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Major Macro Themes

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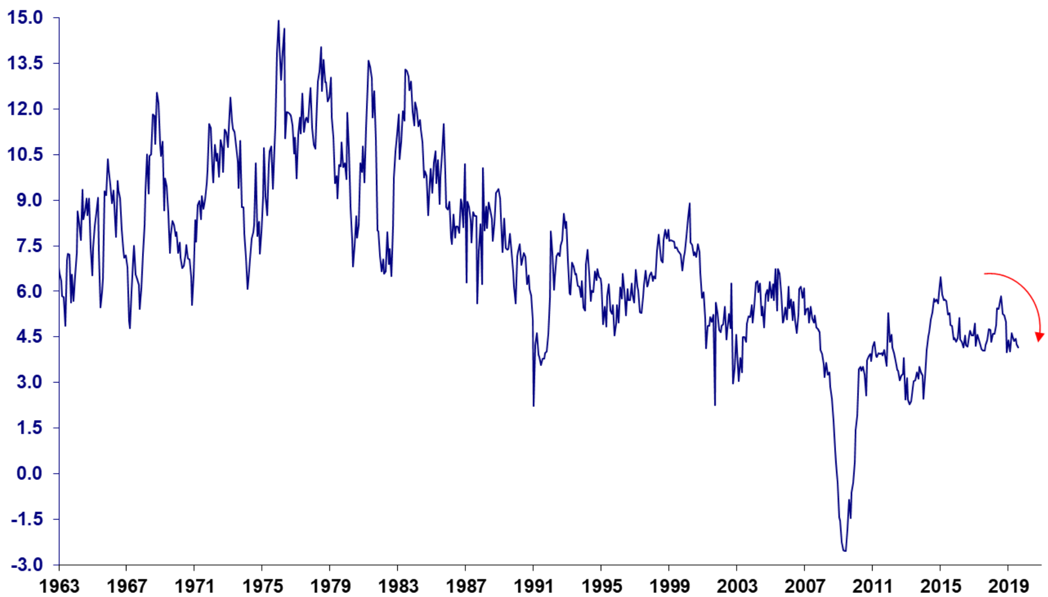
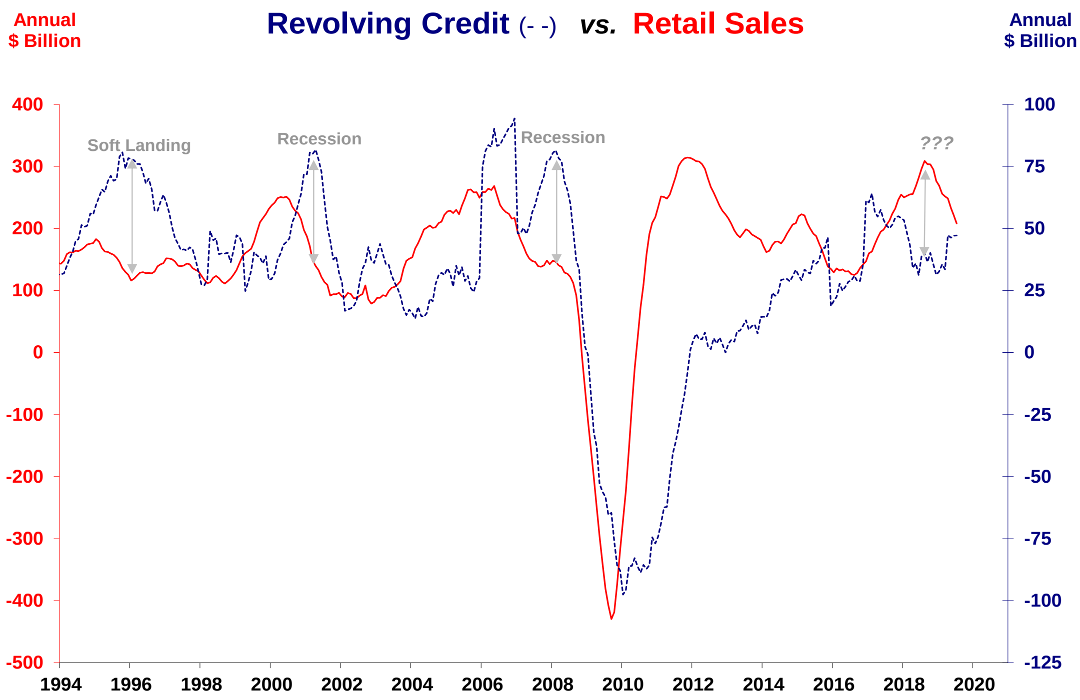
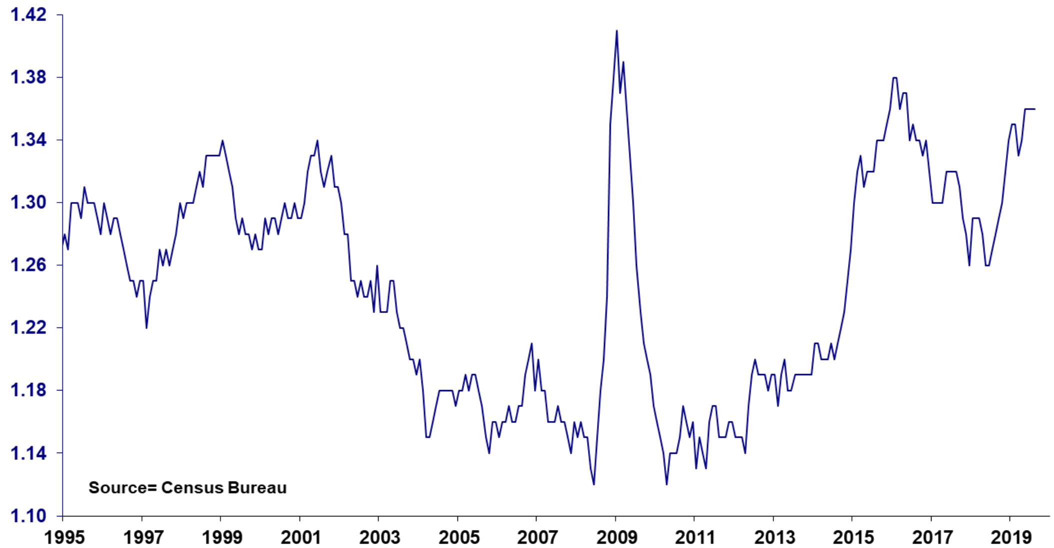
	Consumer Spending y/y%	Nominal GDP y/y%	Real GDP y/y%	CapEx y/y%
Sep 2014	5.4%	5.2%	3.1%	5.3%
Dec 2015	3.2%	2.8%	1.9%	-7.9%

Discretionary Spending
(Spending EX Food & Energy, Medical, Housing)
y/y%

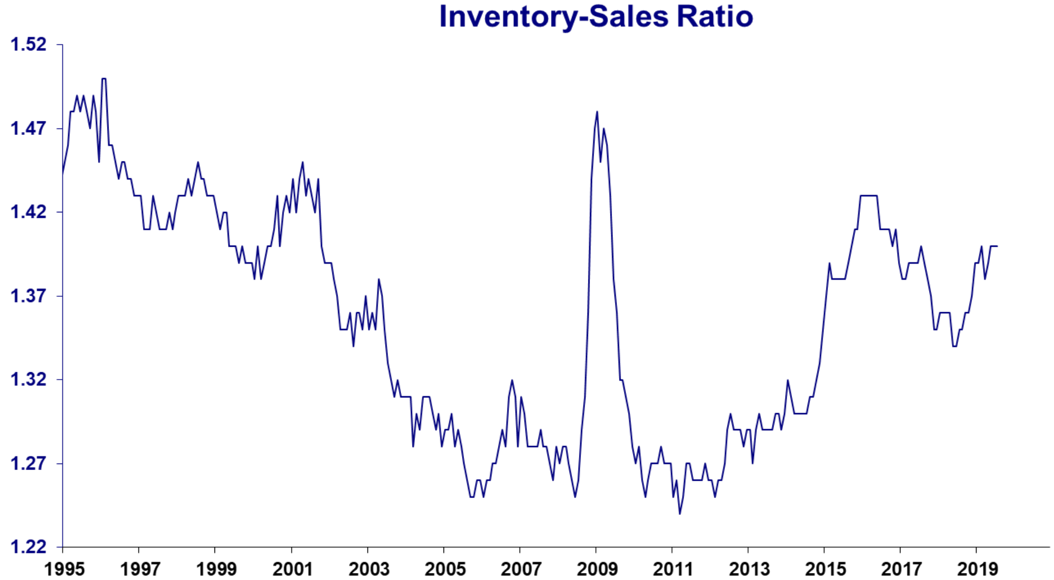


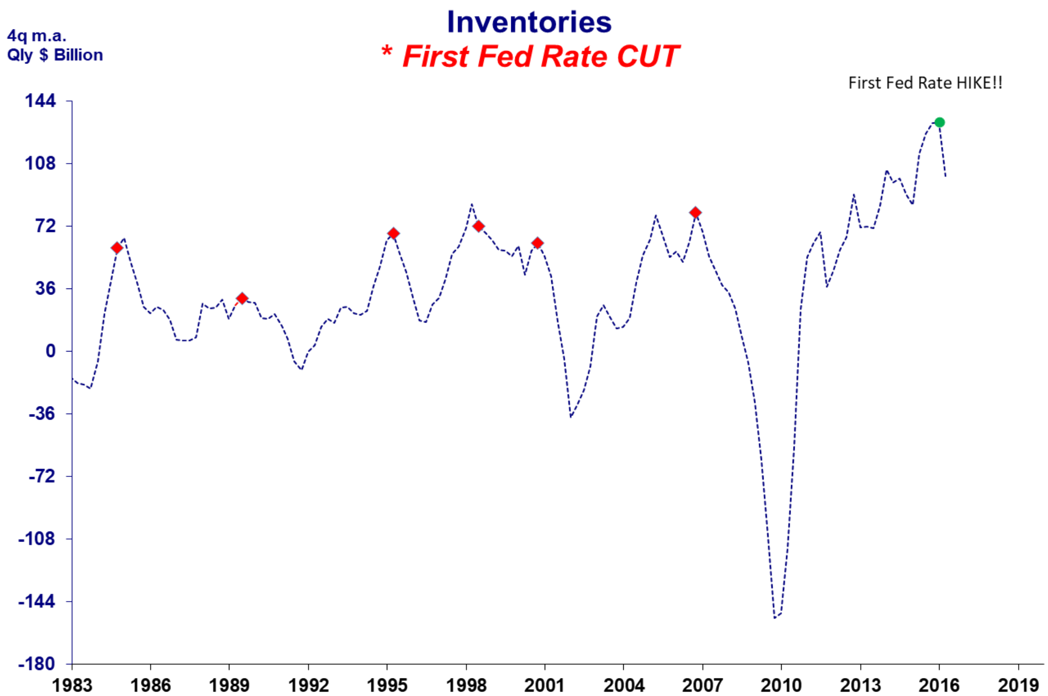

Annual
$ Billion
Revolving Credit (- -) vs. Retail Sales
Annual
$ Billion
Soft Landing
Recession
Recession
???
400
300
200
100
0
-100
-200
-300
-400
-500
100
75
50
25
0
-25
-50
-75
-100
-125
1994
1996
1998
2000
2002
2004
2006
2008
2010
2012
2014
2016
2018
2020

Wholesale
Inventory-Sales Ratio

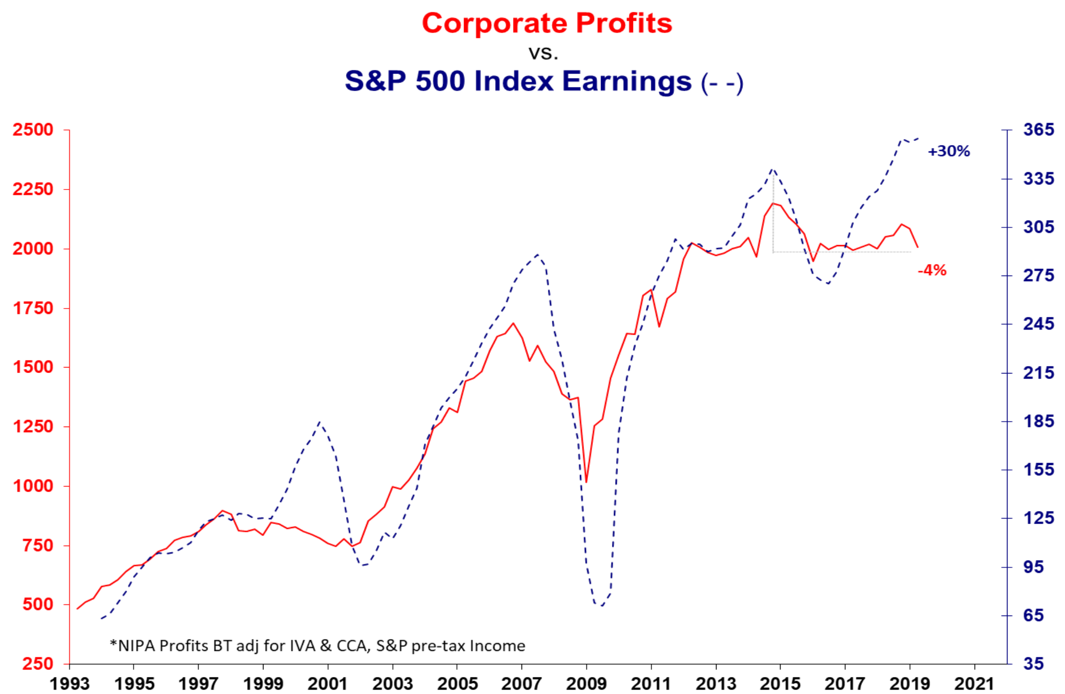


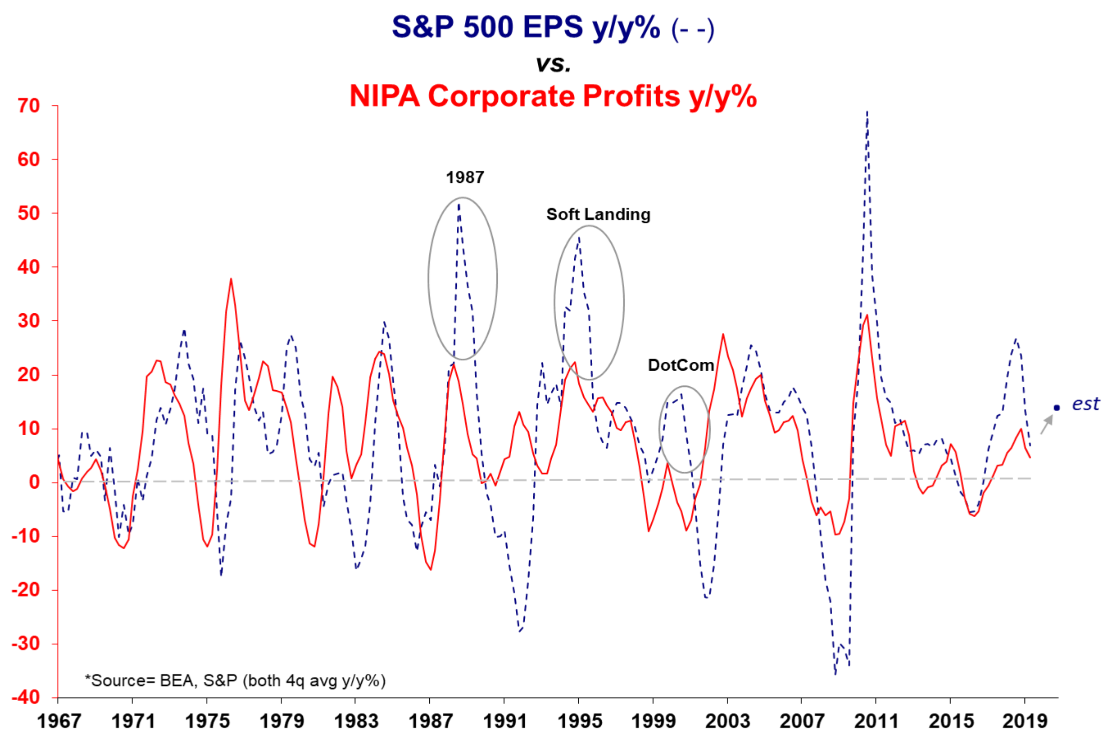
Business
Inventory-Sales Ratio

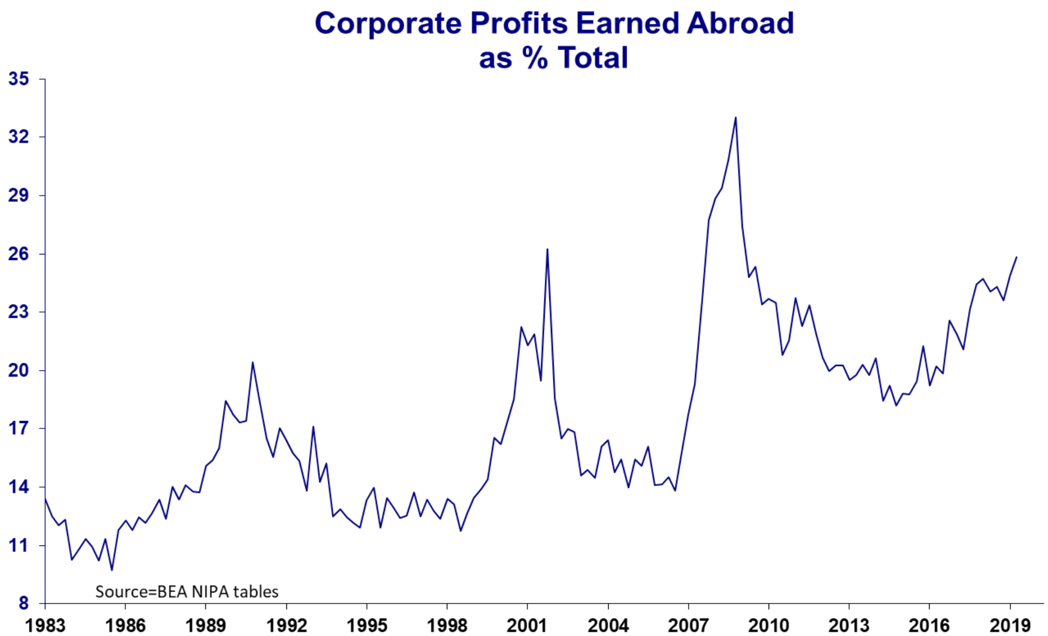




Inventories
* First Fed Rate CUT
4q m.a.
Qly $ Billion
First Fed Rate HIKE!!
144
108
72
36
0
-36
-72
-108
-144
-180
1983
1986
1989
1992
1995
1998
2001
2004
2007
2010
2013
2016
2019

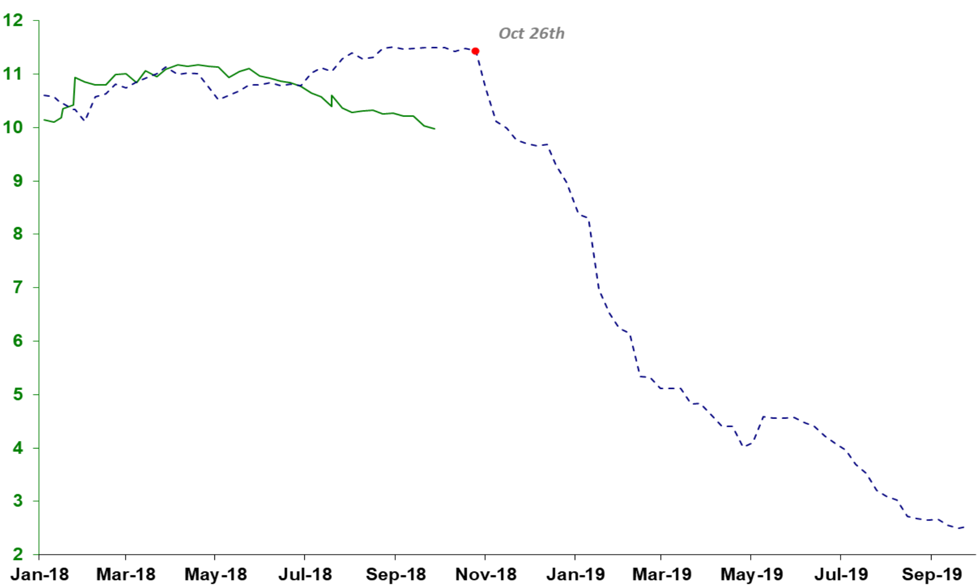

Corporate Profits
vs.
S&P 500 Index Earnings (- -)
2500
2250
2000
1750
1500
1250
1000
750
500
250
365
335
305
275
245
215
185
155
125
95
65
35
+30%
-4%
*NIPA Profits BT adj for IVA & CCA, S&P pre-tax Income
1993
1995
1997
1999
2001
2003
2005
2007
2009
2011
2013
2015
2017
2019
2021


S&P 500 EPS y/y% (- -)
vs.
NIPA Corporate Profits y/y%
1987
Soft Landing
DotCom
est
*Source= BEA, S&P (both 4q avg y/y%)
70
60
50
40
30
20
10
0
-10
-20
-30
-40
1967
1971
1975
1979
1983
1987
1991
1995
1999
2003
2007
2011
2015
2019

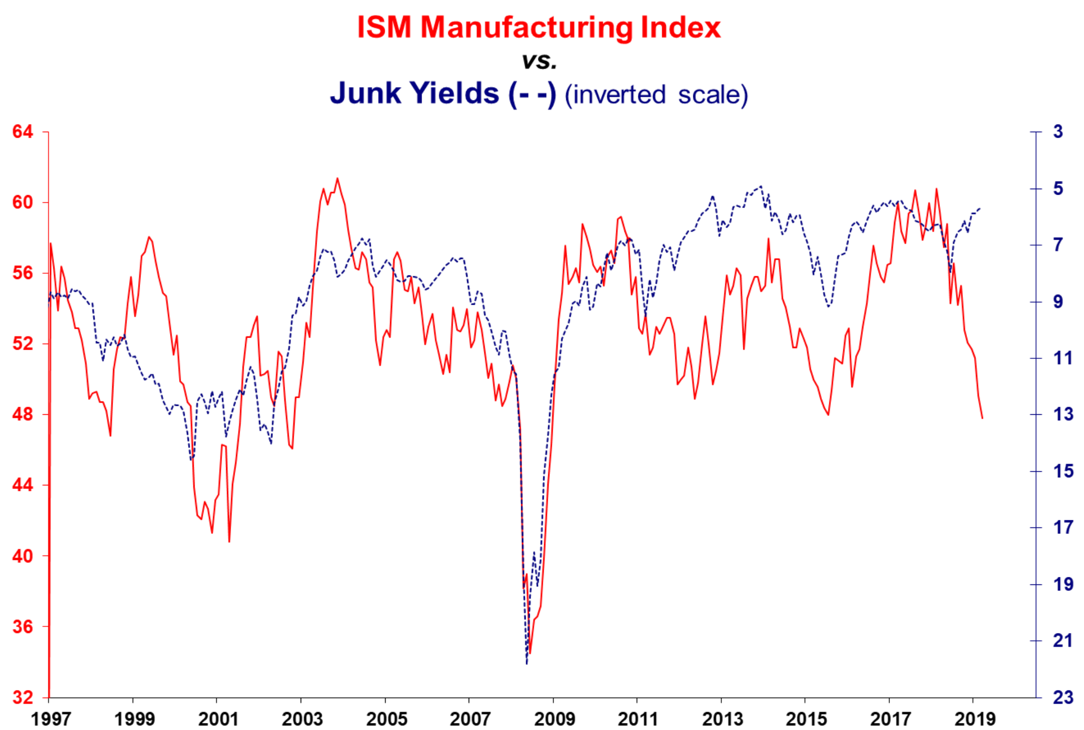


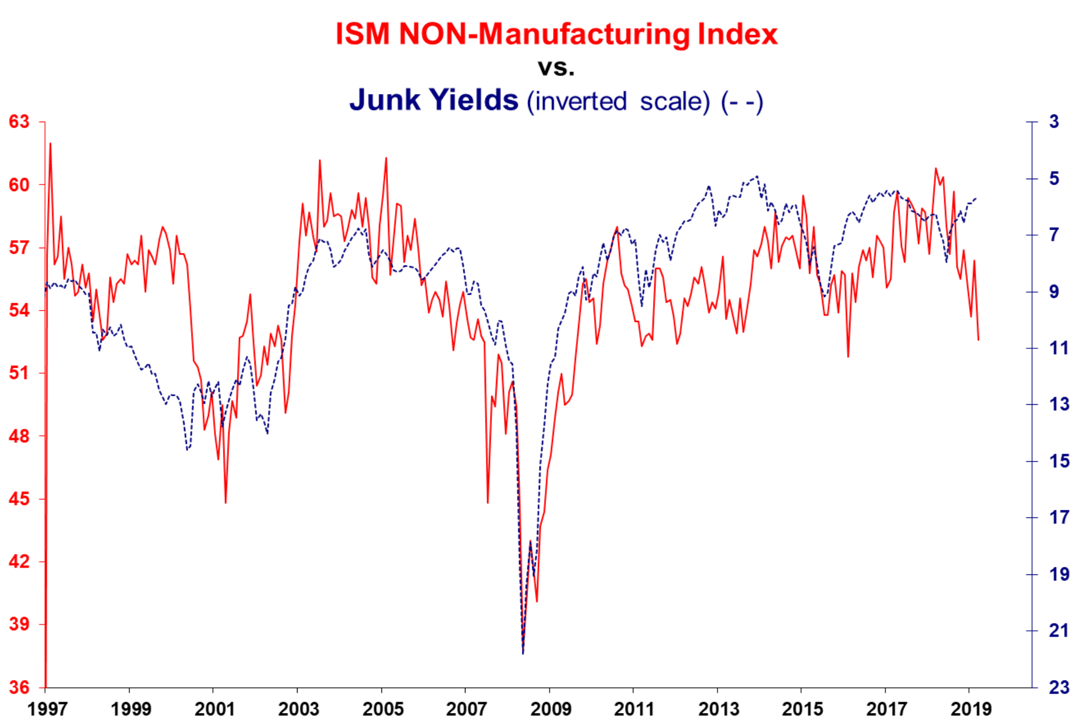
	2q 2019	1q 2019	4q 2018
Total	$2083b	$2007b	$2086b
Domestic	1544	1507	1593
Finl	410	407	385
Nonfinl	1135	1100	1208
ROW	$538b	$500b	$492b

Estimated S&P Earnings y/y%
FY 2019 *vs.* FY 2020

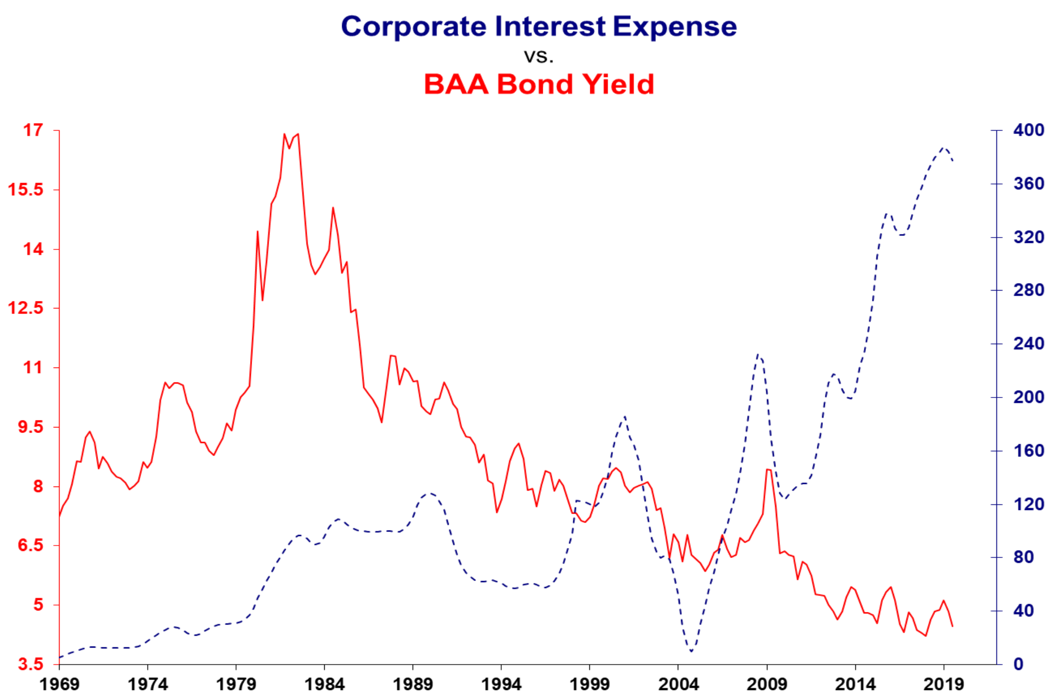


S&P Earnings Estimates		
	2019 FY	2020 FY
Info Tech	-2.5%	10.9%
Healthcare	10.1	8.5
Financials	4.9	5.2
Communication Srvcs	10.2	10.4
Consumer Disc	8.3	8.5
Industrials	-0.4	16.3
S&P 500	*2.3%*	*10.0%*


ISM Manufacturing Index
vs.
Junk Yields (- -) (inverted scale)
64
60
56
52
48
44
40
36
32
3
5
7
9
11
13
15
17
19
21
23
1997
1999
2001
2003
2005
2007
2009
2011
2013
2015
2017
2019


ISM NON-Manufacturing Index
vs.
Junk Yields (inverted scale) (- -)
63
60
57
54
51
48
45
42
39
36
3
5
7
9
11
13
15
17
19
21
23
1997
1999
2001
2003
2005
2007
2009
2011
2013
2015
2017
2019

Debt Due to Mature			
	2019	2020	2021
Invest Grade	$571b	$670b	$725b
Finl	223	223	233
Nonfinal	348	447	493
Spec Grade	100	180	272
Finl	12	23	19
Nonfinl	87	157	253
Total	$671b	$849b	$998b



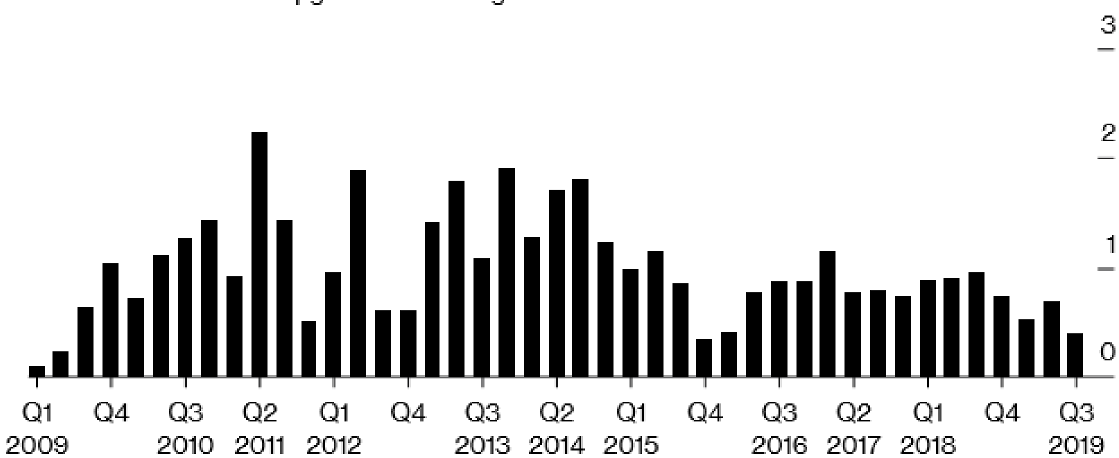
Source=Bloomberg: BEA (NIPA Tables), Moody's

S&P 500 Cash position		
		% total
Top 3	$384b	21%
Top 100	1441	81
Bottom 400	341	19
500 Total	**$1782b**	**100%**
Average co	$3.5b	0.2%
Median	1.0b	0.06

Down Days

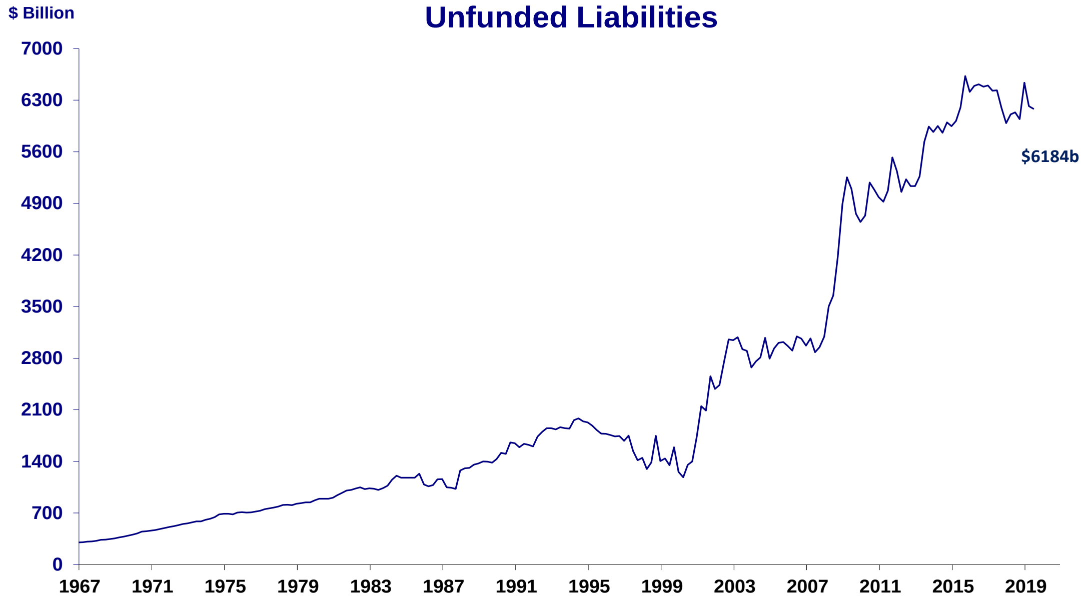
U.S. credit upgrades trailed downgrades by widest margin since 2015

Ratio of S&P's credit upgrades to downgrades

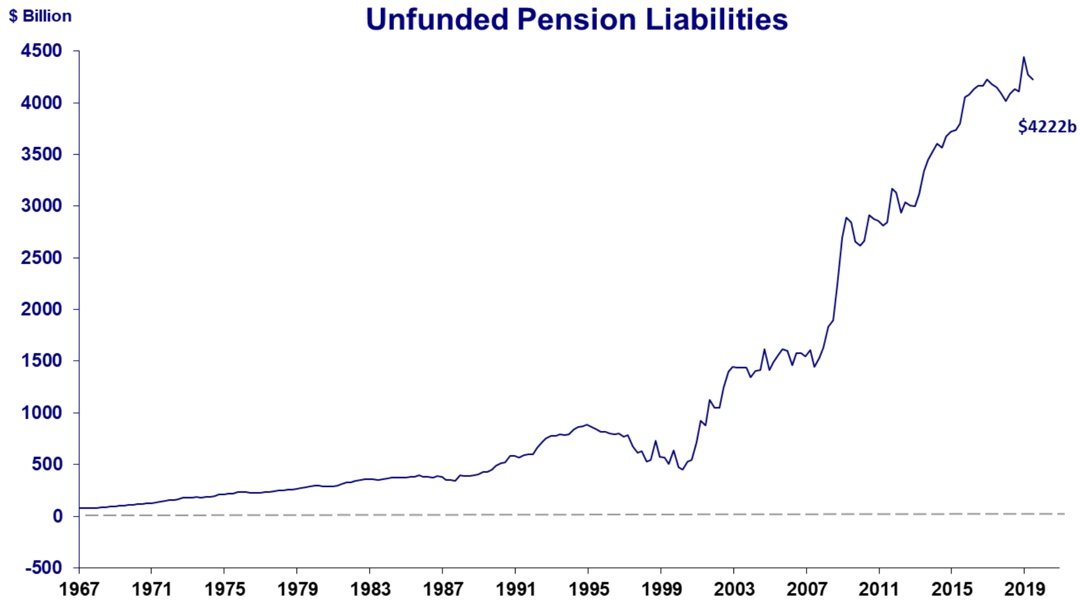


Source: Bloomberg; Standard & Poor's
Note: Excludes outlook changes and credit watch decisions. 228 ratings changes in total in Q3 2019

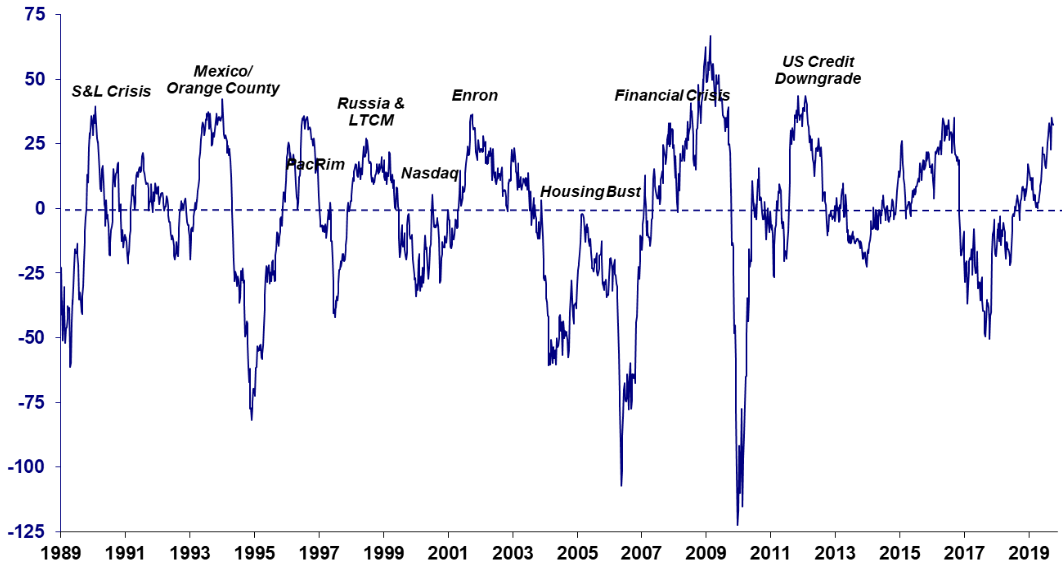
Total Private & Public Pension
Unfunded Liabilities



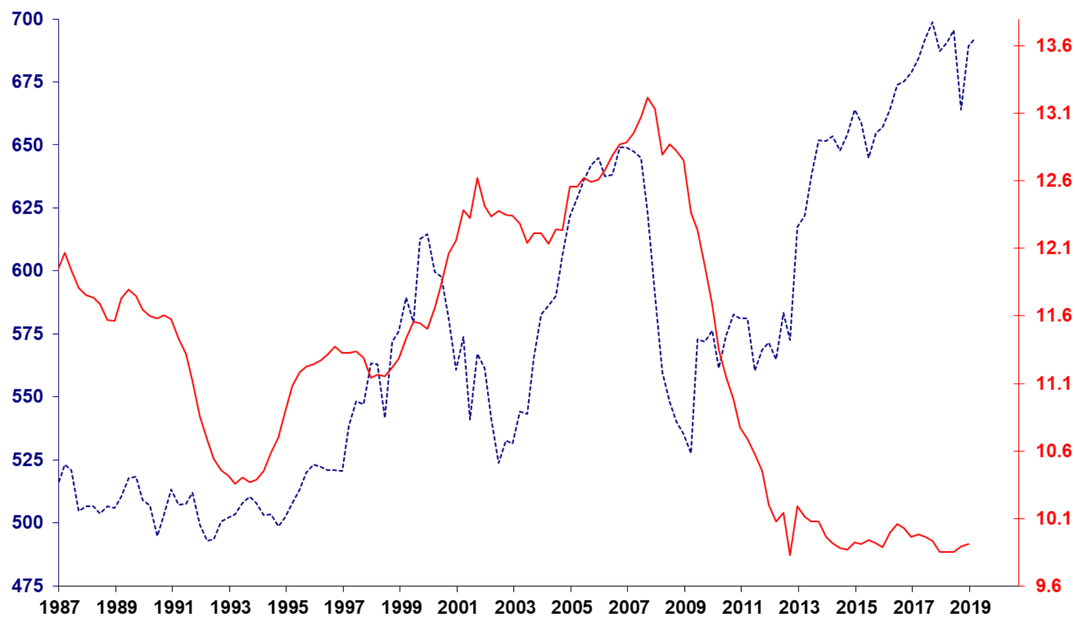
State & Local Governments
Unfunded Pension Liabilities



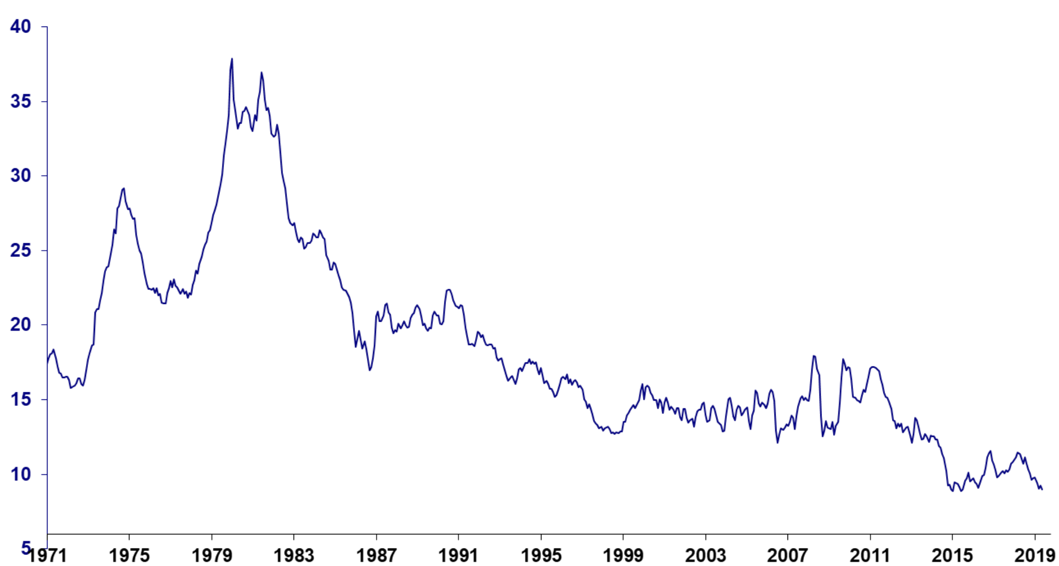
Canary in the Coalmine…
Gold y/y% *outpaces* **Copper y/y%**



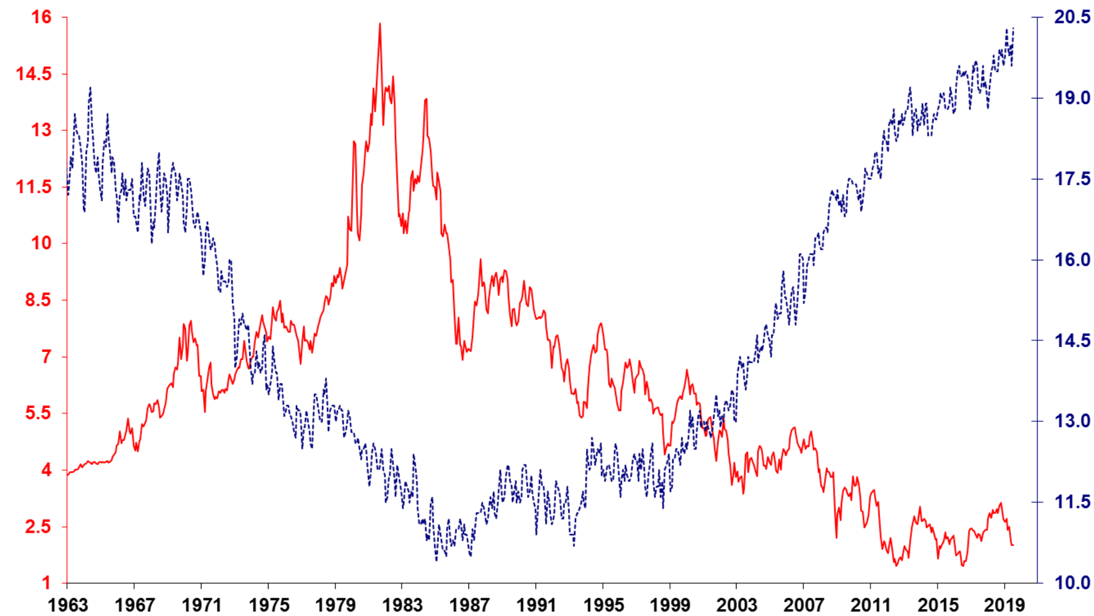
Household Net Worth % DPI (- -)
vs.
Household Debt Service % DPI



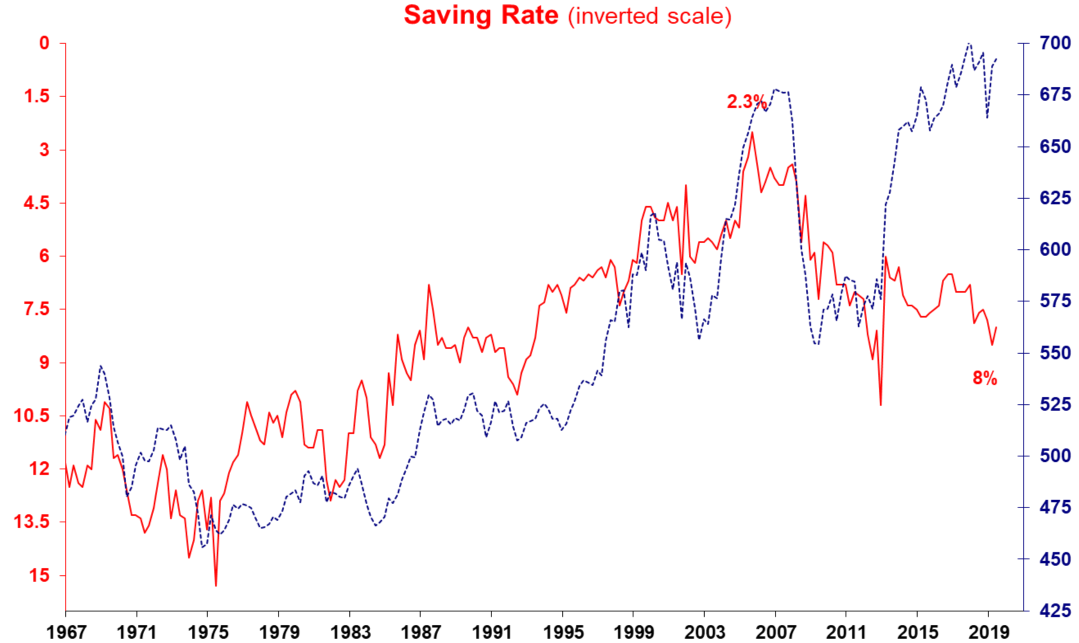
~~Misery~~ *Mirth* Index*
Unemployment Rate + CPI + Mortgage Rate

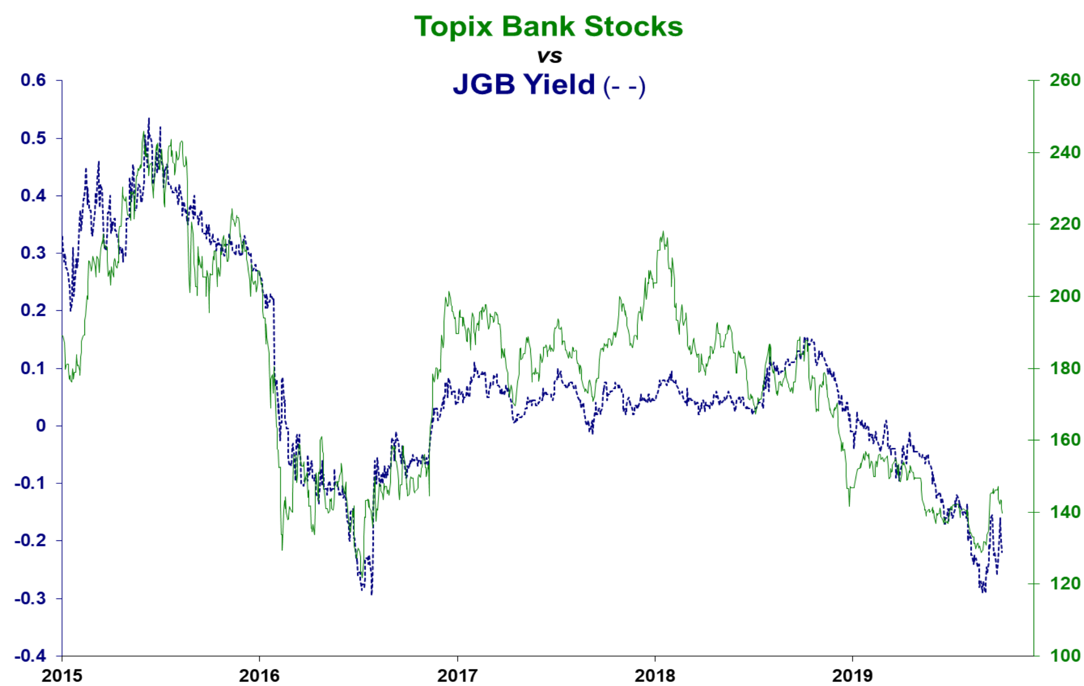


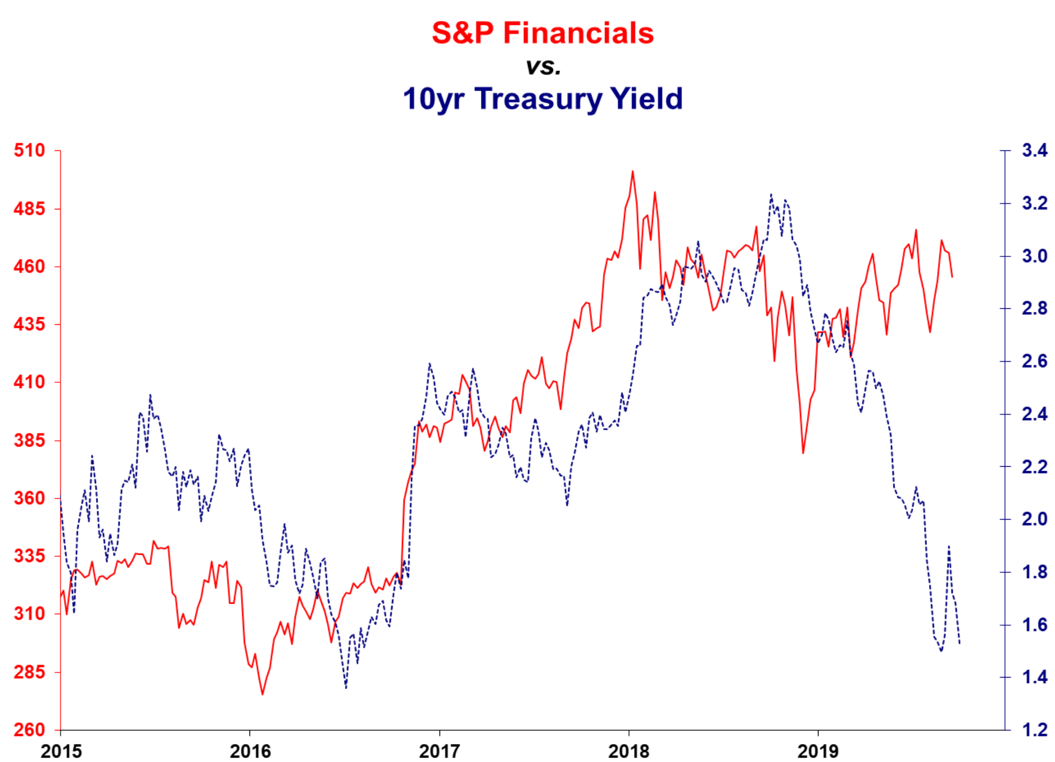
Labor Force Participation Rate Ages 65+ (- -)
vs.
10-Year Treasury Yield



Household Net Worth as % Disposable Income (- -)
vs.
Saving Rate (inverted scale)




Topix Bank Stocks
vs
JGB Yield (- -)
0.6
0.5
0.4
0.3
0.2
0.1
0
-0.1
-0.2
-0.3
-0.4
260
240
220
200
180
160
140
120
100
2015
2016
2017
2018
2019


S&P Financials
vs.
10yr Treasury Yield
510
485
460
435
410
385
360
335
310
285
260
3.4
3.2
3.0
2.8
2.6
2.4
2.2
2.0
1.8
1.6
1.4
1.2
2015
2016
2017
2018
2019