

Market Outlook

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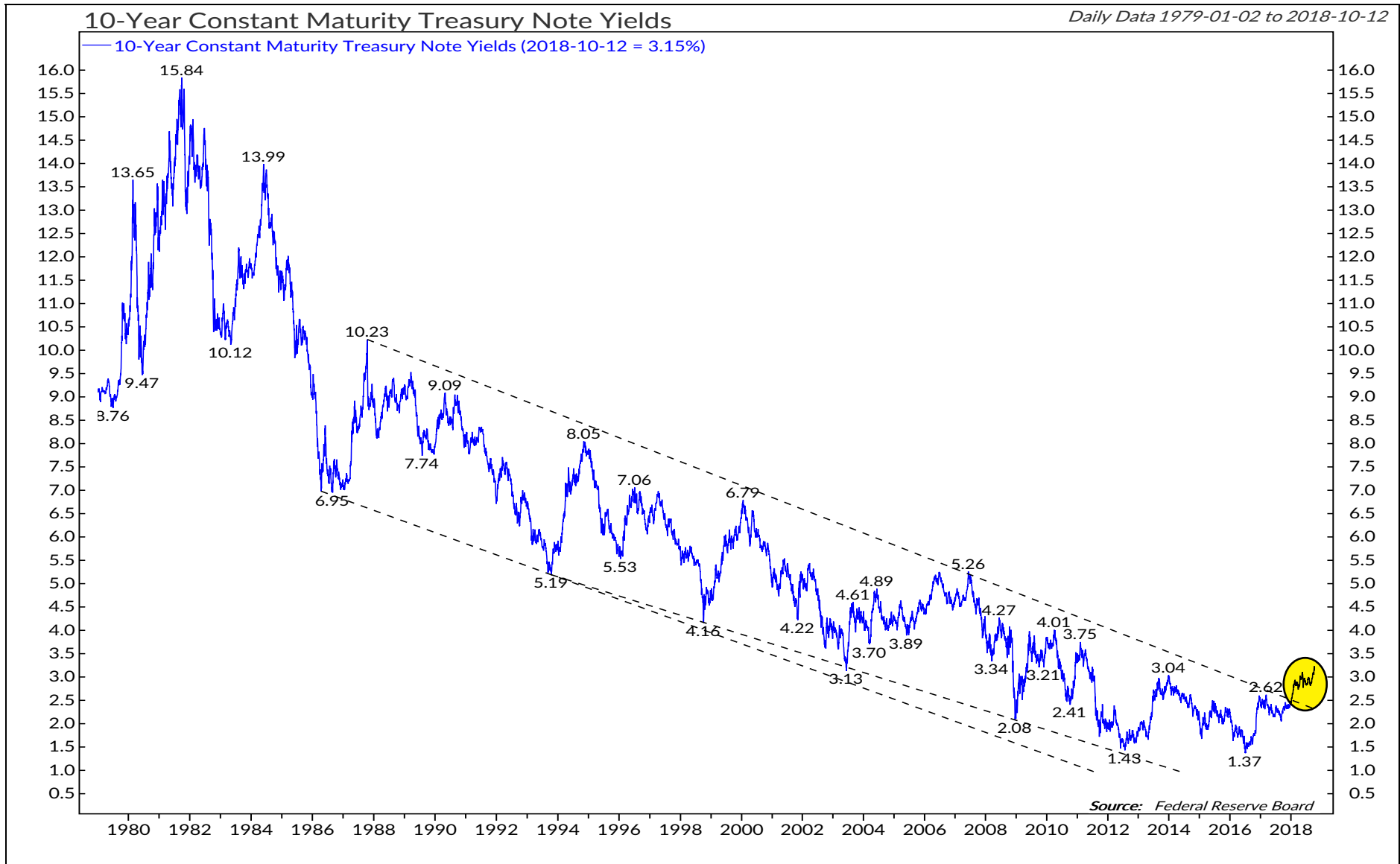
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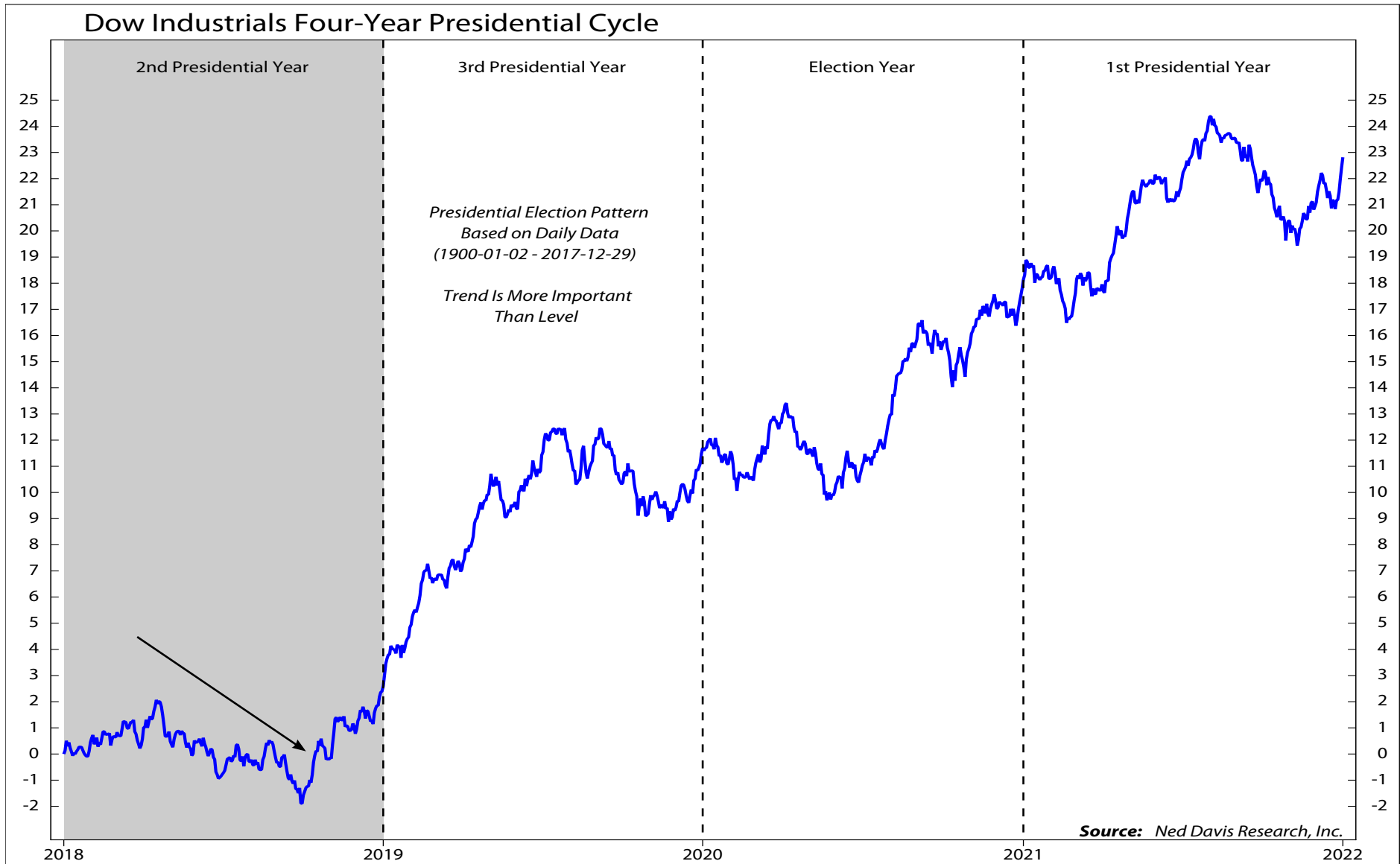
Generate Alpha. Identify Risk.
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Rising interest rates catalyst for stock pullback.



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Midterm years are the weakest of the four, on average.



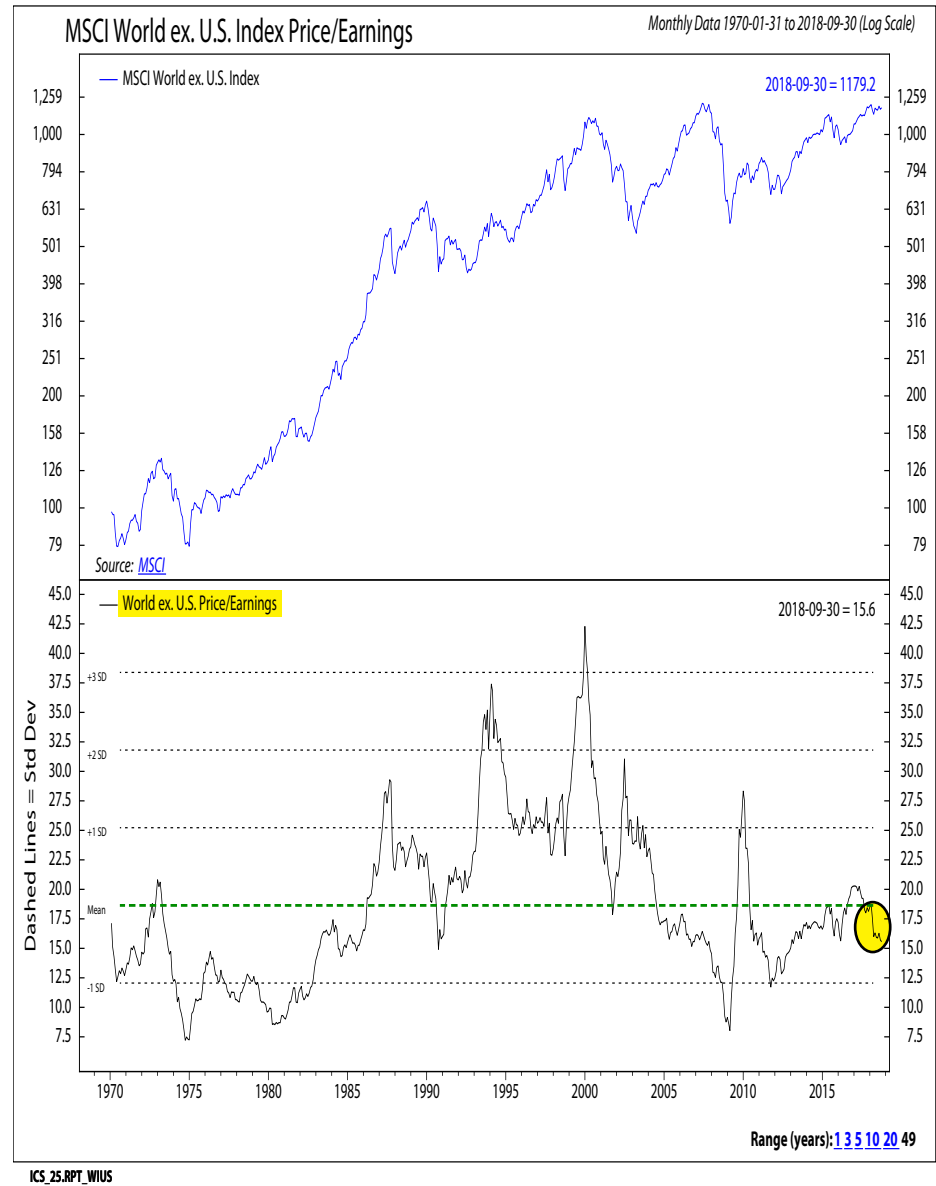
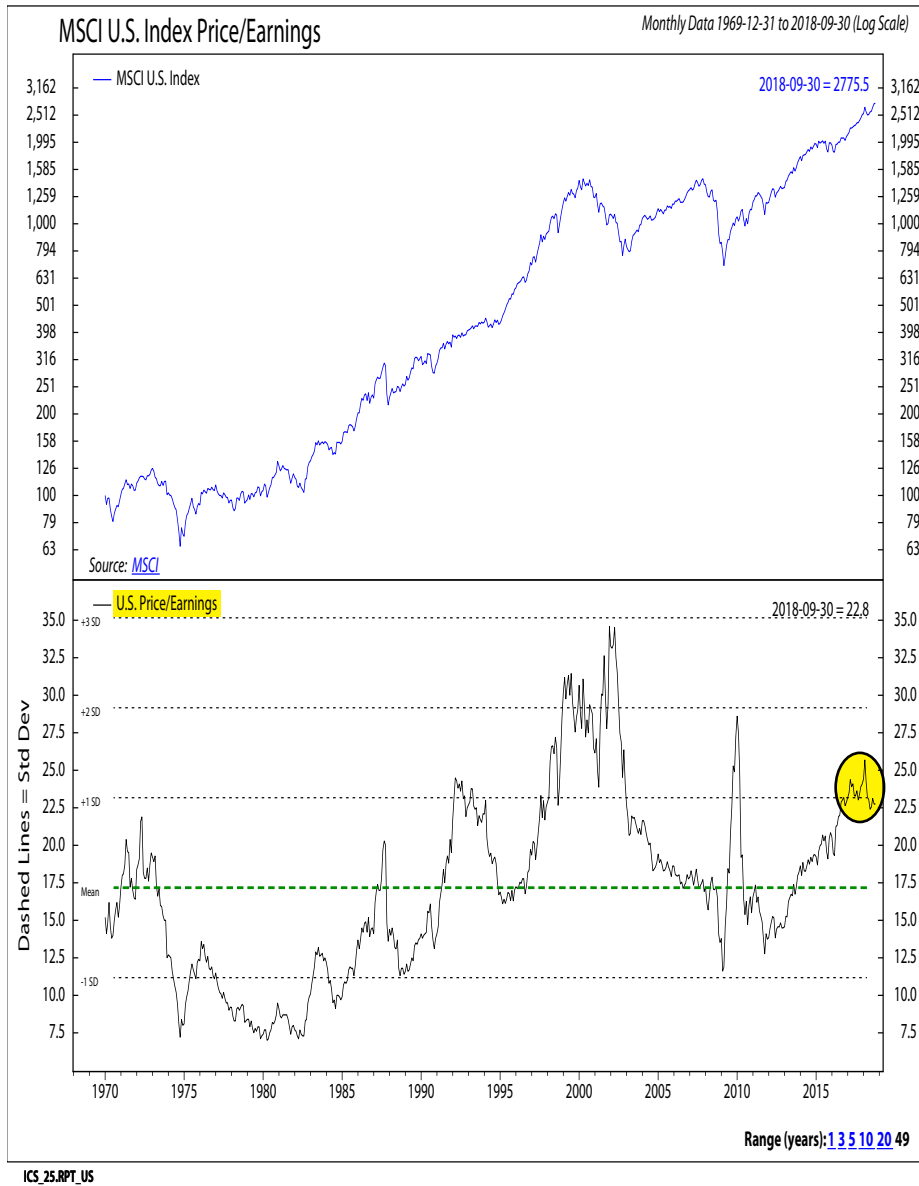
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Recession risks remain low in U.S.

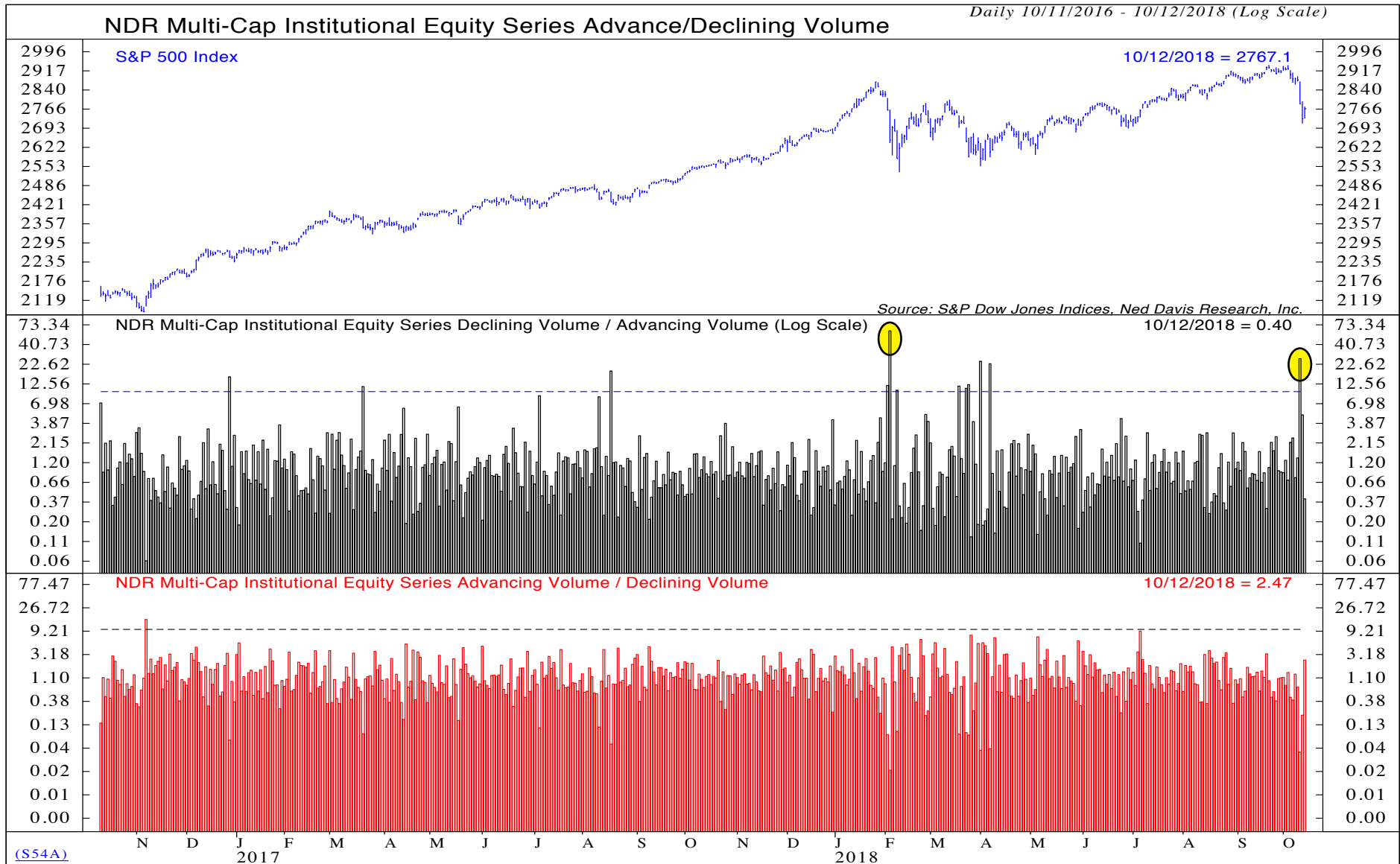
RECESSION WATCH REPORT				
Indicator	Key Recession Level	Current Level	Median Lead Time to Peak/ Trough to Recession	Median Months Since Recent Peak/ Trough in Current Cycle
NDR Recession Probability Model ¹	50	1.4	11	3
Breadth of Philly Fed State Leading Indexes ²	70	94	13	1
NDR Economic Timing Model ²	0	22	9	0
NDR Composite Leading Index ²	-2.6	3.3	9	0
National Financial Conditions Index ¹	0.9	-0.9	8	0
Initial Claims for Unemployment Insurance (4-wk Avg) ¹	500	209.5	8	1
Conference Board's Consumer Confidence Index ²	63.2	138.4	11	0
Conference Board's Business Confidence Index ²	43	55	21	6
ISM Manufacturing Index ²	48.0	59.8	11	2
ISM Non-Manufacturing Index ²	51.4	61.6	16	0
LITTLE EVIDENCE OF RECESSION				
¹ Reaching a trough before a recession				
² Reaching a peak before a recession				
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RECESSION AND NON-RECESSION CYCLICAL BEAR MARKETS		
Metric	Recession Bears	Non-Recession Bears
% Change	-29.7	-18.0
# Months	24.4	6.8
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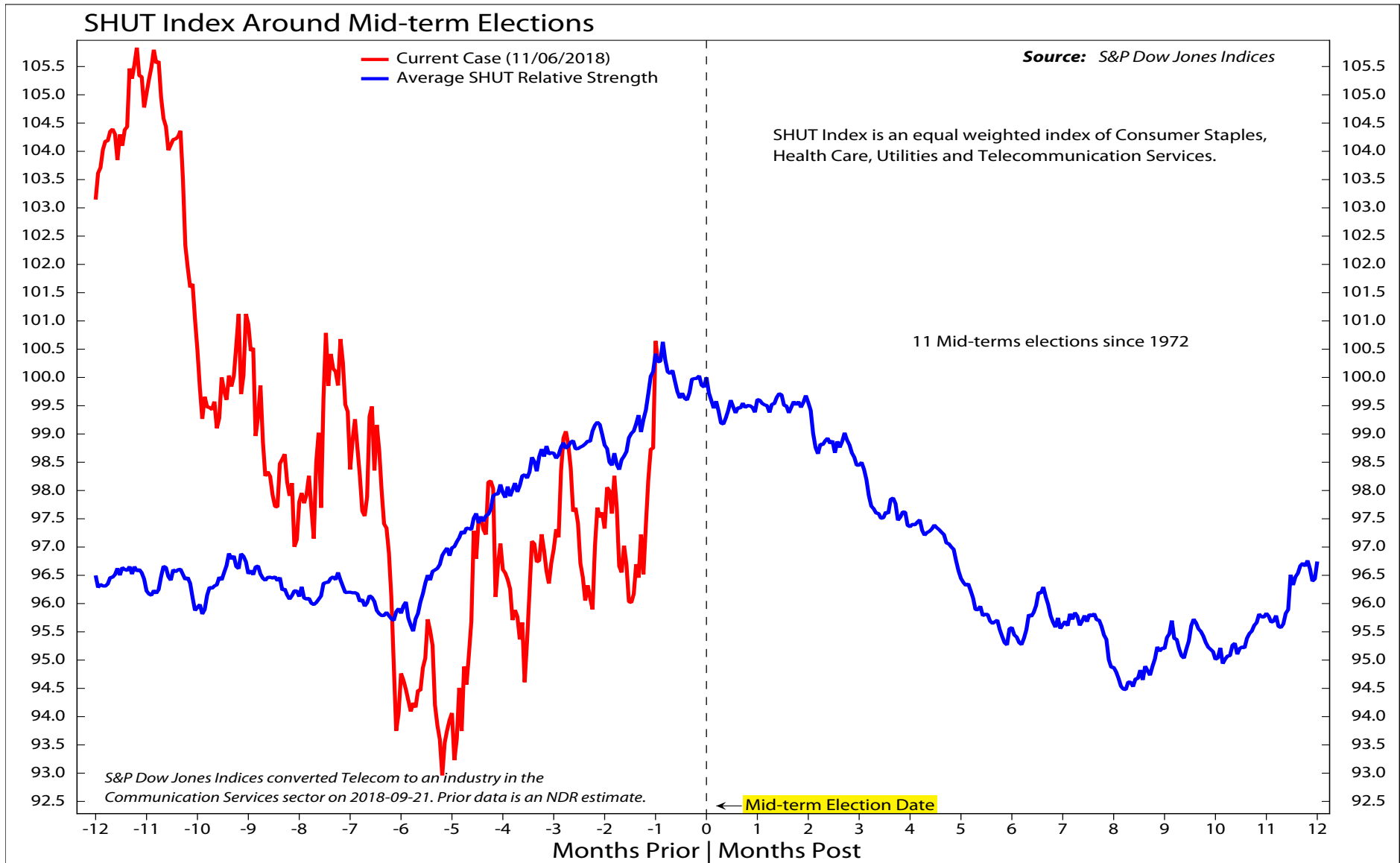
U.S. outperformance has led to overvaluation.



For yearend rally, watch for less selling pressure...



...and leadership shift from defensive to cyclical.



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