



# Two Minutes With Todd

Supporting Charts + Commentary

January 8, 2024

# Last Week's Performance



	VAL
SPDR® S&P 500 ETF Trust Price % Change	-1.84%
iShares MSCI EAFE ETF Price % Change	-1.46%
iShares Russell 2000 ETF Price % Change	-5.29%
iShares Core US Aggregate Bond ETF Price % Change	-1.25%
Invesco DB Commodity Tracking Price % Change	-0.14%



Commodities

US Total Mkt Bonds  
International  
Developed Mkt Stocks  
US Large Stocks

US Small Company  
Stocks

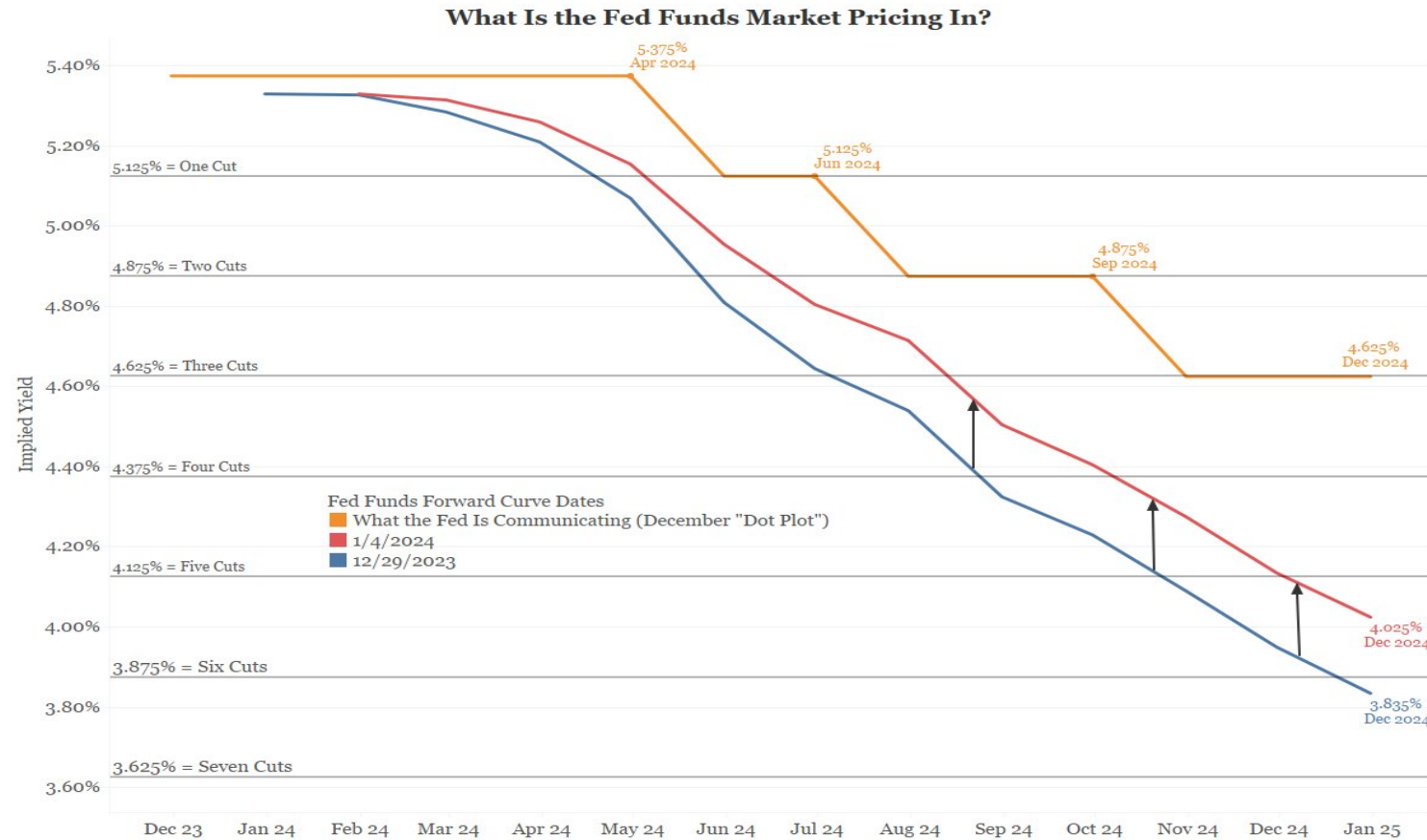
Dec 29

Jan 3

Jan 5



# Chart #1: Interest Rate Cuts?



Source: Chicago Mercantile Exchange, Bloomberg

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One of the big differences we see in our view versus the market consensus has to do with the US Federal Reserve cutting interest rates. As the Federal Reserve (Fed) showed in 2022, underestimating the Fed can be dangerous. We will reiterate that, with a relatively healthy economy and labor market, the Fed will have a difficult time migrating down to where the market is priced. Currently, our belief lies closer to what the Fed is indicating in the "Dot Plot" versus what many other market participants believe.

Source: Bianco Research as of 1/4/2024

# Chart #2: Investor Expectations Are Too High



EXPECTATION GAP BY COUNTRY	Investors' long-term return expectations	Expectations Gap	Financial professionals' long-term expectations (2022)*
<b>Global</b>	<b>12.8%</b>	<b>42%</b>	<b>9.0%</b>
US	15.6%	123%	7.0%
Australia	12.5%	81%	6.9%
Hong Kong	12.4%	63%	7.6%
Canada	10.6%	63%	6.5%
Japan	13.6%	56%	8.7%
Italy	9.6%	52%	6.3%
Germany	10.1%	44%	7.0%
Spain	10.6%	39%	7.6%
Switzerland	9.6%	39%	6.9%
France	8.9%	35%	6.6%
UK	8.1%	31%	6.2%
Mexico	14.7%	5%	14.0%
Chile	15.1%	4%	14.5%
Singapore	14.5%	2%	14.2%

Looking at other areas where expectations appear to be incongruent is with individual investor expectations. After a big up year for 2023, global investors appear to have unrealistic, long-term expectations.

This becomes problematic for markets as the S&P 500 currently trades at a trailing twelve-month P/E ratio of 22x.

The 100-year TTM P/E ratio for stocks has been ~16x.

\*Natixis Investment Managers, Global Survey of Financial Professionals conducted by CoreData Research in March and April 2022. Survey included 2,700 respondents in 16 countries.

# Appendix

# Correction / Recession Indicators



Market Price Indicators		
Commodities Trend (50 Day Moving Average) <sup>1</sup>	Declining	↓
S&P 500 Trend (200 Day Moving Average) <sup>1</sup>	Above	↑
High Yield Credit Spreads (579 bps ave) <sup>2</sup>	369	
BBB Credit Spreads (172 bps ave) <sup>2</sup>	134	
Yield Curve 10yr - 3M (175 bps ave) <sup>2</sup>	-142	
Yield Curve 10yr -2yr <sup>2</sup>	-35	
NYSE Advance/Decline Line (month/month) <sup>1</sup>	Advancing	

Economic Indicators		
Continued Unemployment Claims (mln) <sup>2</sup>	1,888	
GDP Nowcast (1.5-2.5% ave) <sup>5</sup>	2.5%	
Case-Schiller HPI (y/y) <sup>6</sup>	3.9%	
US ISM Manufacturing (>50= expansion) <sup>2</sup>	47.4	
US ISM Services (>50= expansion) <sup>2</sup>	50.6	
Headline Consumer Price Index (y/y) <sup>2</sup>	3.14%	
Leading Economic Index (m/m) <sup>2</sup>	-0.5%	

Sentiment Indicators		
CNN Fear/Greed Index <sup>3</sup>	Greed	
AII % Bulls Sentiment (39% ave) <sup>4</sup>	48.6%	↑
Volatility Index (13-19 ave) <sup>1</sup>	14.3%	
CBOE Total Put/Call Ratio (range = 0.9 to 1.1) <sup>1</sup>	1.18	
% S&P 500 Above the 200 Day Moving Average (40-60 ave) <sup>1</sup>	77.4%	↑
Total Positive	5 / 19	
Total Negative	9 / 19	

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