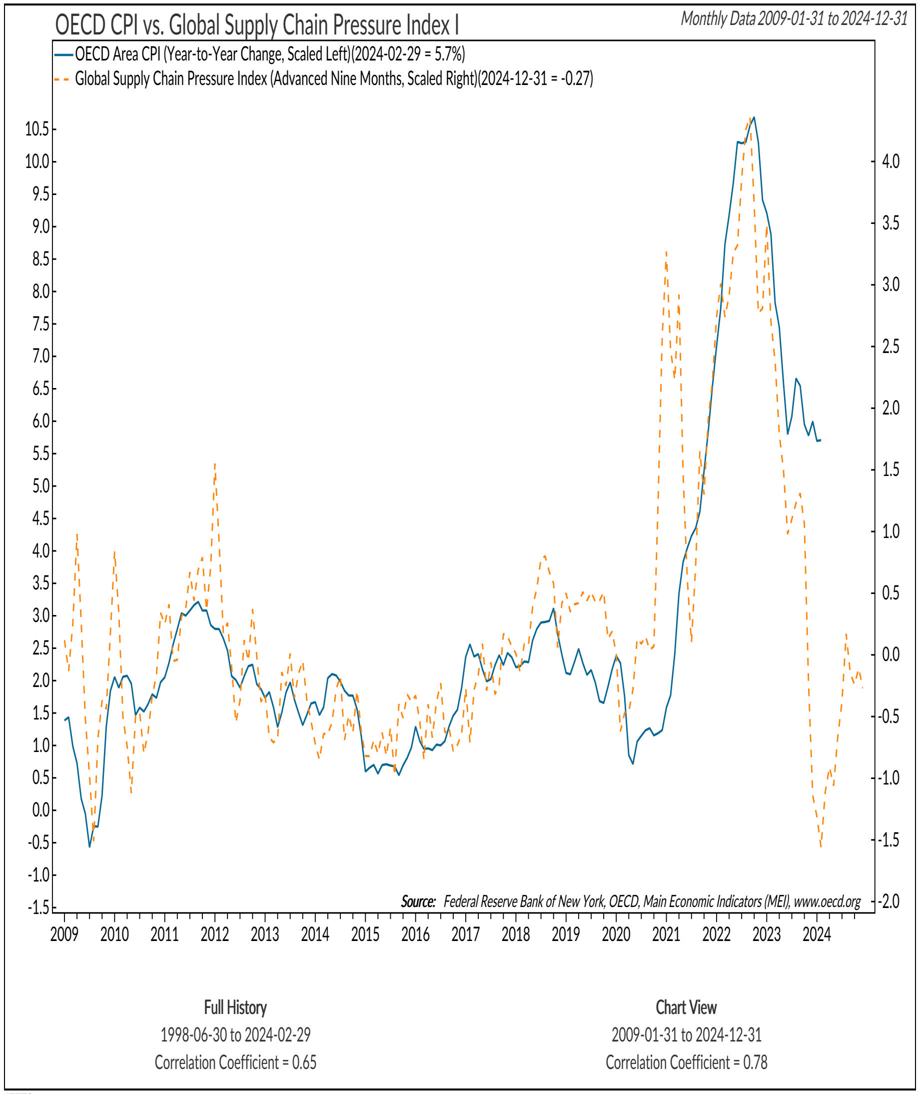
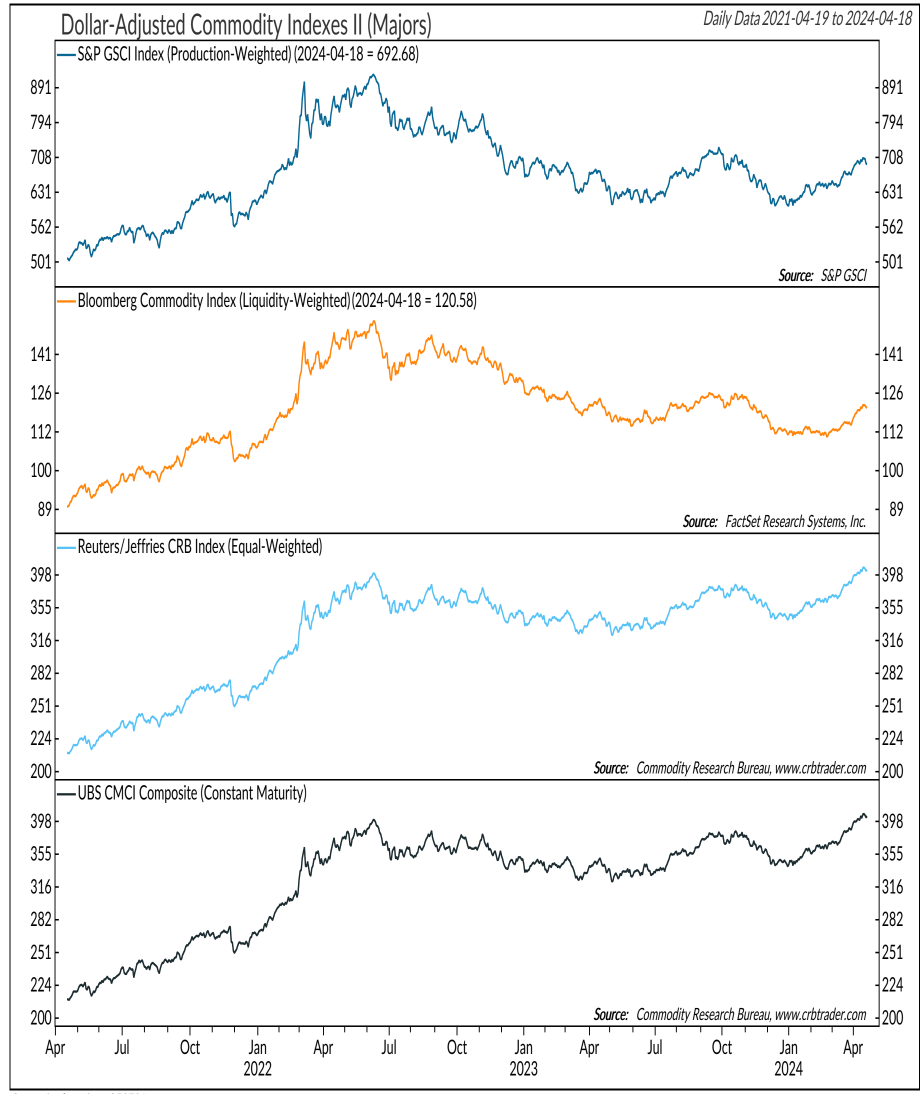


E238J

Maybe inflation was mostly transitory. Commodities firming.



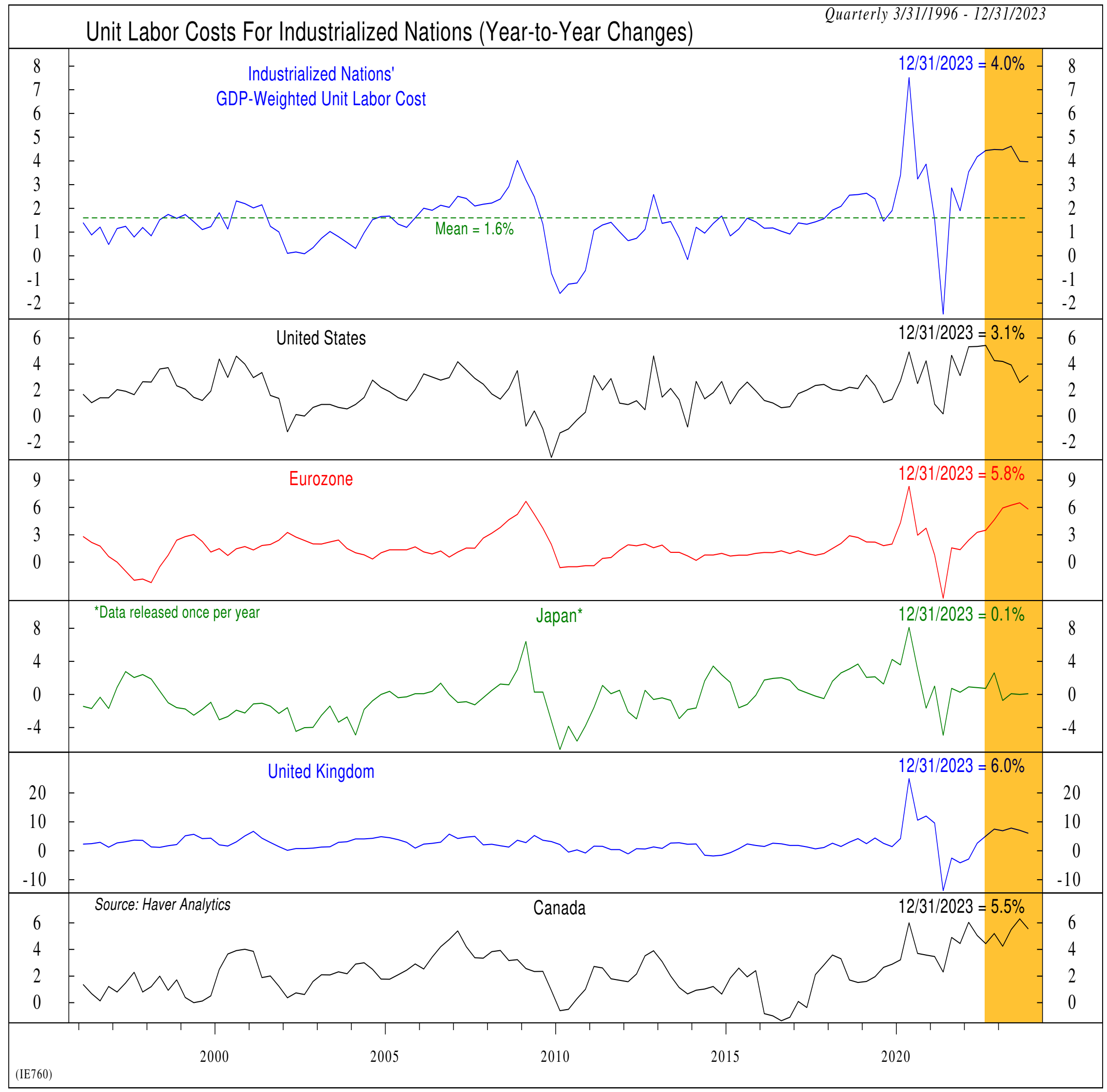
IE770



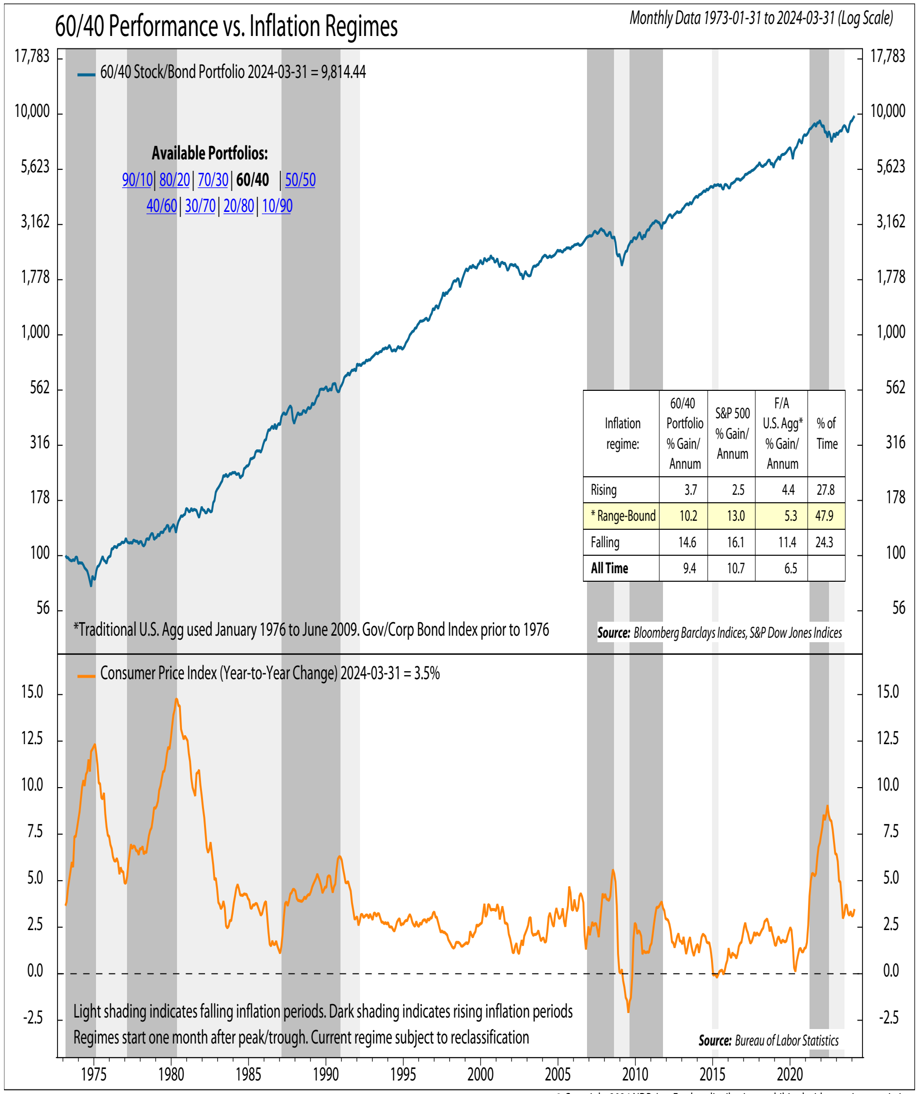
Customized version of E0791

But the intermediate-term outlook continues to be bedeviled by supply side challenges:

- Housing
- Commodities
- Security over efficiency (defense, energy, food, supply chain, etc.)
- Labor

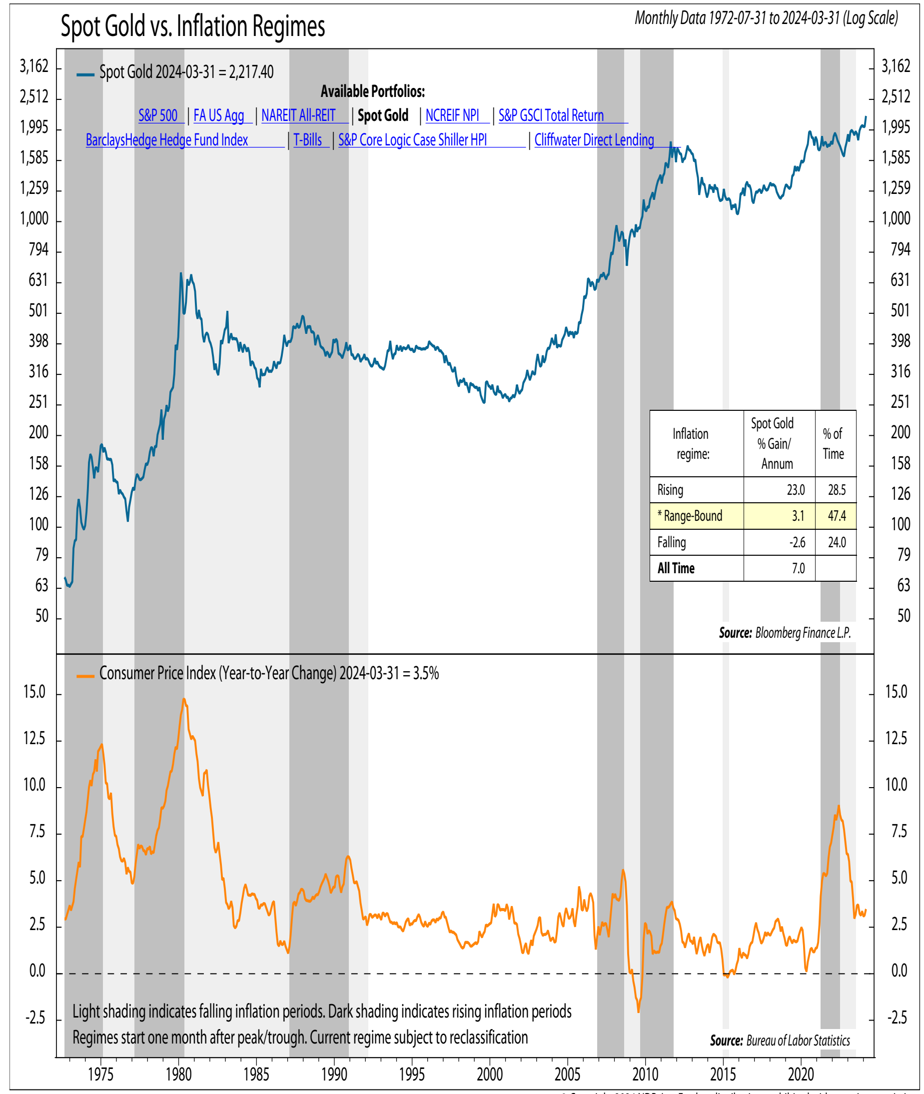


Regime analysis and SAA Guard against accelerating inflation.



Inflation regime:	60/40 Portfolio % Gain/ Annum	S&P 500 % Gain/ Annum	F/A U.S. Agg* % Gain/ Annum	% of Time
Rising	3.7	2.5	4.4	27.8
* Range-Bound	10.2	13.0	5.3	47.9
Falling	14.6	16.1	11.4	24.3
All Time	9.4	10.7	6.5	

B0705C



Inflation regime:	Spot Gold % Gain/ Annum	% of Time
Rising	23.0	28.5
* Range-Bound	3.1	47.4
Falling	-2.6	24.0
All Time	7.0	

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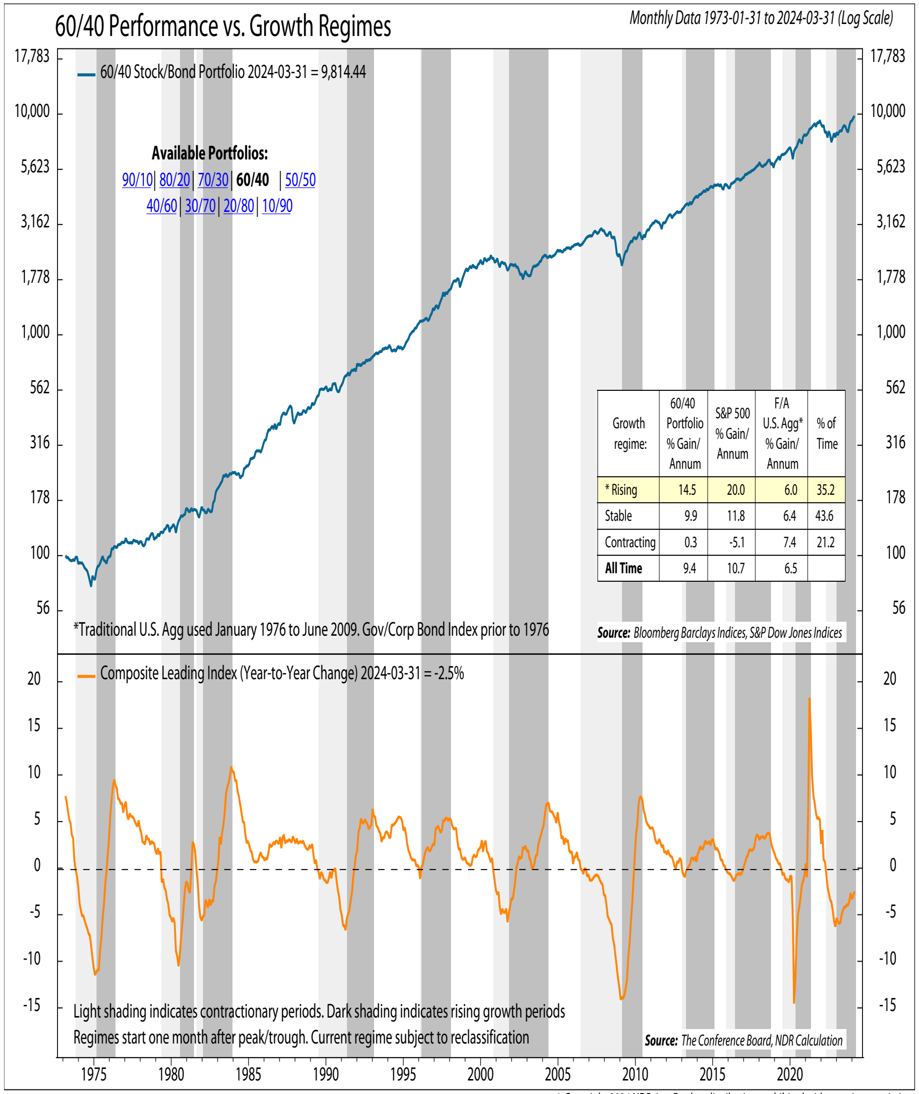
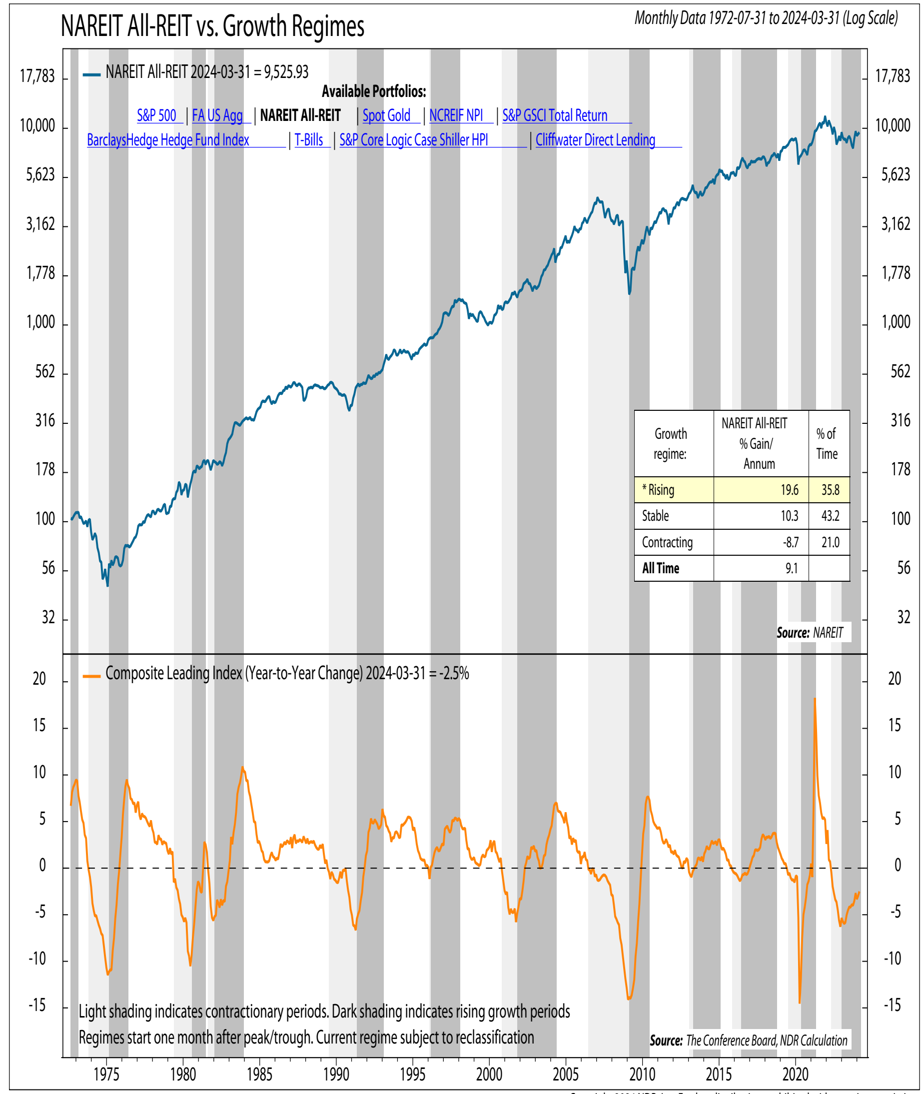
Growth is good for risk assets. Guard against contraction.



Growth regime:	60/40 Portfolio % Gain/ Annum	S&P 500 % Gain/ Annum	F/A U.S. Agg* % Gain/ Annum	% of Time
* Rising	14.5	20.0	6.0	35.2
Stable	9.9	11.8	6.4	43.6
Contracting	0.3	-5.1	7.4	21.2
All Time	9.4	10.7	6.5	

B0705E



Growth regime:	NAREIT All-REIT % Gain/ Annum	% of Time
* Rising	19.6	35.8
Stable	10.3	43.2
Contracting	-8.7	21.0
All Time	9.1	

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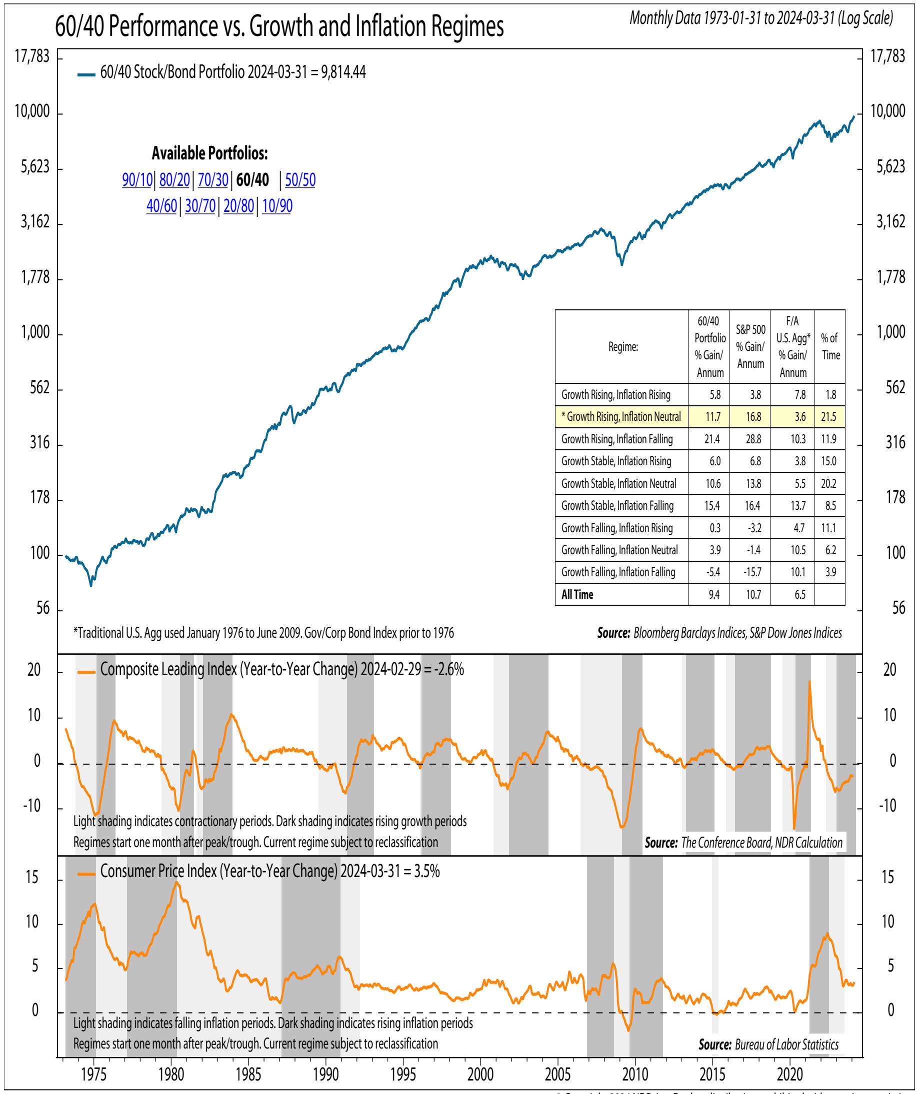
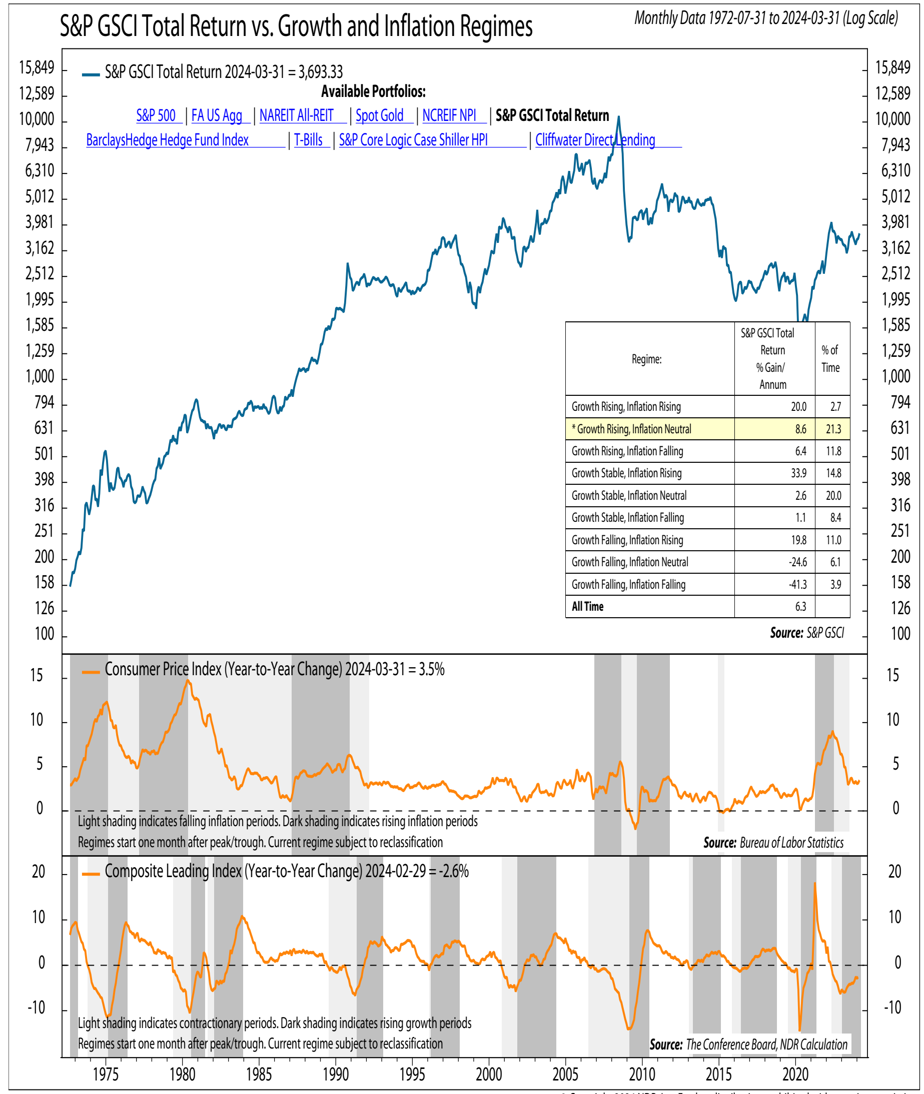
Combining inflation and growth regimes for asset allocation.



Regime:	60/40 Portfolio % Gain/ Annum	S&P 500 % Gain/ Annum	F/A U.S. Agg* % Gain/ Annum	% of Time
Growth Rising, Inflation Rising	5.8	3.8	7.8	1.8
* Growth Rising, Inflation Neutral	11.7	16.8	3.6	21.5
Growth Rising, Inflation Falling	21.4	28.8	10.3	11.9
Growth Stable, Inflation Rising	6.0	6.8	3.8	15.0
Growth Stable, Inflation Neutral	10.6	13.8	5.5	20.2
Growth Stable, Inflation Falling	15.4	16.4	13.7	8.5
Growth Falling, Inflation Rising	0.3	-3.2	4.7	11.1
Growth Falling, Inflation Neutral	3.9	-1.4	10.5	6.2
Growth Falling, Inflation Falling	-5.4	-15.7	10.1	3.9
All Time	9.4	10.7	6.5	



Regime:	S&P GSCI Total Return % Gain/ Annum	% of Time
Growth Rising, Inflation Rising	20.0	2.7
* Growth Rising, Inflation Neutral	8.6	21.3
Growth Rising, Inflation Falling	6.4	11.8
Growth Stable, Inflation Rising	33.9	14.8
Growth Stable, Inflation Neutral	2.6	20.0
Growth Stable, Inflation Falling	1.1	8.4
Growth Falling, Inflation Rising	19.8	11.0
Growth Falling, Inflation Neutral	-24.6	6.1
Growth Falling, Inflation Falling	-41.3	3.9
All Time	6.3	

New report for asset allocation and selection!
Newest version (below) now live.

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Financial and Alternative Asset Performance During Growth and Inflation Regimes

- **Report:** B0705.RPT
- **Run Date:** 2024-04-05
- As of 2024-03-31
- Click here for an explanation guide. Click here for a brief video walkthrough.

Asset Universe: ✓ Multi-Asset | USD Bond Sectors | U.S. Municipal Sectors | S&P 500 Sectors | S&P 500 by Dividend | Stock Cap and Style | Commercial Real Estate | REIT Sectors | Commodities

Regimes: Growth and Inflation

Advanced Options

Create Report

R	% Gain/Annum (Analysis Period: Jul 1972 to Mar 2024)											% of Time	
	P 500	Bonds	Gold	Commodities	T-Bills	REITs	CRE	RRE	Hedge Funds	Private Credit	Custom Portfolio	Since Jul 1972	Custom Portfolio
Growth Rising, Inflation Rising	9.2	7.8	24.3	20.0	1.8	21.2	2.5*	-0.0	8.3	15.1*	5.9	2.7	1.8
Growth Rising, Inflation Neutral	16.8	3.6	-1.5	8.6	2.1	15.4	7.6	6.9	11.3	10.8	11.7	21.3	21.5
Growth Rising, Inflation Falling	28.8	10.3	-8.8	6.4	7.5	27.1	4.7	3.6	17.7	12.7*	21.4	11.8	11.9
Growth Stable, Inflation Rising	6.8	3.8	17.8	33.9	4.9	6.8	14.2	9.2	13.1	10.1	5.7	14.8	15.0
Growth Stable, Inflation Neutral	13.8	5.5	5.3	2.6	3.5	10.5	10.9	5.9	11.3	10.3	10.6	20.0	20.2
Growth Stable, Inflation Falling	16.4	13.7	-3.5	1.1	7.2	16.3	11.2	7.3	19.1	10.2*	15.3	8.4	8.5
Growth Falling, Inflation Rising	-3.2	4.7	30.2	19.8	7.1	-14.2	9.7	-0.2	12.9	6.0	0.3	11.0	11.1
Growth Falling, Inflation Neutral	-1.4	10.5	12.8	-24.6	2.5	15.4	8.0	5.4	0.6	7.4	3.9	6.1	6.2
Growth Falling, Inflation Falling	-15.7	10.1	21.4	-41.3	5.9	-24.8	-9.0	-4.5	-4.2	0.1*	-4.5	3.9	3.9
All Time	10.8	6.5	7.0	6.3	4.5	9.1	8.6	5.3	11.3	9.5	9.4		
Time-Series Chart	Chart	Chart	Chart	Chart	Chart	Chart	Chart	Chart	Chart	Chart	Chart		

Report Notes:
Custom Portfolio: S&P 500 = 60.0%, Bonds = 40.0%, Rebalanced Yearly (Analysis period: Jan 1973 to Feb 2024)
S&P 500 = S&P 500 Total Return (Analysis period: Jul 1972 to Feb 2024; Source: S&P Dow Jones Indices)
Bonds = Bloomberg Float Adjusted U.S. Agg (Analysis period: Jan 1973 to Feb 2024; Source: Bloomberg Barclays Indices)
Gold = Spot Gold (Analysis period: Jul 1972 to Feb 2024; Source: Bloomberg Finance L.P.)
Commodities = S&P GSCI Total Return (Analysis period: Jul 1972 to Feb 2024; Source: S&P GSCI)
T-Bills = Treasury Bill Total Return (Analysis period: Jul 1972 to Feb 2024; Source: Ned Davis Research, Inc.)
REITs = NAREIT All-REIT (Analysis period: Jul 1972 to Feb 2024; Source: NAREIT)
CRE = NCREIF NPI (Analysis period: Dec 1977 to Dec 2023; Source: NCREIF.com)
RRE = S&P Core Logic Case Shiller HPI (Analysis period: Jan 1975 to Dec 2023; Source: S&P Dow Jones Indices and CoreLogic)
Hedge Funds = BarclaysHedge Hedge Fund Index (Top 50 Managed Futures index 1987-1996, CTA Index prior to 1987) (Analysis period: Dec 1979 to Jan 2024; Source: Bloomberg Finance L.P.)
Private Credit = Cliffwater Direct Lending Index (Analysis period: Sep 2004 to Sep 2023; Source: Bloomberg Finance L.P.)
* Histogram not available for assets with 6 or fewer returns in a regime

Monetary conditions and 1st rate cuts

Yields have always fallen going into the first cut.

10-Year Treasury (First Cut)

First Cut Date	Value (%)	BP Change							
		252 days before	189 days before	126 days before	63 days before	63 days after	126 days after	189 days after	252 days after
1970-11-13	7.00	-13	-15	-80	-71	-89	-43	-59	-123
1971-11-19	5.79	-69	-39	-70	-69	27	31	42	45
1974-12-09	7.40	69	31	-8	-64	18	37	100	79
1980-05-30	10.25	120	104	-9	-247	164	247	337	321
1981-11-02	14.57	211	159	-12	-38	-10	-70	-106	-401
1984-11-21	11.39	-20	-60	-233	-130	37	-75	-129	-181
1989-06-06	8.36	-66	-63	-77	-90	-17	-54	23	11
1995-07-06	6.05	-125	-172	-183	-107	7	-40	22	73
1998-09-29	4.59	-151	-117	-108	-85	12	66	122	138
2001-01-03	5.14	-135	-76	-85	-73	-20	30	-52	-4
2007-09-18	4.50	-30	-10	-6	-59	-30	-112	-34	-109
2019-07-31	2.02	-96	-106	-68	-50	-18	-45	-138	-147
Mean	7.25	-25	-30	-78	-90	7	-2	11	-25
Median	6.53	-48	-49	-74	-72	-1	-41	-6	4

Source: Federal Reserve Board

Extracted from BMS_598.RPT

Stocks almost always post decent gains over an easing cycle.

S&P 500 Total Return (Over Cycle)

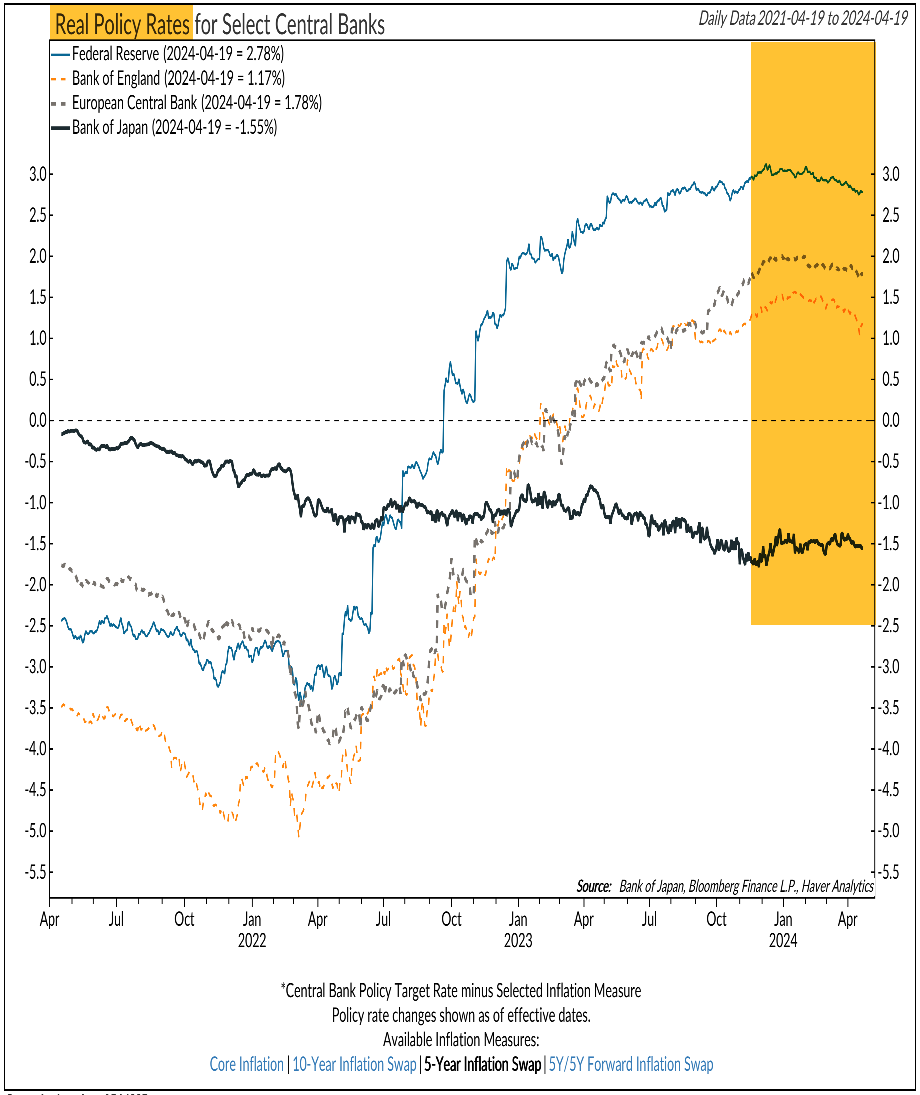
Start Date	End Date	Length (Calendar Days)	Start Value	End Value	% Change	GPA %
1970-11-13	1971-02-19	98	83.37	96.74	16.04	74.02
1971-11-19	1971-12-17	28	91.61	100.26	9.44	224.19
1974-12-09	1976-11-22	714	65.60	102.59	56.39	25.68
1980-05-30	1980-07-28	59	111.24	121.43	9.16	71.98
1981-11-02	1982-12-15	408	124.20	135.24	8.89	7.92
1984-11-21	1986-08-21	638	164.52	249.67	51.76	26.95
1989-06-06	1992-09-04	1,186	324.24	417.08	28.63	8.06
1995-07-06	1996-01-31	209	553.99	636.02	14.81	27.27
1998-09-29	1998-11-17	49	1,049.02	1,139.32	8.61	84.98
2001-01-03	2003-06-25	903	1,347.56	975.32	-27.62	-12.25
2007-09-18	2014-10-31	2,600	1,519.78	2,018.05	32.79	4.06
2019-07-31	2022-03-15	958	2,980.38	4,262.45	43.02	14.60
Mean					20.99	46.46
Median					15.42	26.32

Source: S&P Dow Jones Indices

Extracted from BMS_598.RPT

My top 3 macro risks

Policy stays restrictive for too long.
A weak USD keeps inflation sticky.



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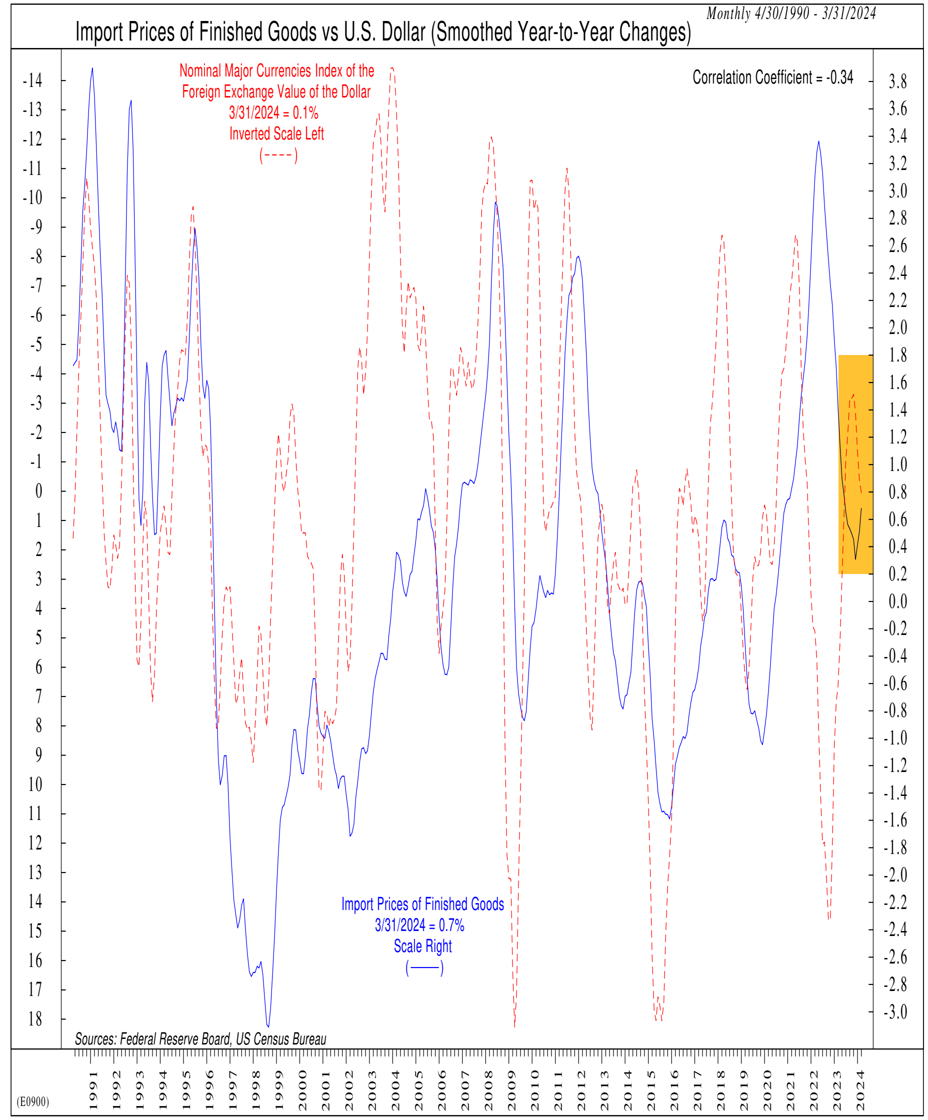
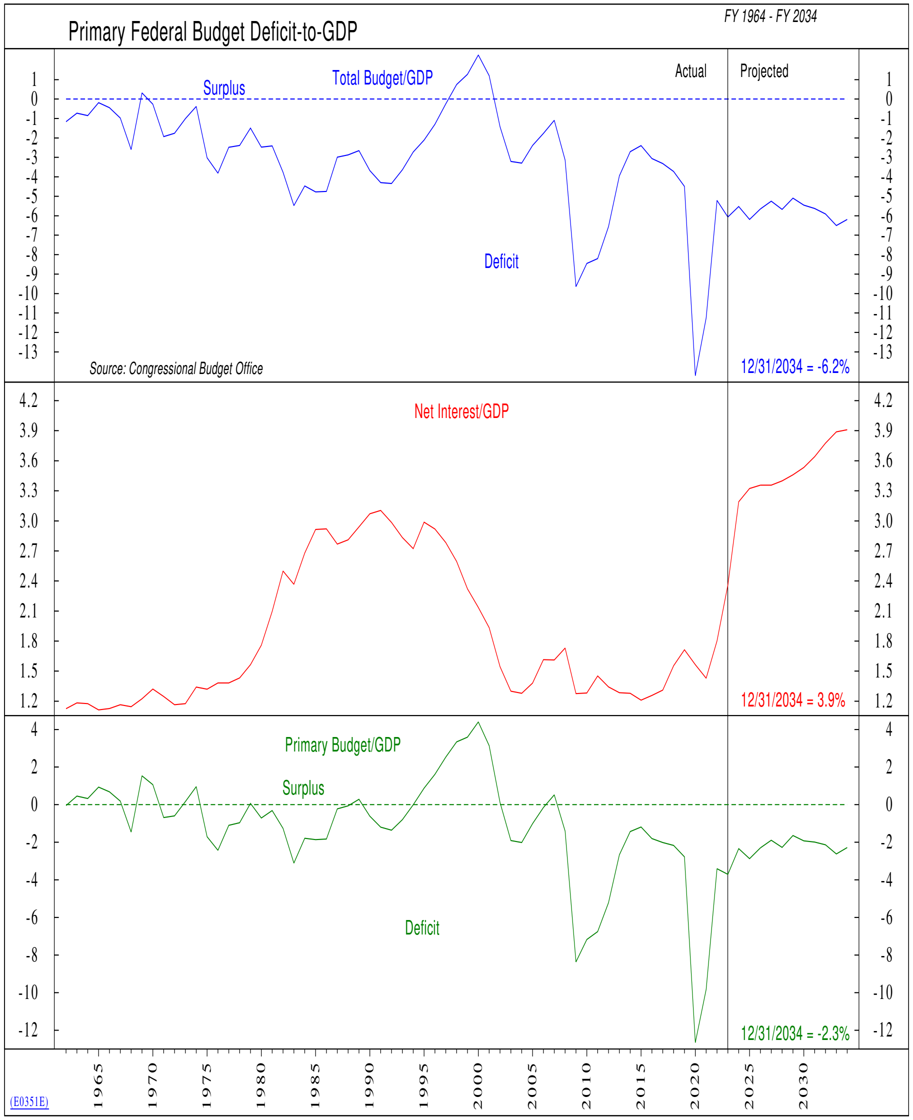
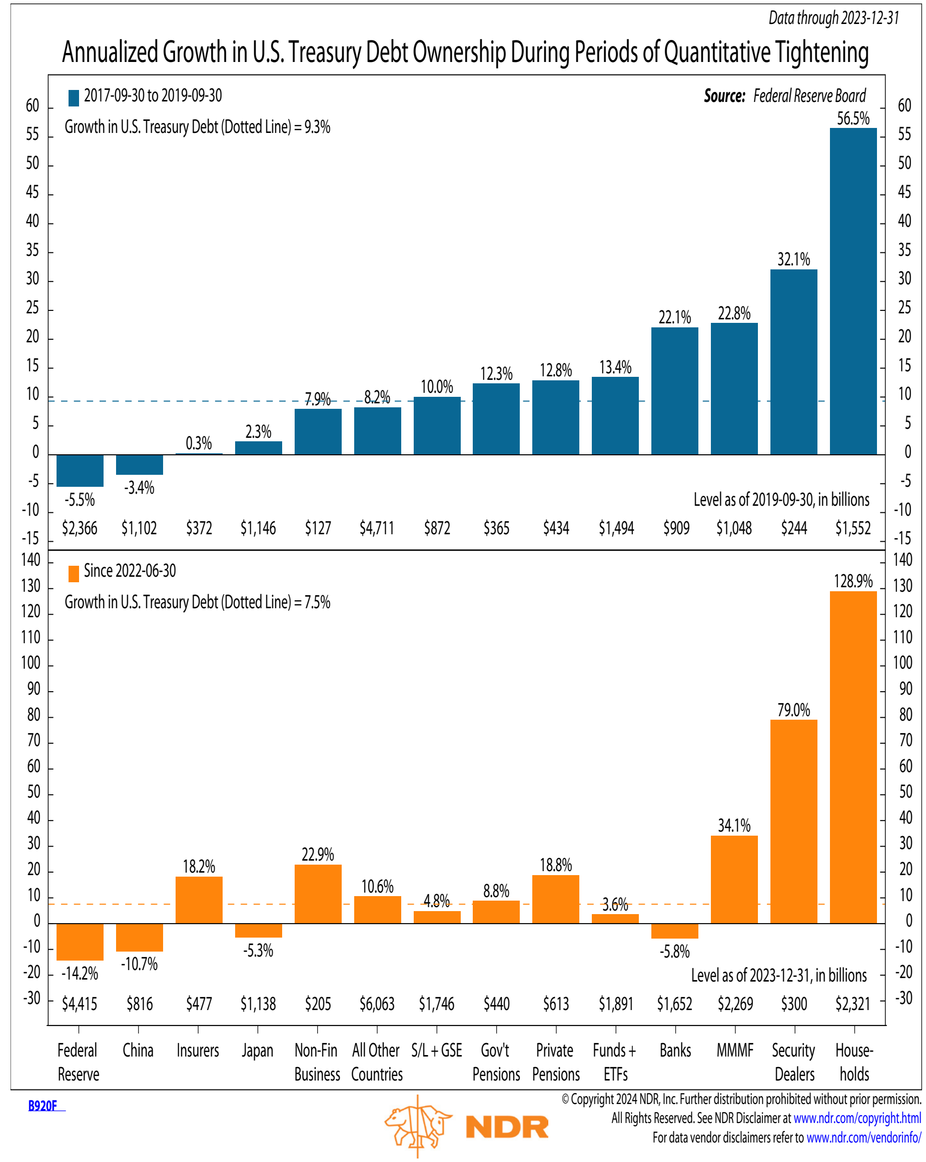


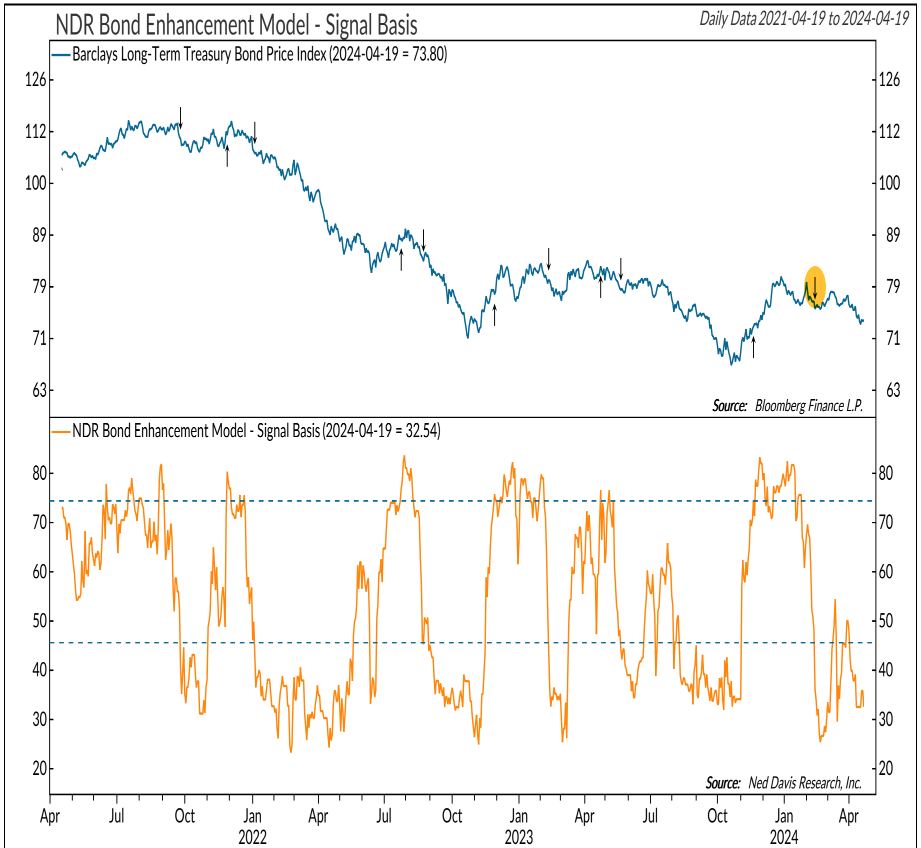
Government Spending stimulative, but who will buy the debt?





Rates, curve and credit

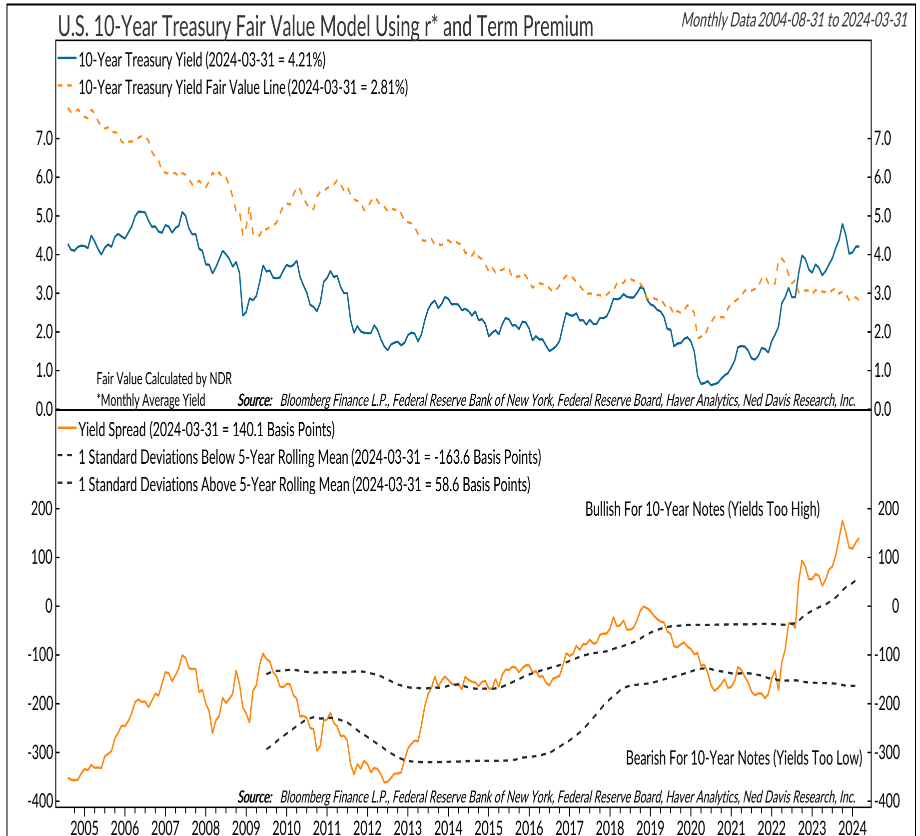
Neutral duration. Yields too high over the short-term but not the intermediate-term.



Strategy Performance **Full History:** 1979-01-30 to 2024-04-19					
Signals	% Gain/ Annum	% Profitable	% Gain/ Trade	Trades/ Annum	% of Time
All	6.0	54.6	1.8	3.6	100.0
Buy	6.4	56.8	1.8	1.8	46.6
Sell	5.7	52.4	1.8	1.8	53.4
Buy/Hold	-0.8	--	--	--	--
Last Signal: Sell (2024-02-13 = 75.63)					

Strategy Performance **Chart View:** 2021-04-19 to 2024-04-19					
Signals	% Gain/ Annum	% Profitable	% Gain/ Trade	Trades/ Annum	% of Time
All	8.8	58.3	2.3	4.0	100.0
Buy	-3.0	50.0	-0.5	2.0	38.1
Sell	16.8	66.7	5.1	2.0	61.9
Buy/Hold	-11.5	--	--	--	--
Last Signal: Sell (2024-02-13 = 75.63)					

Customized version of B891



Determinants of Fair Value	Latest Reading
HLW Natural Rate of Interest (r*)	0.73
10-Year Inflation Swap	2.52
10-Year Term Premium	-0.44

Bloomberg Barclays LT Treasury Analysis Dates: 2004-08-31 - 2024-03-31			
Signal	Mean Return After:		
	6 Months	12 Months	18 Months
After > +1SD	-3.02	1.15	0.33
After < -1SD	-10.30	-9.69	-5.89

B0410D

Yield curve steepened going into first rate cut.

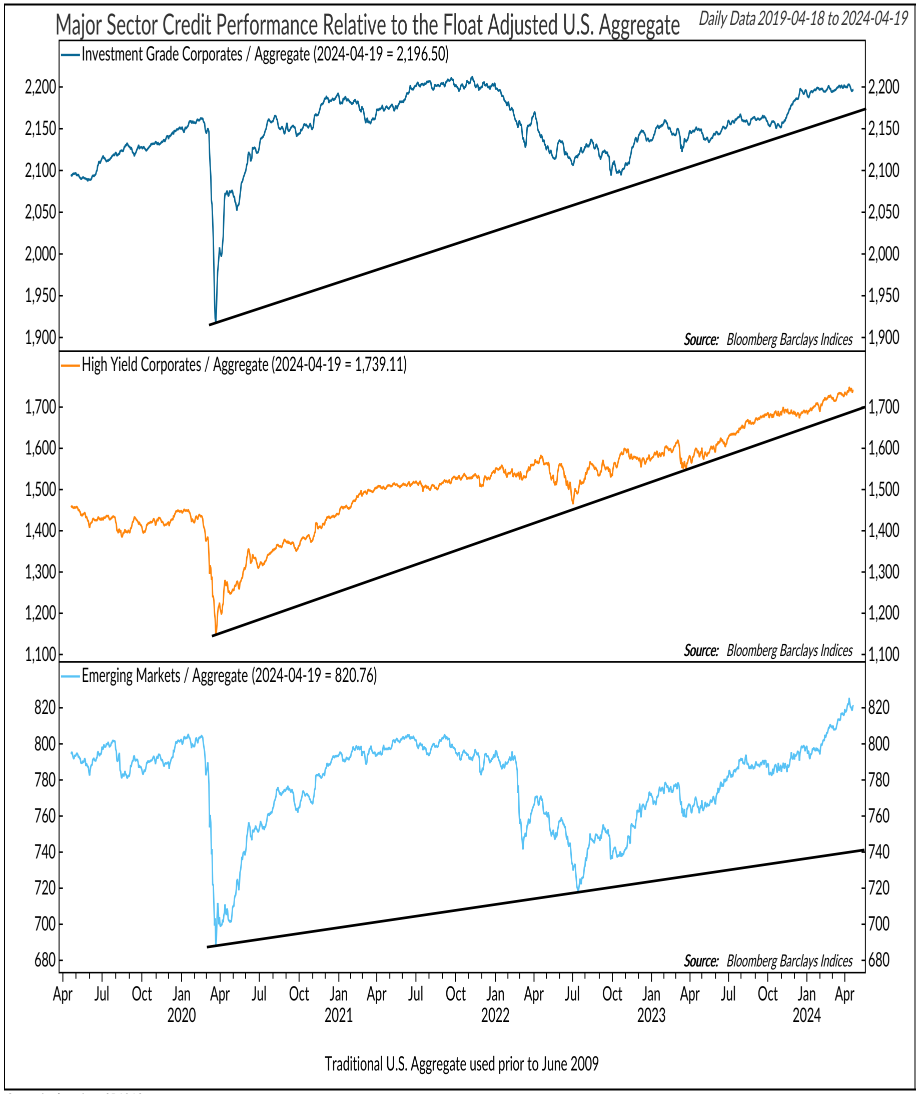
10-3 Spread (First Cut)

First Cut Date	Value	BP Change							
		252 days before	189 days before	126 days before	63 days before	63 days after	126 days after	189 days after	252 days after
1970-11-13	50	108	105	59	35	53	-13	-23	-2
1971-11-19	45	-23	-83	0	14	43	11	0	-14
1974-12-09	27	34	30	83	73	65	51	-7	28
1980-05-30	97	113	123	123	225	-82	-194	-152	-186
1981-11-02	13	64	63	113	115	-35	-38	22	23
1984-11-21	70	1	-12	2	50	32	43	26	13
1989-06-06	-4	-81	-45	-8	8	-11	13	7	13
1995-07-06	41	-45	-31	36	10	-11	-2	-3	1
1998-09-29	18	-4	15	12	23	-7	0	4	4
2001-01-03	22	7	61	46	30	45	72	124	131
2007-09-18	46	45	49	41	35	49	124	51	104
2019-07-31	18	-3	-5	-3	-6	1	2	22	23
Mean	37	18	23	42	51	12	6	6	12
Median	34	4	23	39	32	16	6	6	13

Source: Federal Reserve Board

Extracted from BMS_598.RPT

Credit still hanging tough.



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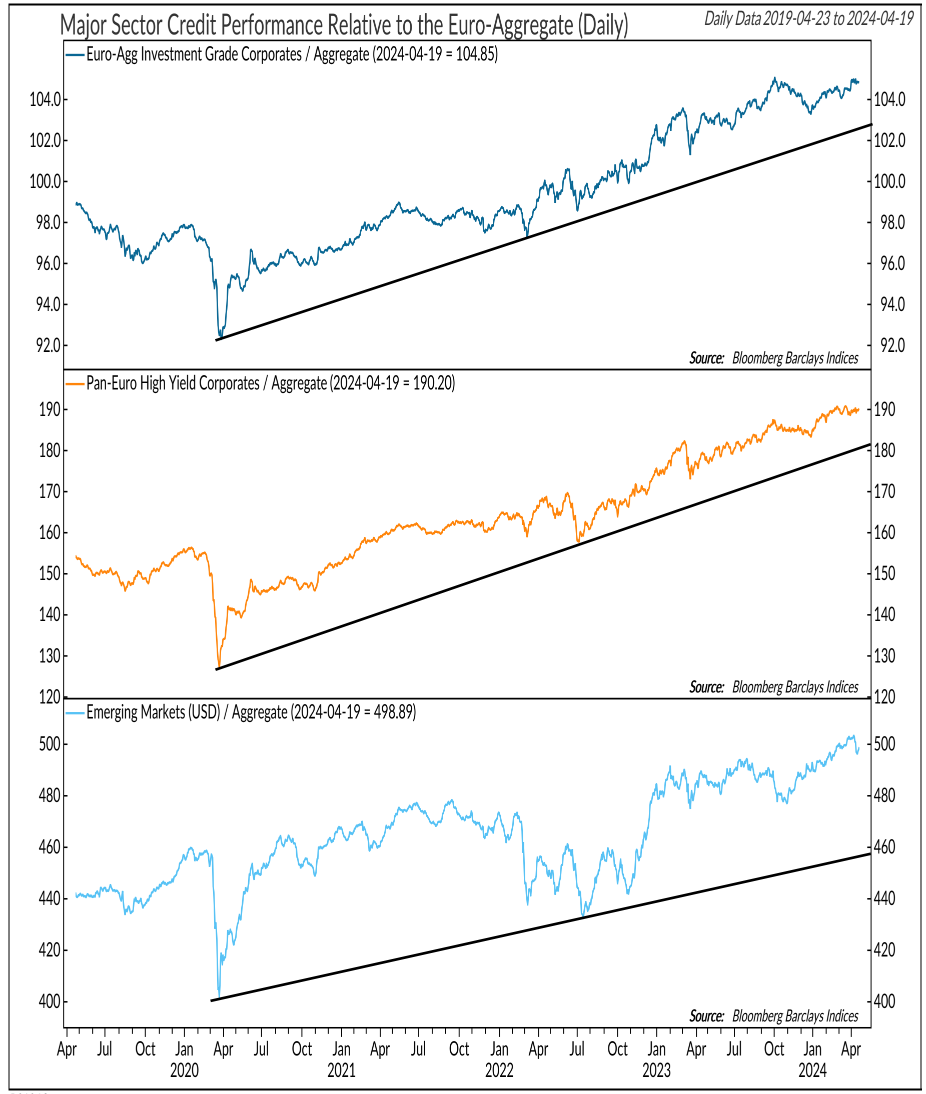

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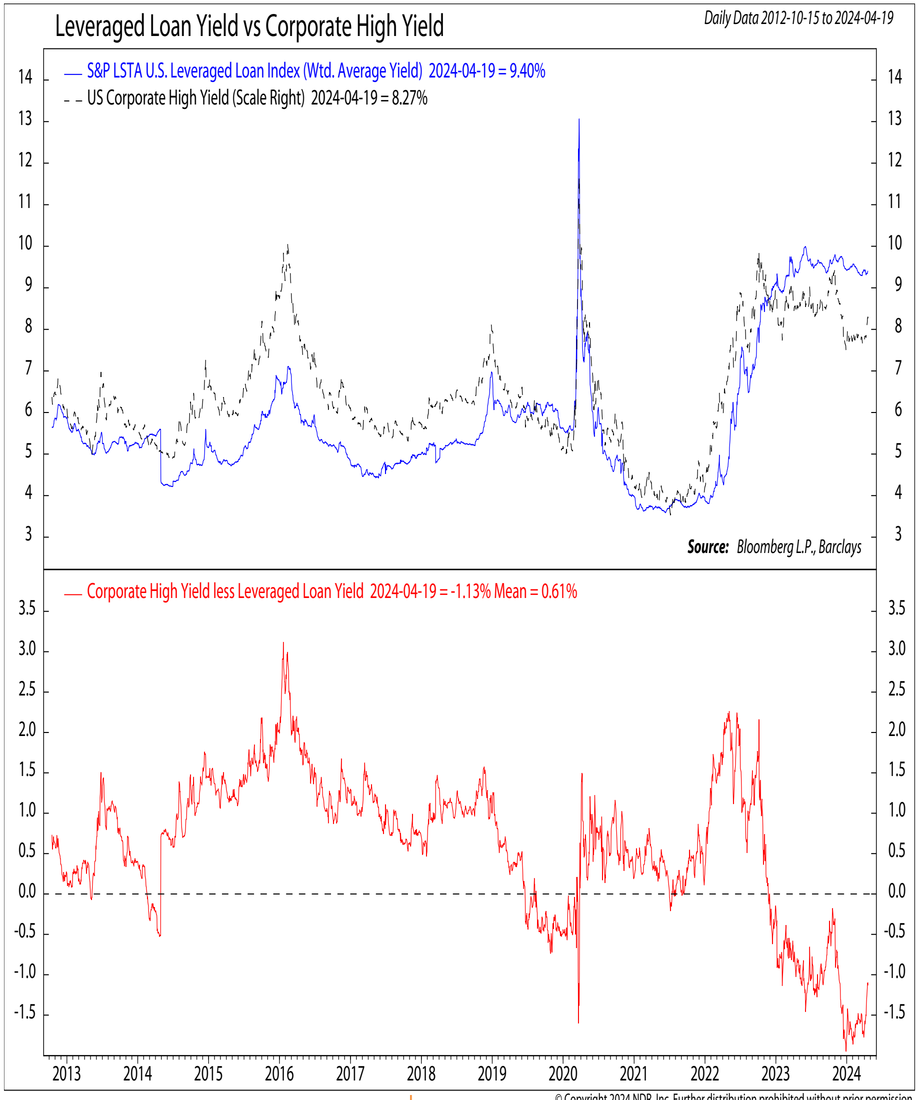
Loans relatively attractive short-term.



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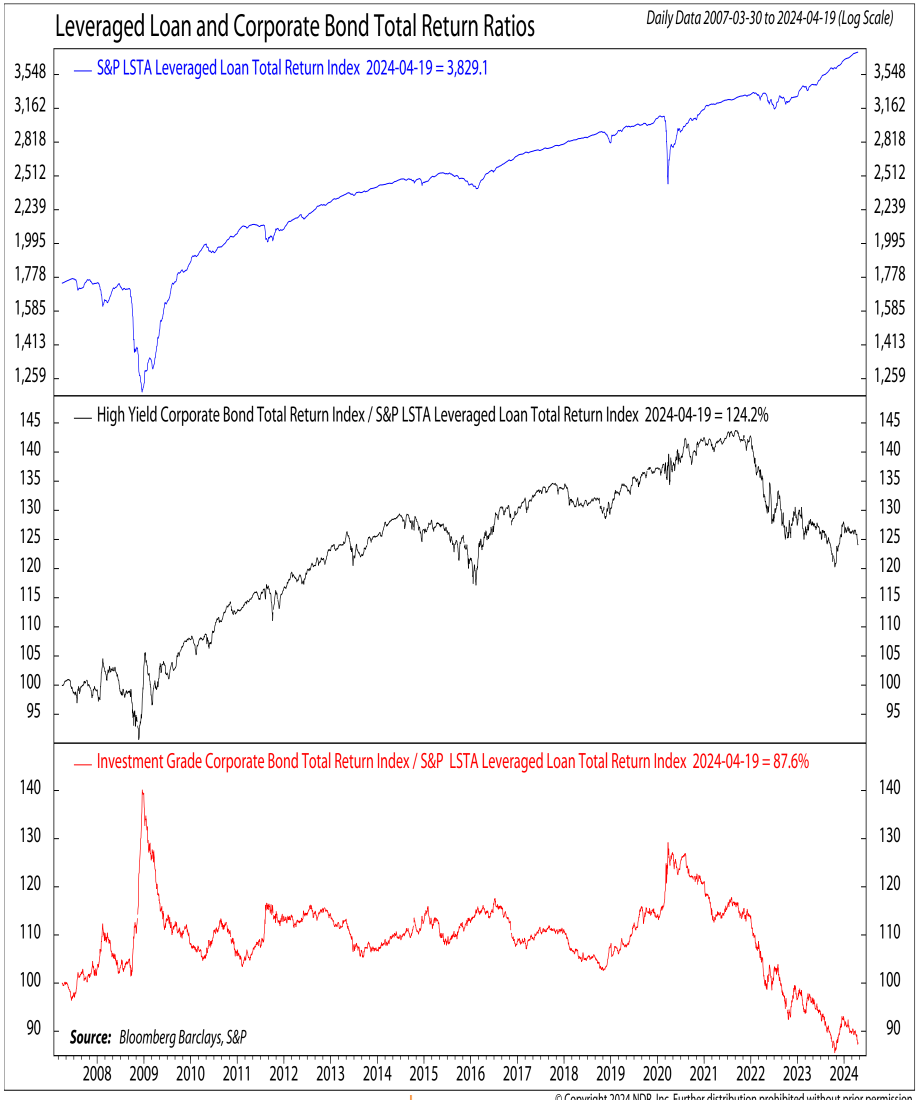
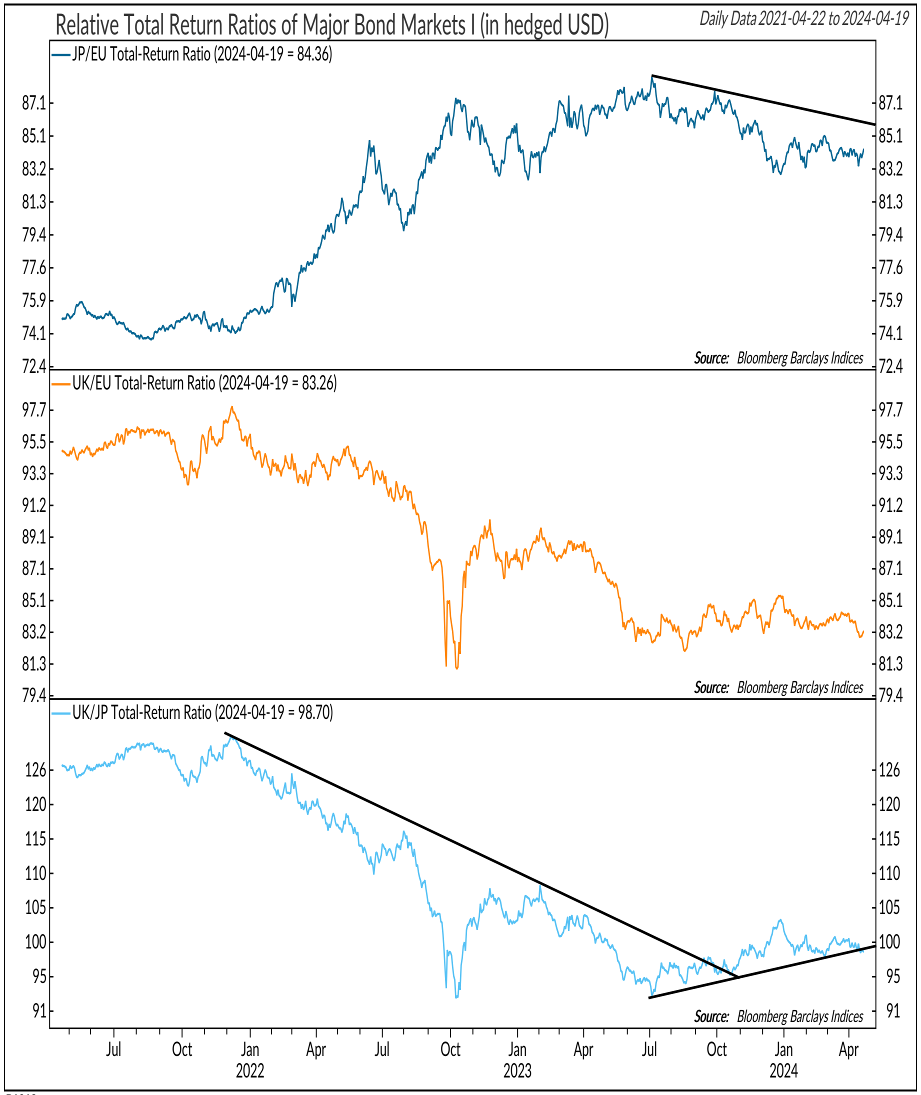


Significant underweight to Japan.



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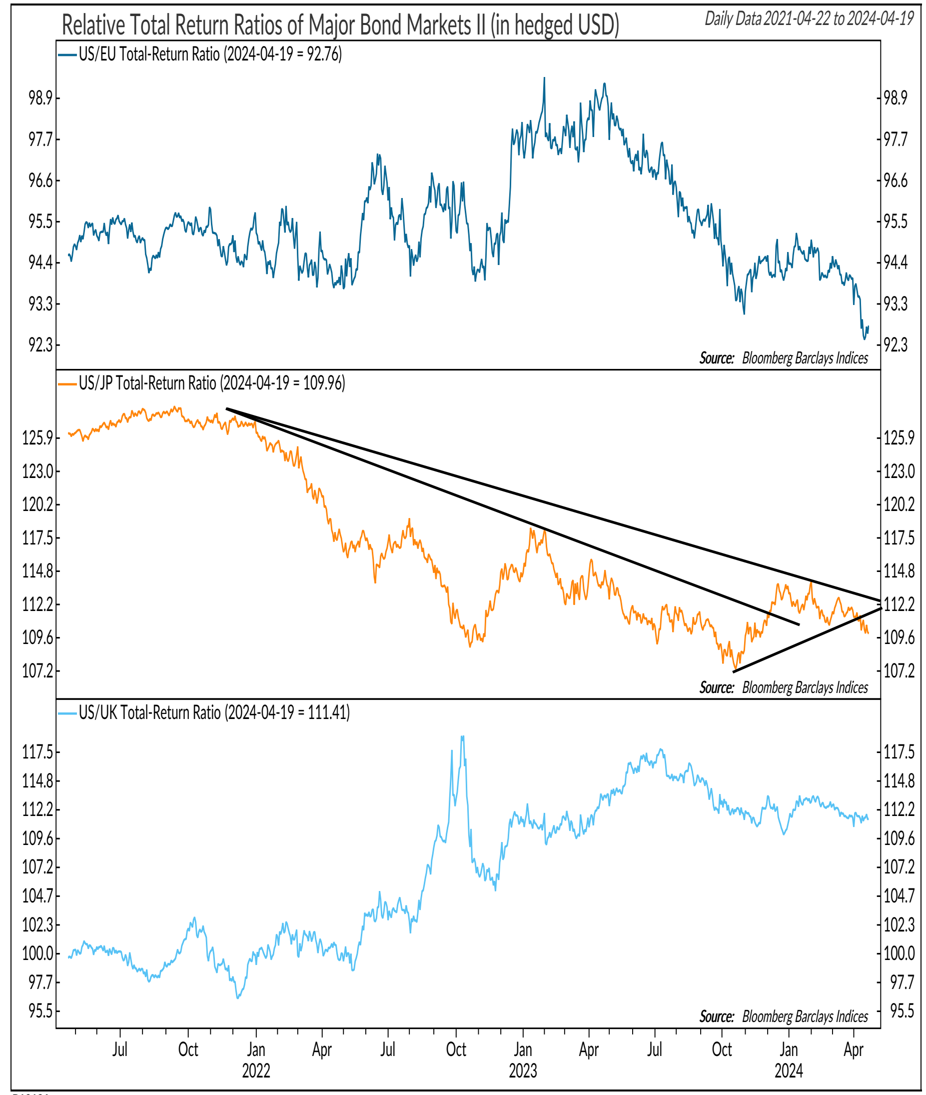

B1010A

NDR
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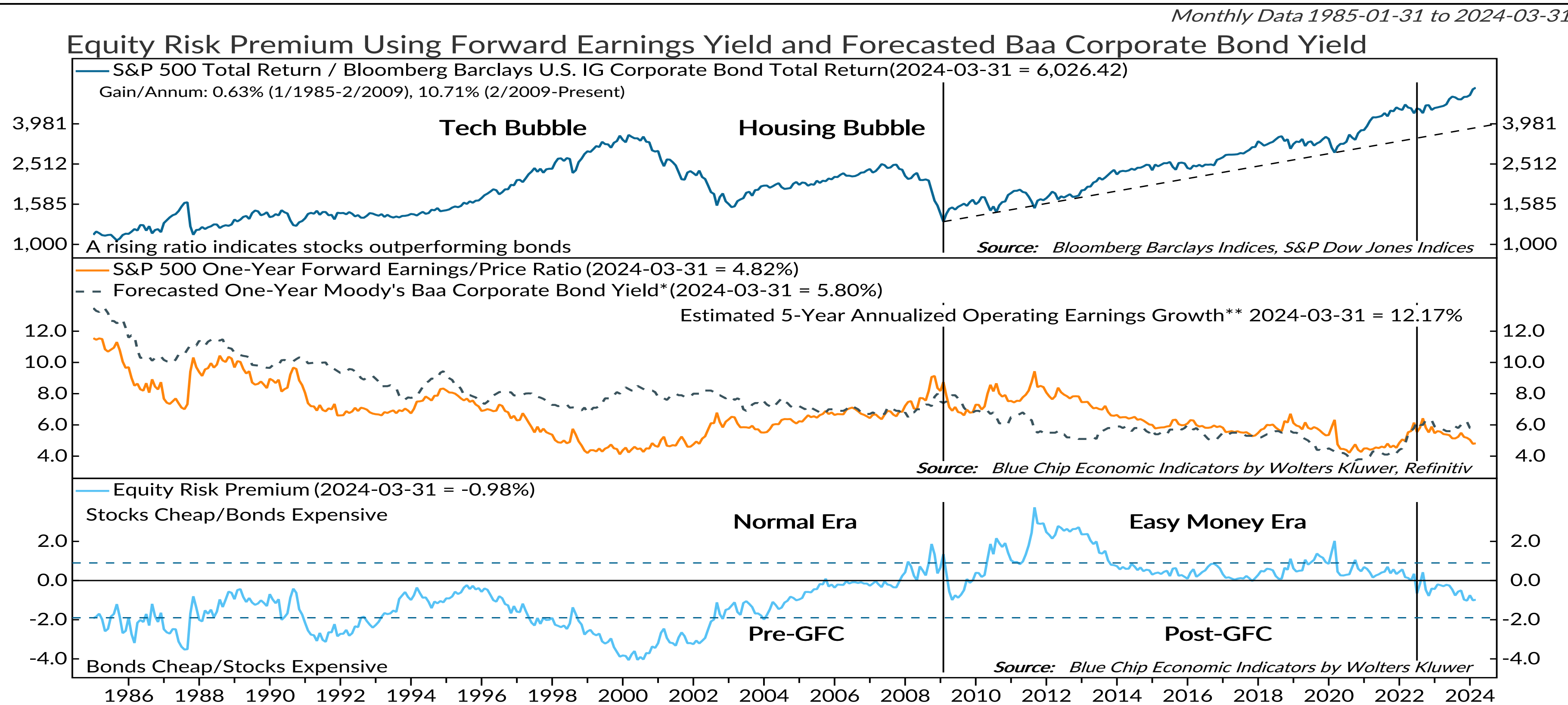
Stocks Bond yields would need to rise to become attractive relative to stocks.



* Estimated based on Aaa Forecast Yield Prior to 1999
** Based on operating earnings before depreciation and amortization. Assumes earnings will grow over the next twelve months at the rate implied by forward earnings vs. trailing earnings.

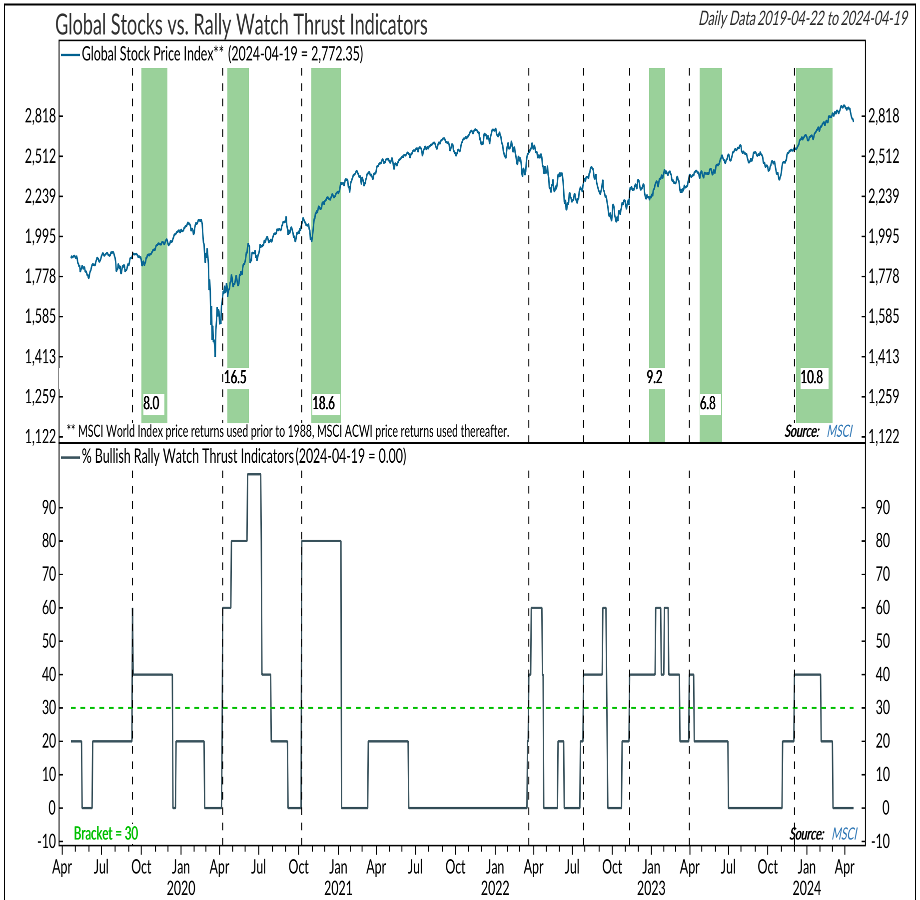
Stock/Bond Ratio Performance
Full History: 1985-01-31 to 2024-03-31

Equity Risk Premium	% Gain/ Annum	% of Time
Above 0.9	12.10	11.93
-1.9 to 0.9 From Above	4.59	29.14
-1.9 to 0.9 From Below	10.07	35.12
Below -1.9	-7.04	23.80

Buy/Hold = 4.40% Gain/Annum

B406C

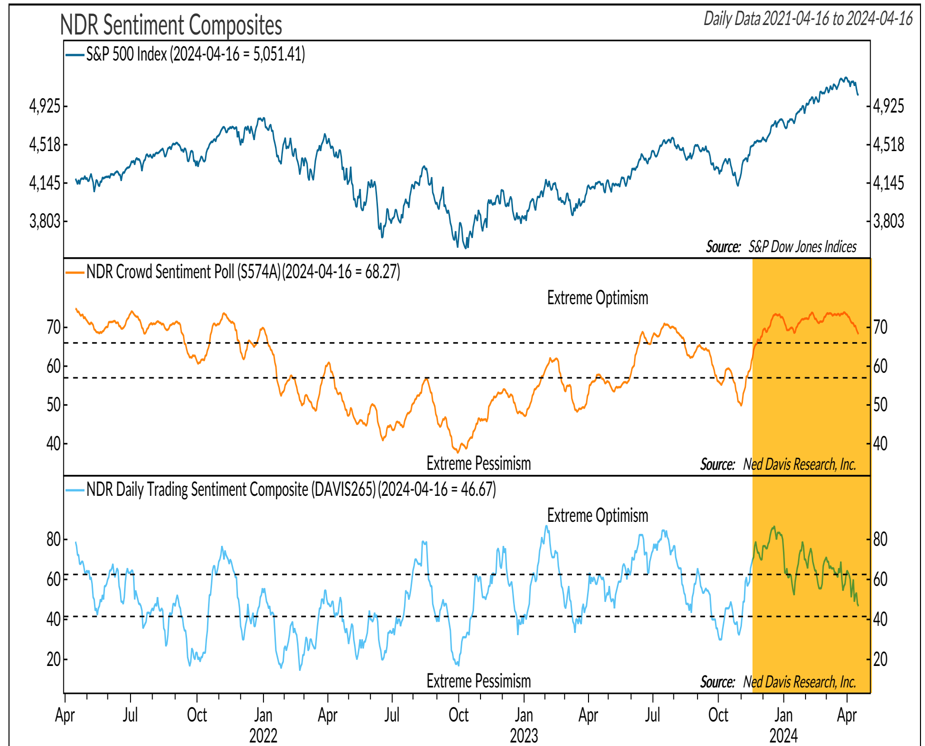
Breadth thrust fades. Optimism retreating.



Thrust signals (vertical dashed lines) = Percentage of bullish thrust indicators first crosses above 30%.
Repeat signals screened for 3 months.
After screening period the % bullish must reverse above the bracket from below to trigger a new signal.
Shaded periods = rallies > 3% during the 3 months following signals (signal dates followed by corrections of 5% or more excluded)

Total Cases	Valid Cases (>3% Rally)	Signal Accuracy (%)	Median Rally	Median Rally Length (Calendar Days)	Median Length to Rally (Calendar Days)
44	34	77.3	8.4	59	7

I55H



S&P 500 Performance
Full History: 1995-12-01 to 2024-04-16

Sentiment Indicators	% Gain/ Annum	% of Time
Both Optimism	-1.88	16.67
1 Optimism, 1 Neutral	0.66	21.09
Both Neutral	8.36	18.84
1 Neutral, 1 Pessimism	15.74	20.09
Both Pessimism	22.42	20.45
S574A Optimism, DAVIS265 Pessimism	5.86*	0.40
S574A Pessimism, DAVIS265 Optimism	-27.75*	2.46

Buy/Hold = 7.75% Gain/Annum
** Cases less than one year are not annualized*

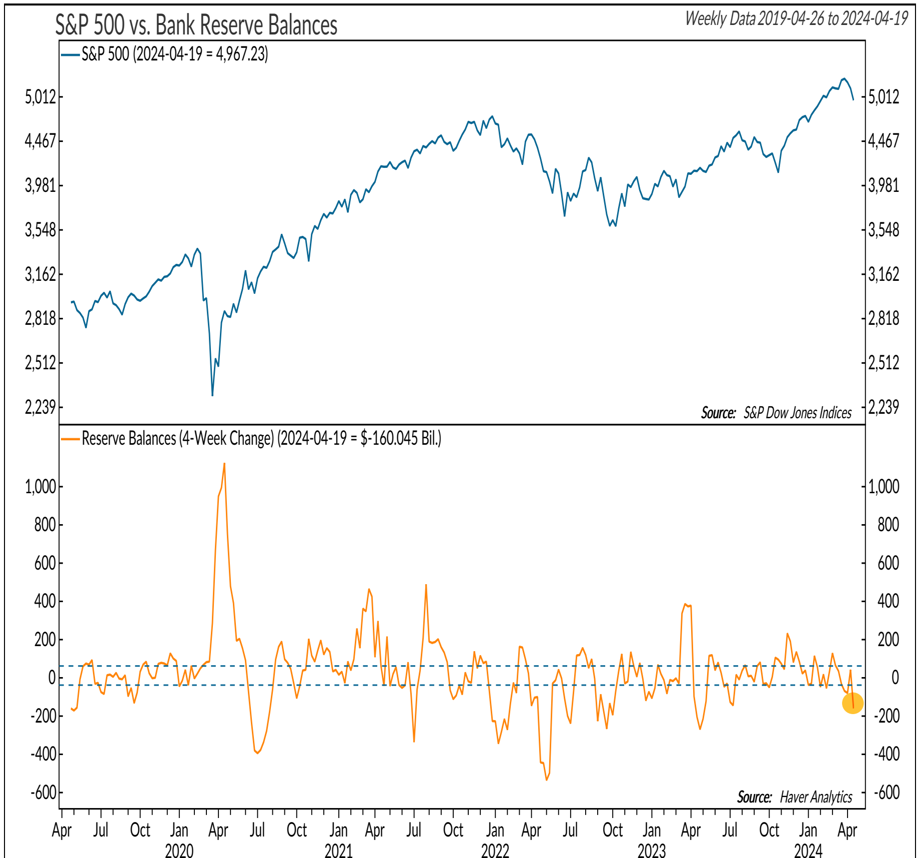
S&P 500 Performance
Chart View: 2021-04-16 to 2024-04-16

Sentiment Indicators	% Gain/ Annum	% of Time
Both Optimism	13.82*	20.16
1 Optimism, 1 Neutral	0.02*	21.72
Both Neutral	-8.29*	7.66
1 Neutral, 1 Pessimism	5.21*	22.90
Both Pessimism	7.31*	20.62
S574A Optimism, DAVIS265 Pessimism	4.69*	1.92
S574A Pessimism, DAVIS265 Optimism	-2.19*	5.02

Buy/Hold = 6.46% Gain/Annum
** Cases less than one year are not annualized*

Customized version of S576

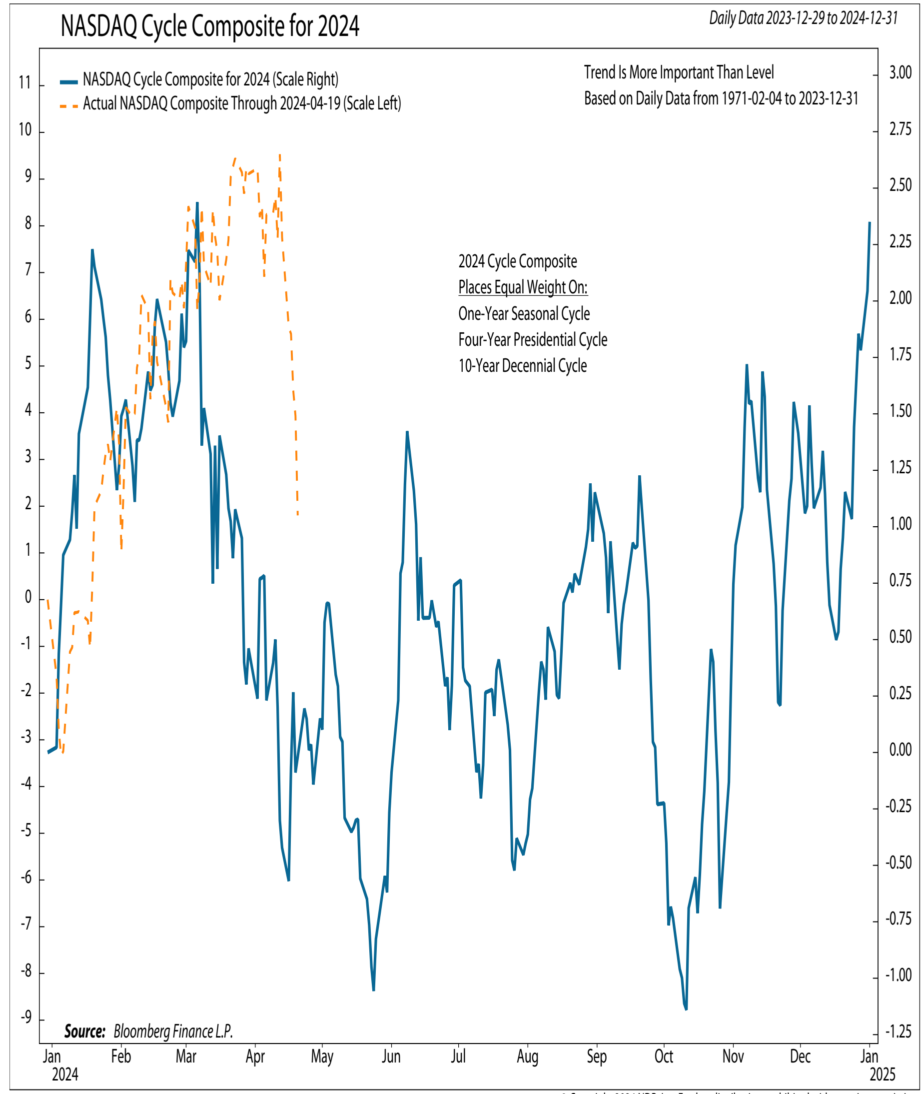
Spring vulnerability.



S&P 500 Performance Full History: 2009-03-06 to 2024-04-19		
Reserve Balances	% Gain/ Annum	% of Time
Above 62.0	30.85	30.87
-38.0 - 62.0	14.14	38.93
Below -38.0	-1.12	30.20
Buy/Hold = 14.01% Gain/Annum		

S&P 500 Performance Chart View: 2019-04-26 to 2024-04-19		
Reserve Balances	% Gain/ Annum	% of Time
Above 62.0	45.69	37.97
-38.0 - 62.0	-9.41	31.54
Below -38.0	-2.12	30.49
Buy/Hold = 11.09% Gain/Annum		

B557B



S01667

Positive months from November-February have historically carried on through the rest of the year.

S&P 500 Index Performance When Previous November, December, January & February Were All Up

Month Ending	Nov (%)	Dec (%)	Jan (%)	Feb (%)	3 Months Later (%)	6 Months Later (%)	9 Months Later (%)	10 Months Later (%)	12 Months Later (%)
2/29/1936	3.9	3.7	6.6	1.7	-1.0	9.9	18.8	18.1	24.3
2/28/1945	0.4	3.5	1.4	6.2	5.0	8.5	20.2	21.4	20.8
2/28/1950	0.1	4.4	1.7	1.0	9.1	7.0	13.3	18.5	26.6
2/28/1954	0.9	0.2	5.1	0.3	11.6	14.1	30.9	37.6	40.6
2/28/1955	8.1	5.1	1.8	0.4	3.1	17.5	23.8	23.7	23.3
2/28/1961	4.0	4.6	6.3	2.7	4.9	7.3	12.4	12.8	10.3
2/28/1971	4.7	5.7	4.1	0.9	3.0	2.4	-2.9	5.5	10.2
2/28/1983	3.6	1.5	3.3	1.9	9.7	11.0	12.4	11.4	6.1
2/28/1986	6.5	4.5	0.2	7.2	9.0	11.5	9.8	6.7	25.2
2/28/1991	6.0	2.5	4.2	6.7	6.2	7.7	2.2	13.6	12.4
2/28/1993	3.0	1.0	0.7	1.1	1.5	4.6	4.2	5.2	5.4
2/29/1996	4.1	1.7	3.3	0.7	4.5	1.8	18.2	15.7	23.5
2/28/1998	4.5	1.6	1.0	7.0	4.0	-8.8	10.9	17.1	18.0
2/29/2004	0.7	5.1	1.7	1.2	-2.1	-3.6	2.5	5.9	5.1
2/28/2013	0.3	0.7	5.0	1.1	7.7	7.8	19.2	22.0	22.8
2/28/2017	3.4	1.8	1.8	3.7	2.0	4.6	12.0	13.1	14.8
2/29/2024	8.9	4.4	1.6	5.2	N/A	N/A	N/A	N/A	N/A
Mean	**3.7**	**3.1**	**2.9**	**2.9**	**4.9**	**6.4**	**13.0**	**15.5**	**18.1**
Median	**3.8**	**3.0**	**2.5**	**1.5**	**4.7**	**7.5**	**12.4**	**14.6**	**19.4**
% Positive	**100.0**	**100.0**	**100.0**	**100.0**	**87.5**	**87.5**	**93.8**	**100.0**	**100.0**
All Periods Mean	**1.0**	**1.3**	**1.1**	**-0.1**	**2.0**	**4.0**	**6.1**	**6.8**	**8.2**

Source: S&P Dow Jones Indices

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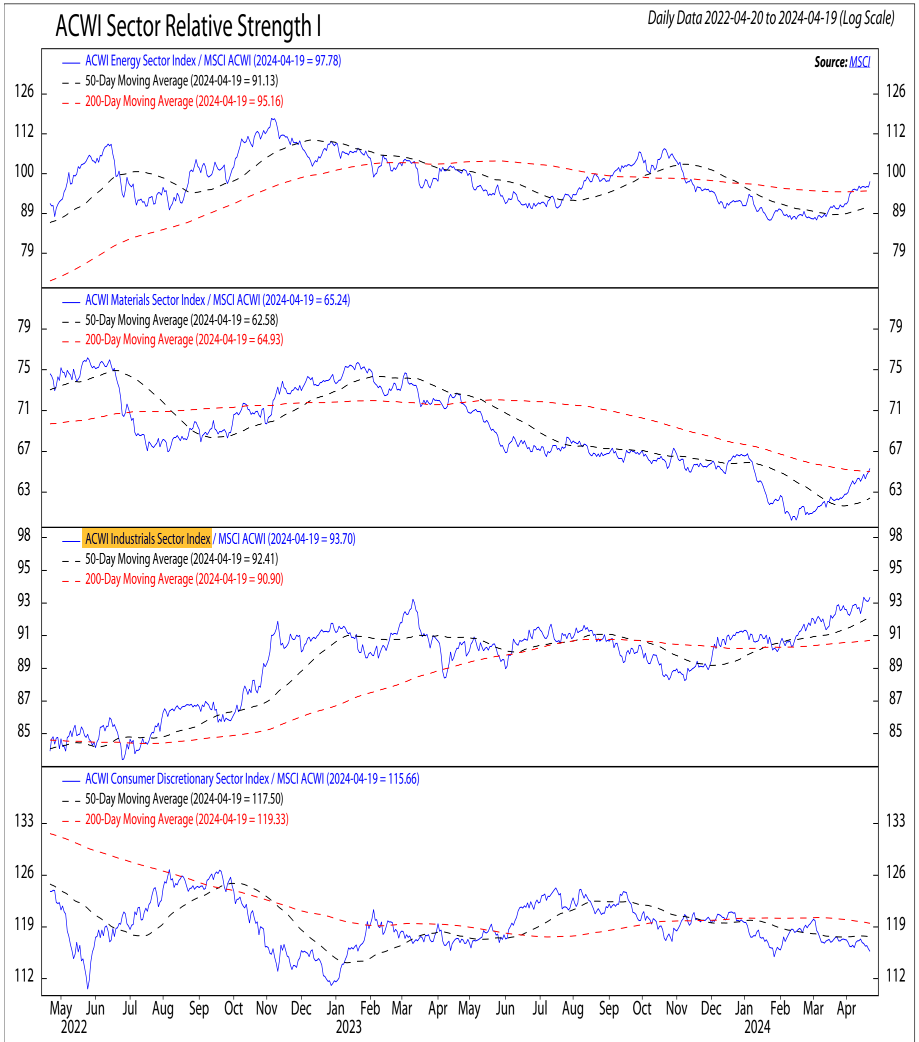
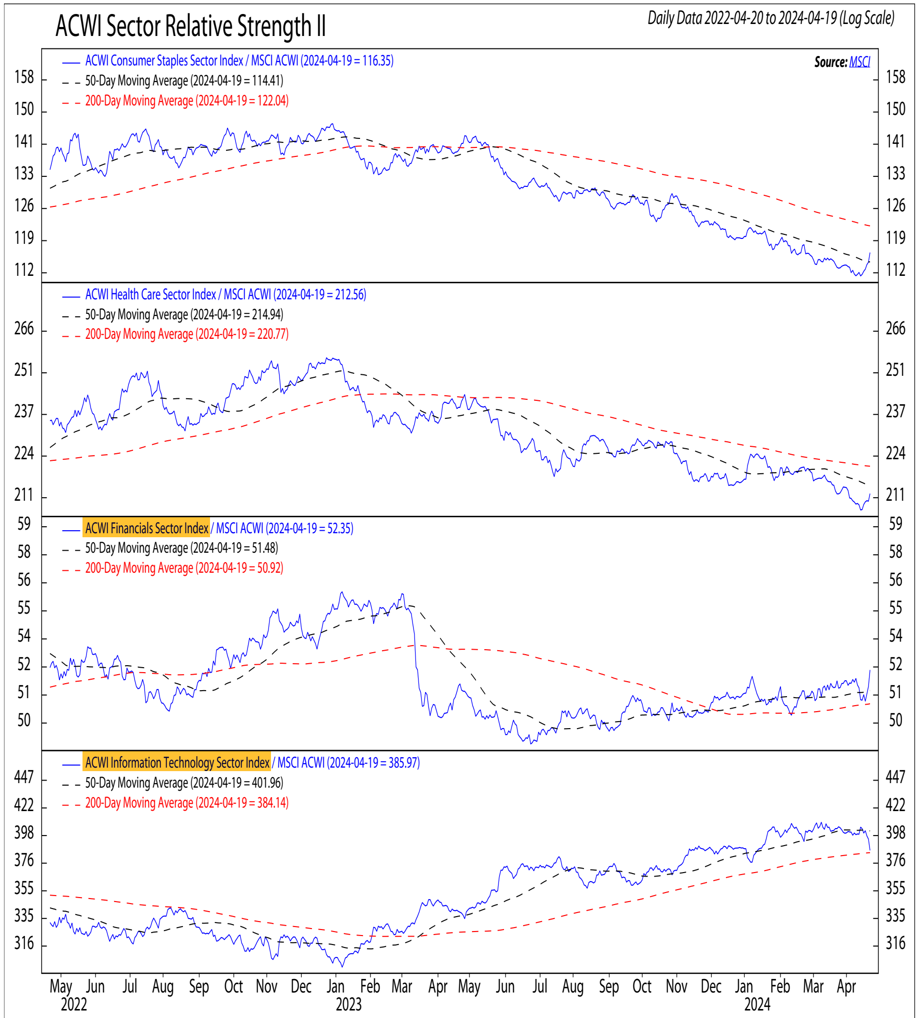
Tech and cyclicals showing leadership globally.



IGS_3



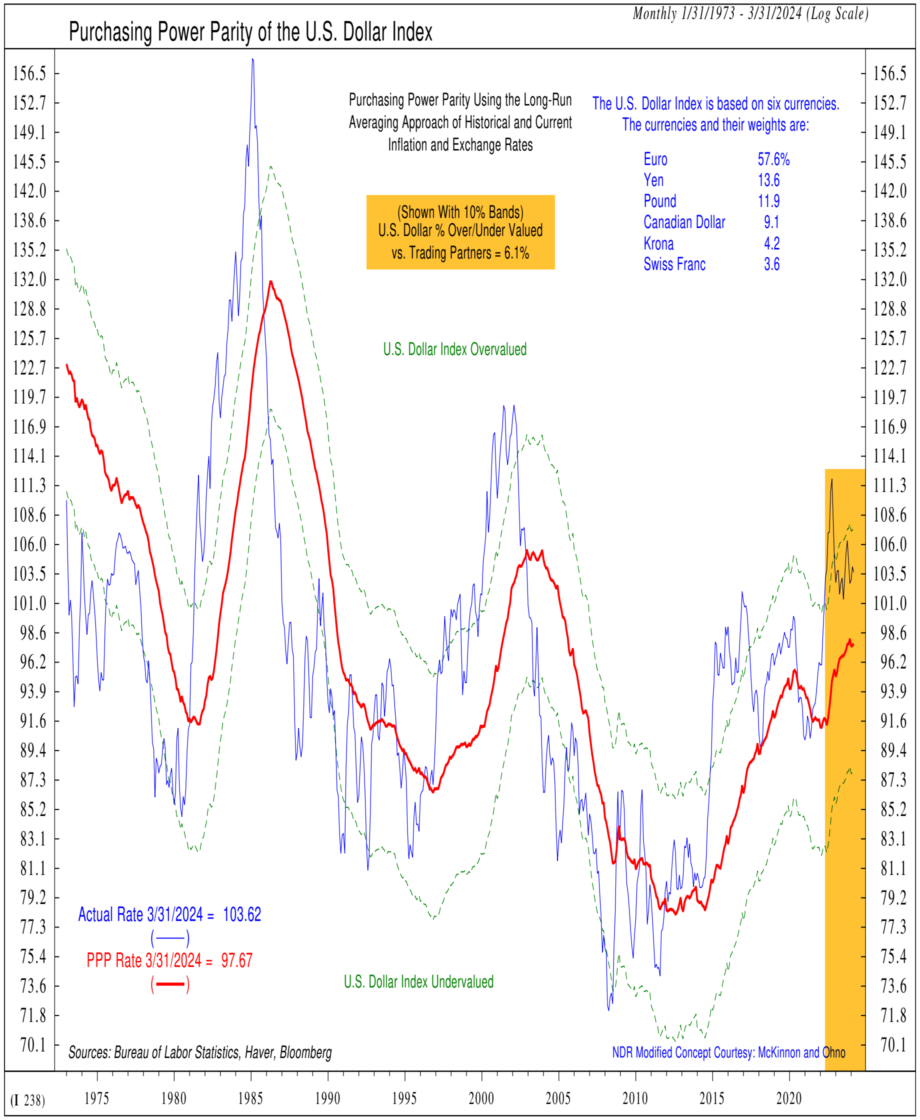
On September 1, 2016, S&P GICS separated the Real Estate sector from the Financials sector.
MSCI provided a provisional index price for the Financials ex. Real Estate back to June 2, 2015.
Prior to June 2, 2015, the price returns for Financials include all Real Estate sector subindustries.

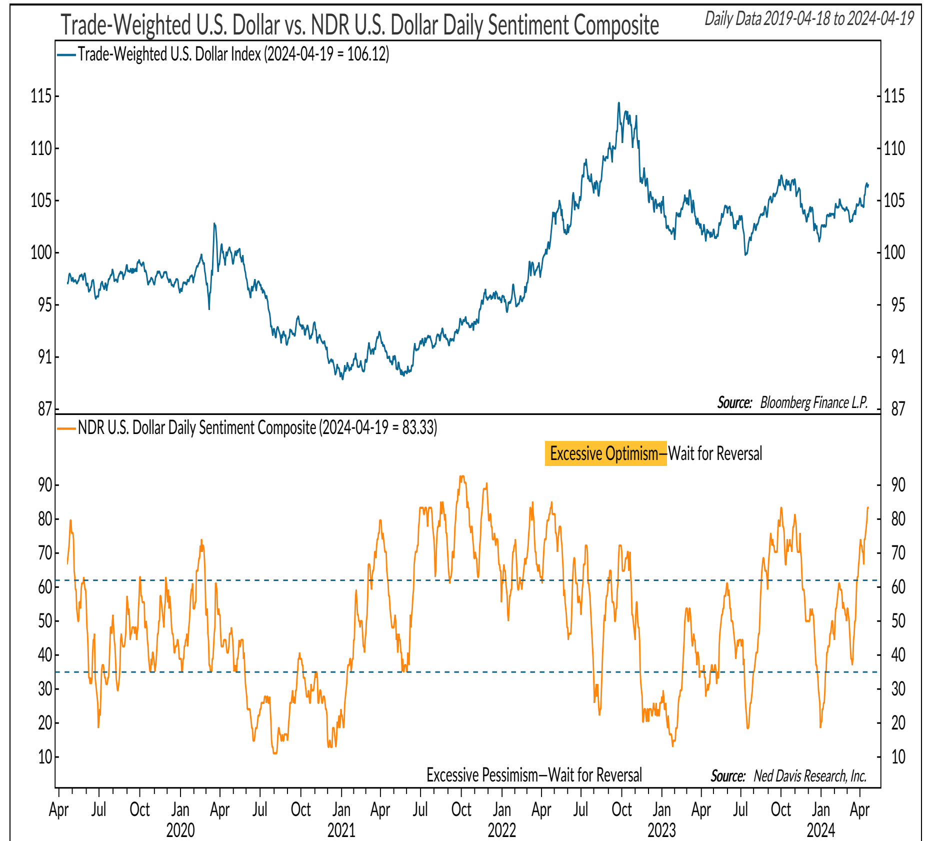
Data Range (Years):
1 2 3 5 10 20 Max

IGS_4

My biggest macro trade

Short USD - Overvalued, sentiment bullish. Declining confidence in U.S. institutions.





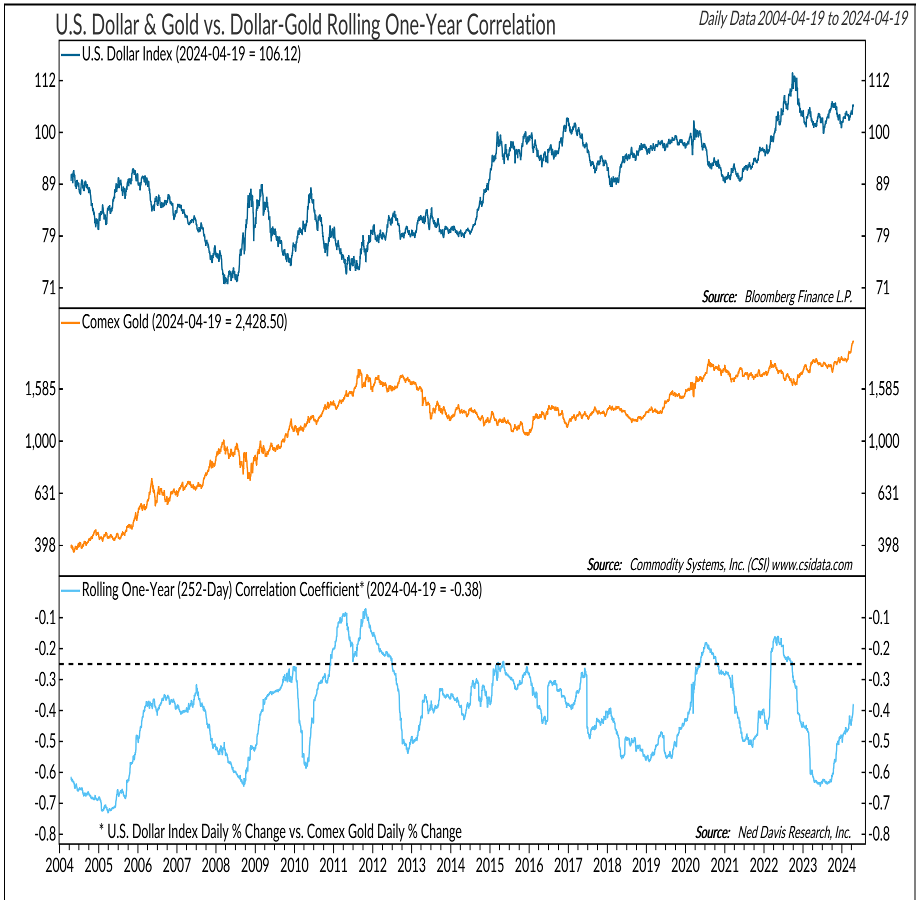
U.S. Dollar Performance Full History: 1988-11-23 to 2024-04-19		
NDR U.S. Dollar Sentiment Composite is	% Gain/ Annum	% of Time
Above 62.0	8.80	25.25
35.0 to 62.0 From Above	-0.31	25.97
35.0 to 62.0 From Below	0.12	25.68
Below 35.0	-6.80	23.10
Buy/Hold = 0.46% Gain/Annum		

U.S. Dollar Performance Chart View: 2019-04-18 to 2024-04-19		
NDR U.S. Dollar Sentiment Composite is	% Gain/ Annum	% of Time
Above 62.0	2.47	30.85
35.0 to 62.0 From Above	4.49	25.49
35.0 to 62.0 From Below	0.64	19.97
Below 35.0	-1.25	23.69
Buy/Hold = 1.72% Gain/Annum		

Customized version of DAVIS262

NDR

Gold – A strong USD, rising real rates, and bullish positioning should hurt gold. Gold now rising on geopolitical risks and the new world order.

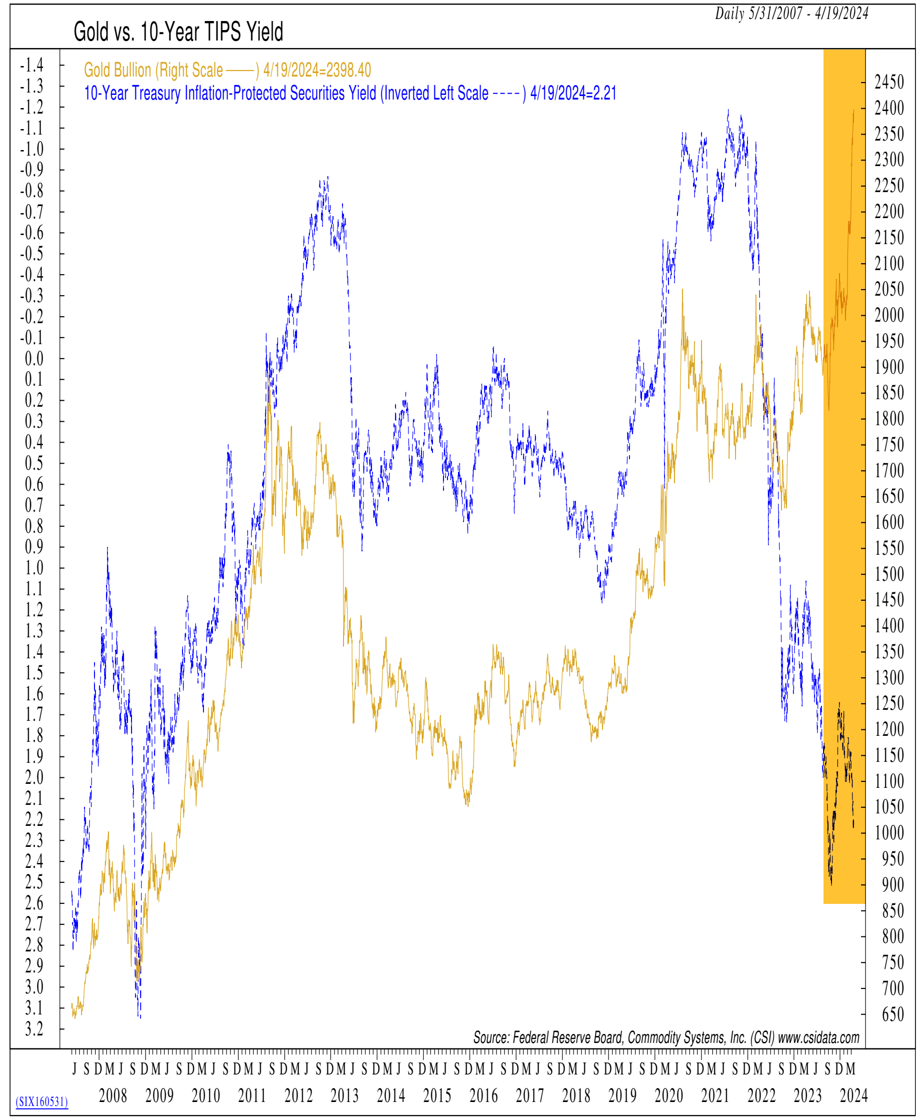


Analysis Dates: 1979-12-31 - 2024-04-19			
Dollar-Gold One-Year Correlation:	Dollar Gain/Annum	Gold Gain/Annum	% of Time
Above -0.25	4.9	-2.0	33.0
-0.25 And Below	-1.6	6.2	67.0

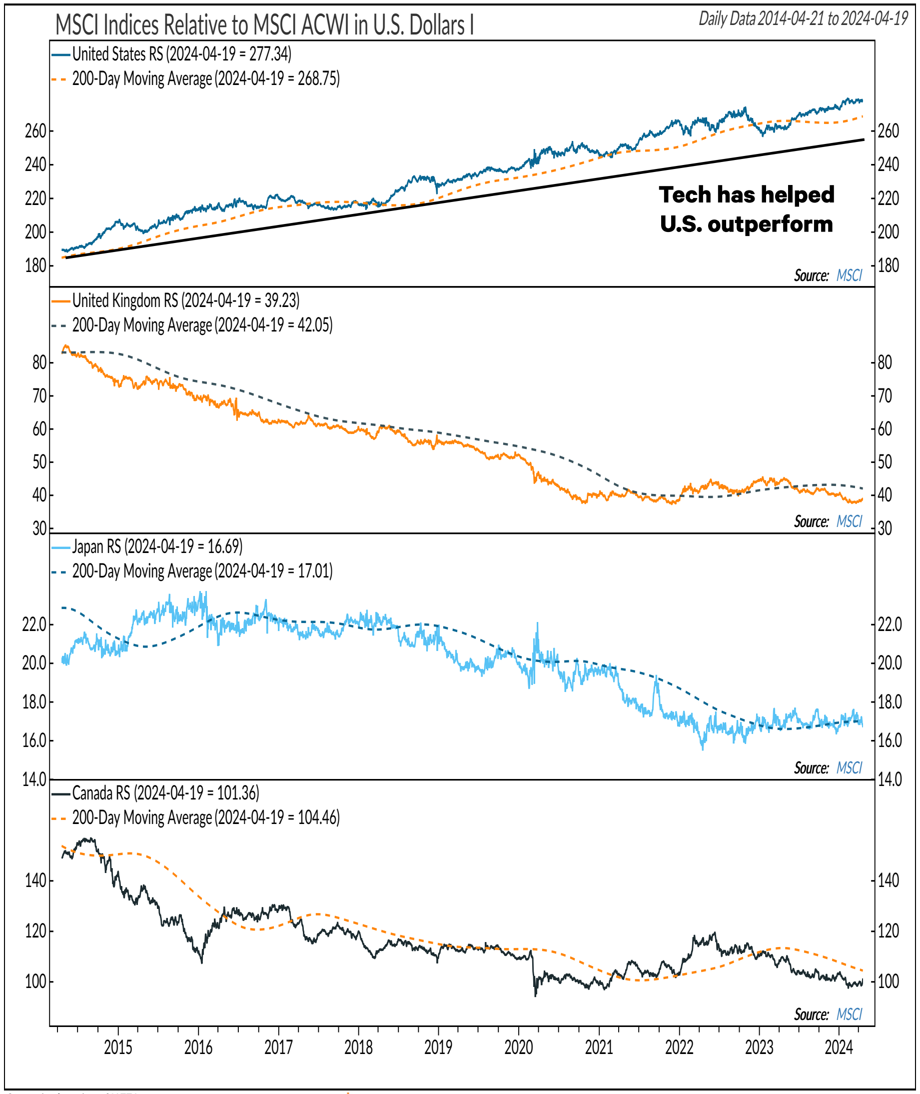
Analysis Dates: 2004-04-19 - 2024-04-19			
Dollar-Gold One-Year Correlation:	Dollar Gain/Annum	Gold Gain/Annum	% of Time
Above -0.25	2.3	3.6	12.9
-0.25 And Below	0.6	10.3	87.1

Customized version of I207

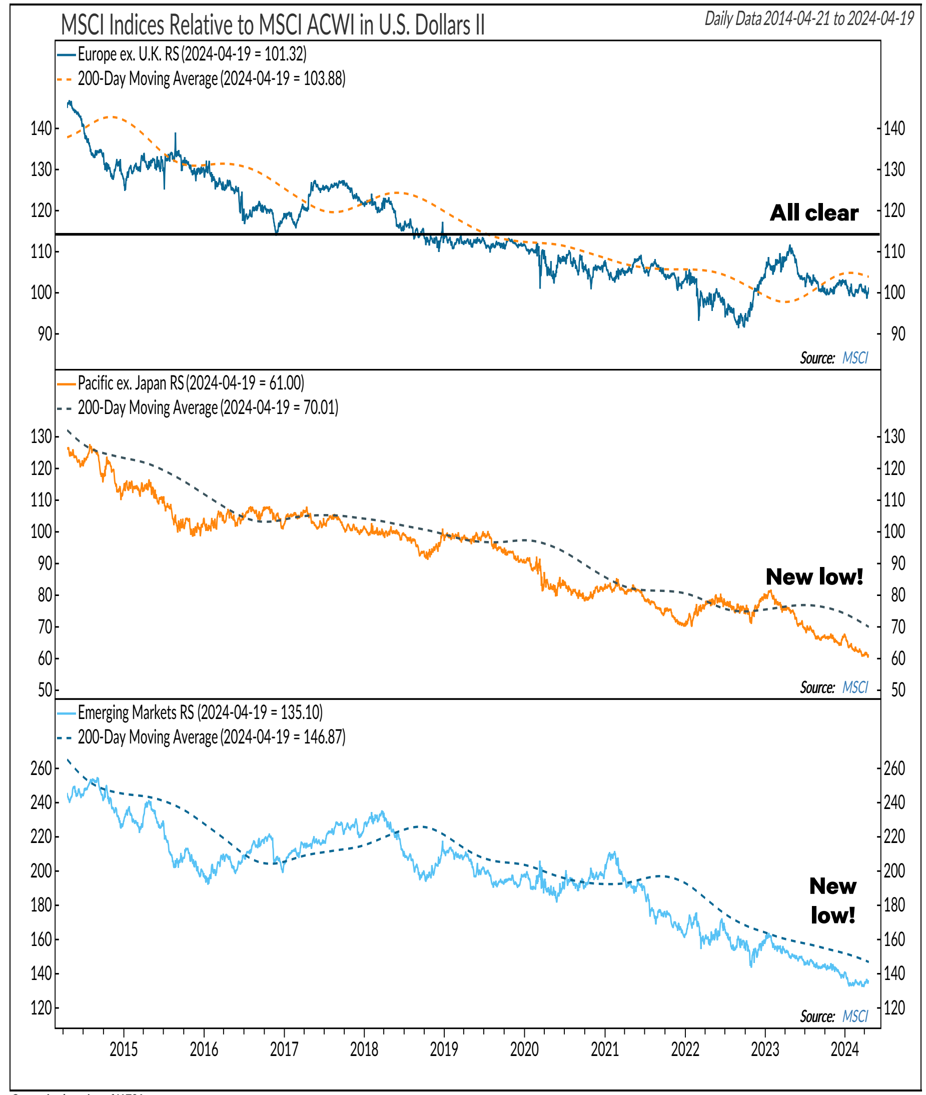
NDR



Foreign stocks - U.S. still in uptrend. Foreign markets range-bound except China-related. A stronger Chinese recovery could help everyone.



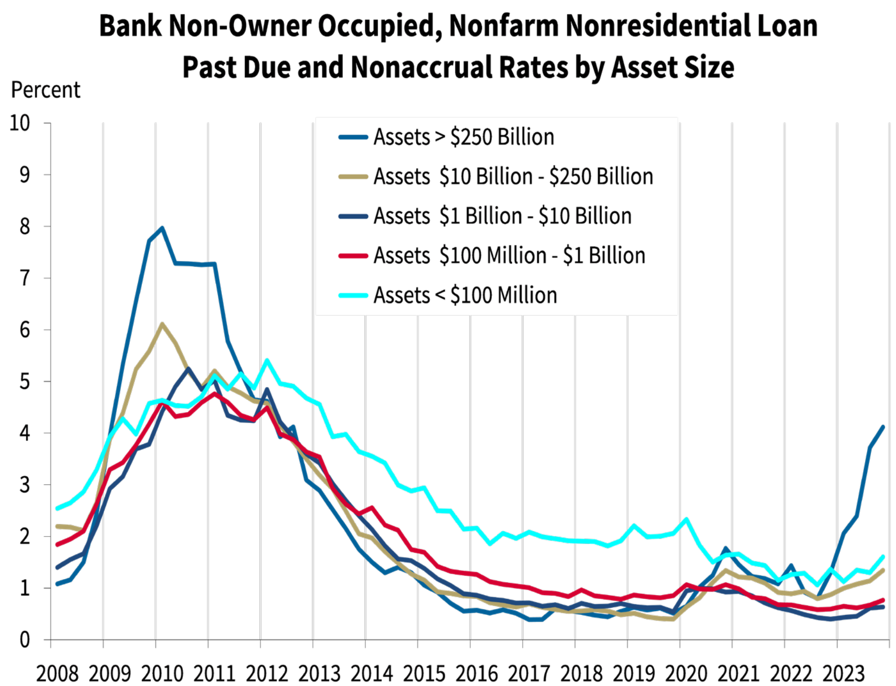
Customized version of I177A



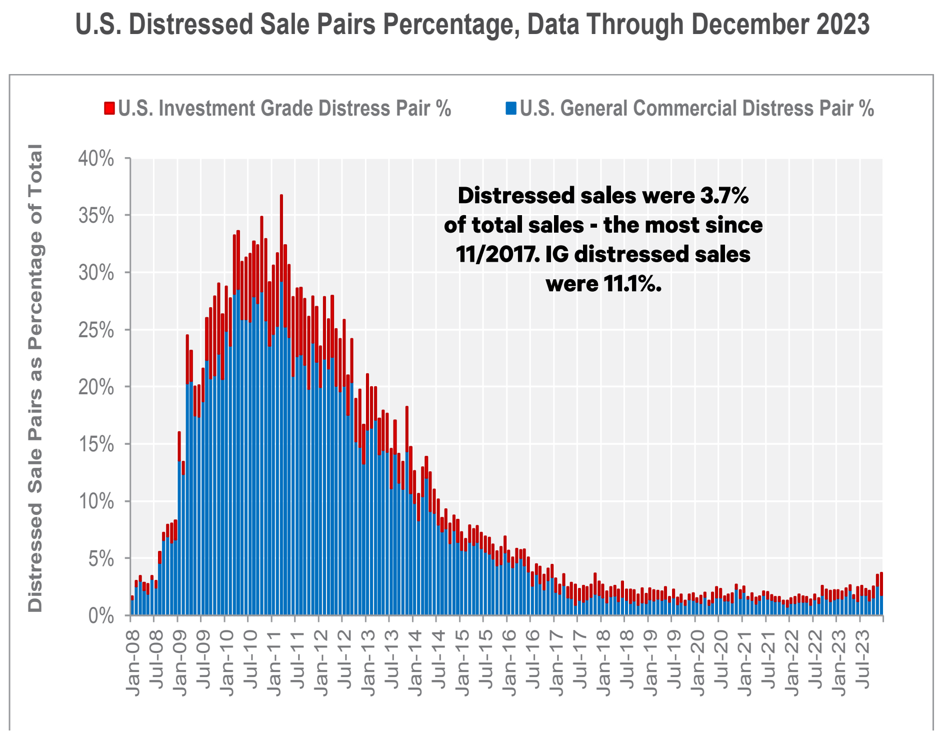
Customized version of I178A

CRE woes arriving

Market has yet to clear.
NYCB shows more problems out there.

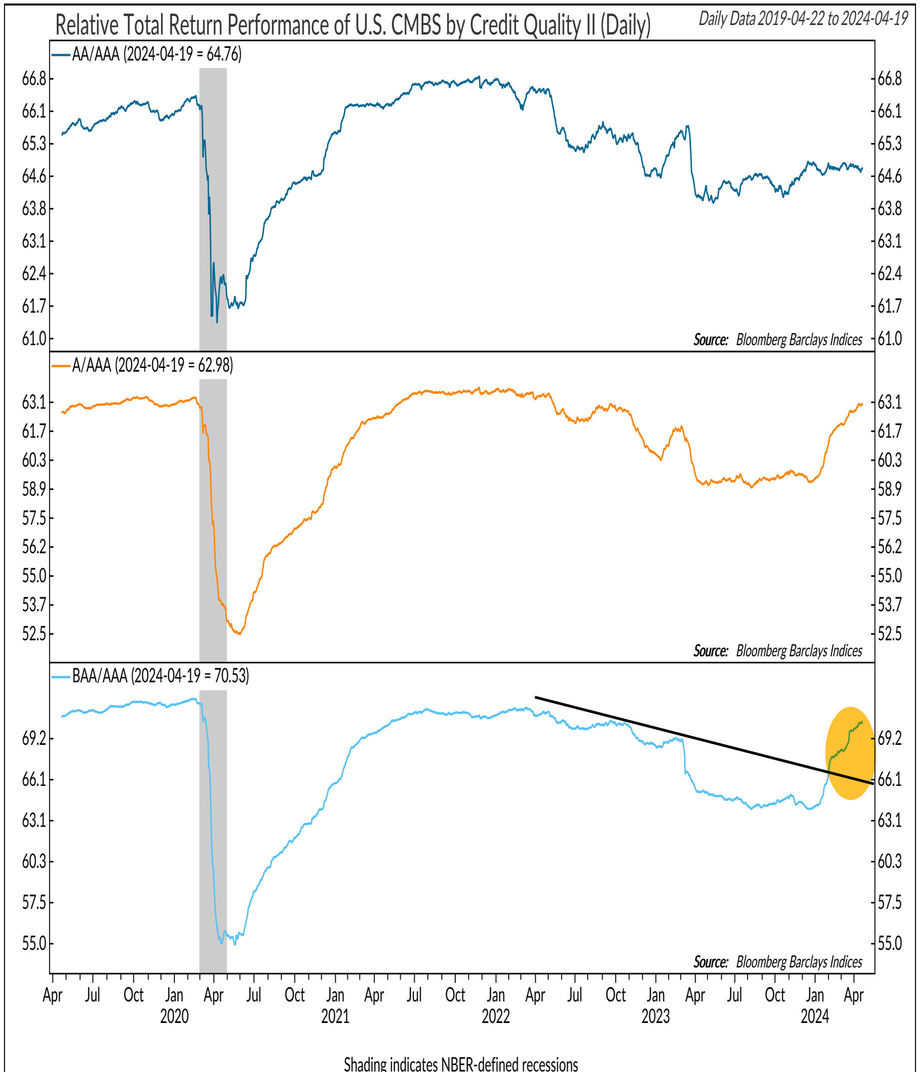


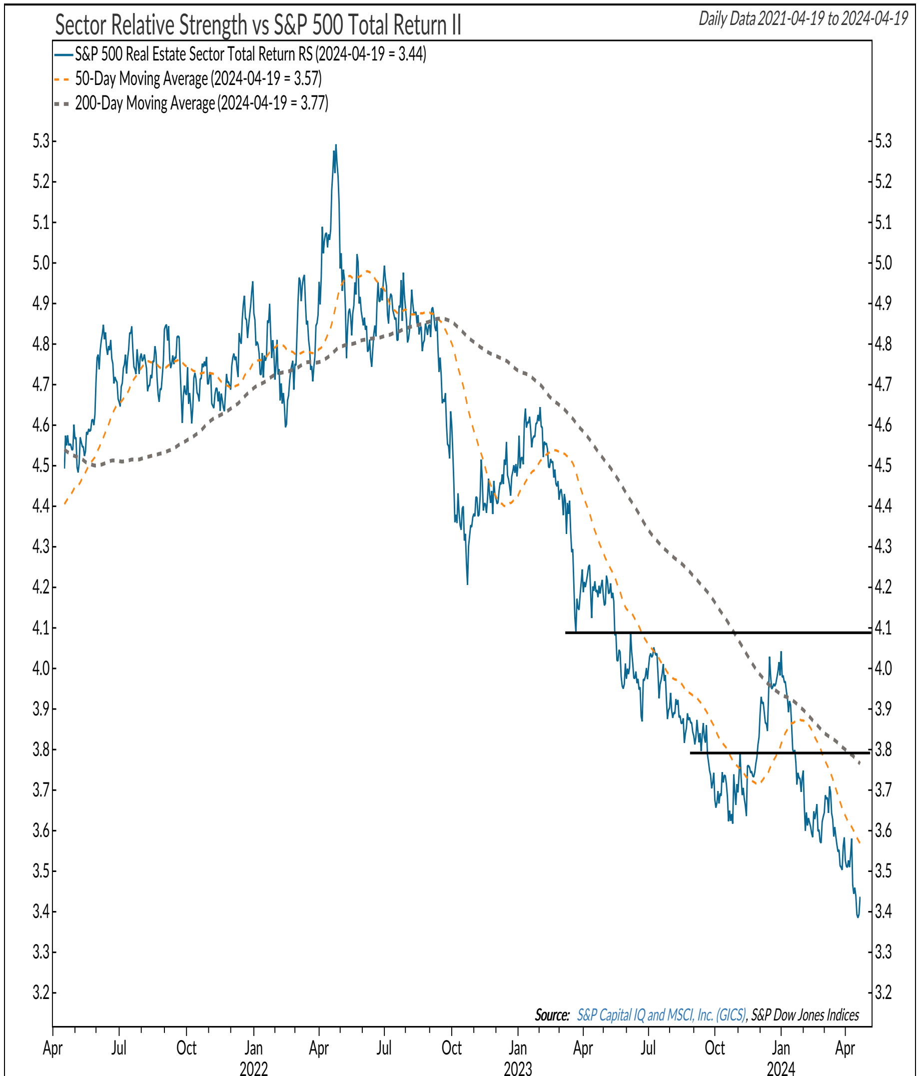
Source: FDIC.



Source: CoStar

Time to start sniffing around for REITs?





Bottom Line

- U.S. economy fine, global economy recovering. Difficult to get back to 2% inflation. The coming years will feel stagflationary with below-trend growth and above-target inflation.
- Regime analysis can be useful for asset allocation and selection.
- First rate cuts have been bullish.
- Neutral duration. Look for steeper curve. Credit hanging tough. UW Japan.
- Bonds not as compelling as equities.
- The USD should drive asset returns in the coming years. Gold, commodities, foreign stocks, and foreign bonds should benefit from a weaker USD.
- Risks around staying too restrictive for too long, a weak USD, QT, Treasury supply, and CRE.

NDR HOUSE VIEWS (Updated April 22, 2024)

For global asset allocation, NDR recommends an overweight allocation to stocks and underweight allocations to bonds and cash. Our recommendations are in-line with our Global Balanced Account Model.

Equity Allocation

U.S. | Our U.S. asset allocation recommendation is 65% stocks (10% overweight), 30% bonds (5% underweight), and 5% cash (5% underweight). On an absolute basis, we are overweight the S&P 500. We favor small-caps over large-caps and are neutral on Growth versus Value.

INTERNATIONAL | We are overweight the U.S., underweight the U.K. and Pacific ex. Japan, and marketweight on all other regions.

Macro

ECONOMY | The global economy has shown notable resilience, with recession chances waning. Risks include monetary and fiscal policy uncertainty, sticky inflation, and easing Chinese growth.

FIXED INCOME | We reduced our exposure to 100% of benchmark duration, and recommend curve steepeners. We are overweight MBS and underweight CMBS and ABS. We are marketweight everything else.

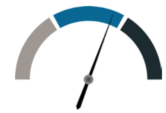
GOLD | We are currently bullish.

DOLLAR | We are currently neutral.

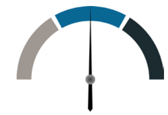
Economic Summary

April 22, 2024

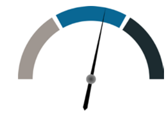
Near term activity: ● Accelerating ● Neutral ● Decelerating



Global Economy
(2.7%)



U.S. Economy
(1.0% - 1.5%)



U.S. Inflation
(2.5% – 3.0%)

Economic gauges reflect changes in near-term economic activity. Numbers in parenthesis refer to NDR 2023 forecasts.

Global Asset Allocation

● Overweight ● Marketweight ● Underweight

- ● Stocks (70%)
- ●
- ● Bonds (30%) | Cash (0%)

Benchmark: Stocks (55%), Bonds (35%), Cash (10%)

Equities — Regional Relative Allocation

- ● United States (67%)
- ● Europe ex. U.K. (13%) | Emerging Markets (10%) | Japan (5%) | Canada (2%)
- ● U.K. (2%) | Pacific ex Japan (1%)

Benchmark – U.S. (61.5%), Europe ex. U.K. (12.5%), Emerging Markets (10.8%), Japan (5.5%), U.K. (3.8%), Pacific ex. Japan (3%), Canada (3%)

Global Bond Allocation

- ● Europe (32%) | U.K. (7%)
- ● U.S. (54%)
- ● Japan (7%)

Benchmark: U.S. (55%), Europe (27%), Japan (13%), U.K. (5%)

U.S. Allocation

- ● Stocks (65%) | Small-Cap
- ● Growth | Value | Mid-Cap
- ● Bonds (30%) | Cash (5%) | Large-Cap

Benchmark: Stocks (55%), Bonds (35%), Cash (10%)

Sectors

- ● Financials (16%)
- ● Consumer Staples (4%) | Real Estate (1%)

Benchmark: Technology (28.1%), Health Care (13.0%), Financials (12.3%), Communication Services (8.9%), Consumer Discretionary (10.9%), Consumer Staples (7.0%), Industrials (8.5%), Energy (4.1%), Utilities (2.3%), Real Estate (2.4%), Materials (2.4%)

U.S. Bonds — 100% of Benchmark Duration

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Chief Global Macro Strategist

Joseph Kalish is the Chief Global Macro Strategist for Ned Davis Research Group. He has been following and studying financial and economic trends for over 40 years. He and the Macro team are responsible for all of the firm's bond and economic analysis.

Joe authors several publications. He writes on global and U.S. fixed income strategy and trends twice a week. Joe is a regular contributor to other macro publications, including **Featured Reports**, the **U.S. Economic Focus**, and the **U.S. Daily Economic Perspectives**.

The Macro team also assists the firm's equity strategists by identifying relevant monetary and economic trends, fundamental themes, and providing historical market perspectives. They collaborate with the Global Strategy team and provide economic analysis through global and regional commentary. They also work closely with the U.S. Strategy team in helping to formulate the economic outlook for the major sectors of the economy. In recent years, Joe has been particularly focused on credit trends and credit-sensitive sectors of the economy, including residential and commercial real estate and banking, and has written extensively on these topics.

In addition to the bond and economic analysis, Joe has held a number of other positions since joining the company in July 1986 including: editor of **Industry Watch** (an analysis of equity group trends), editor of **Techno-Fundamental Ranks** (a stock screening service), and associate editor of **Stock Market Strategy**. Joe was also a portfolio manager and trader for an equity mutual fund for five years.

Joe is a member of the National Association for Business Economics. He is regularly quoted and interviewed by the financial media in the U.S. and internationally, and is a featured speaker at investment conferences.

Joe received his Bachelor of Science degree in Information Systems Management **cum laude** from the University of Maryland and his Master of Business Administration degree in Finance, with distinction, from Stern School of Business of New York University.

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See the signals.™

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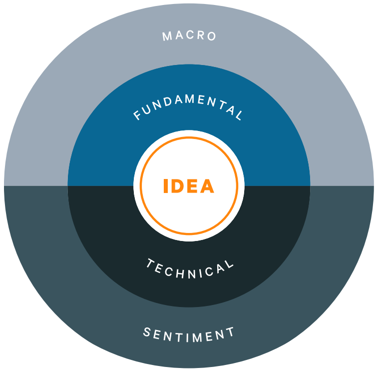

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