



Two Minutes With Todd

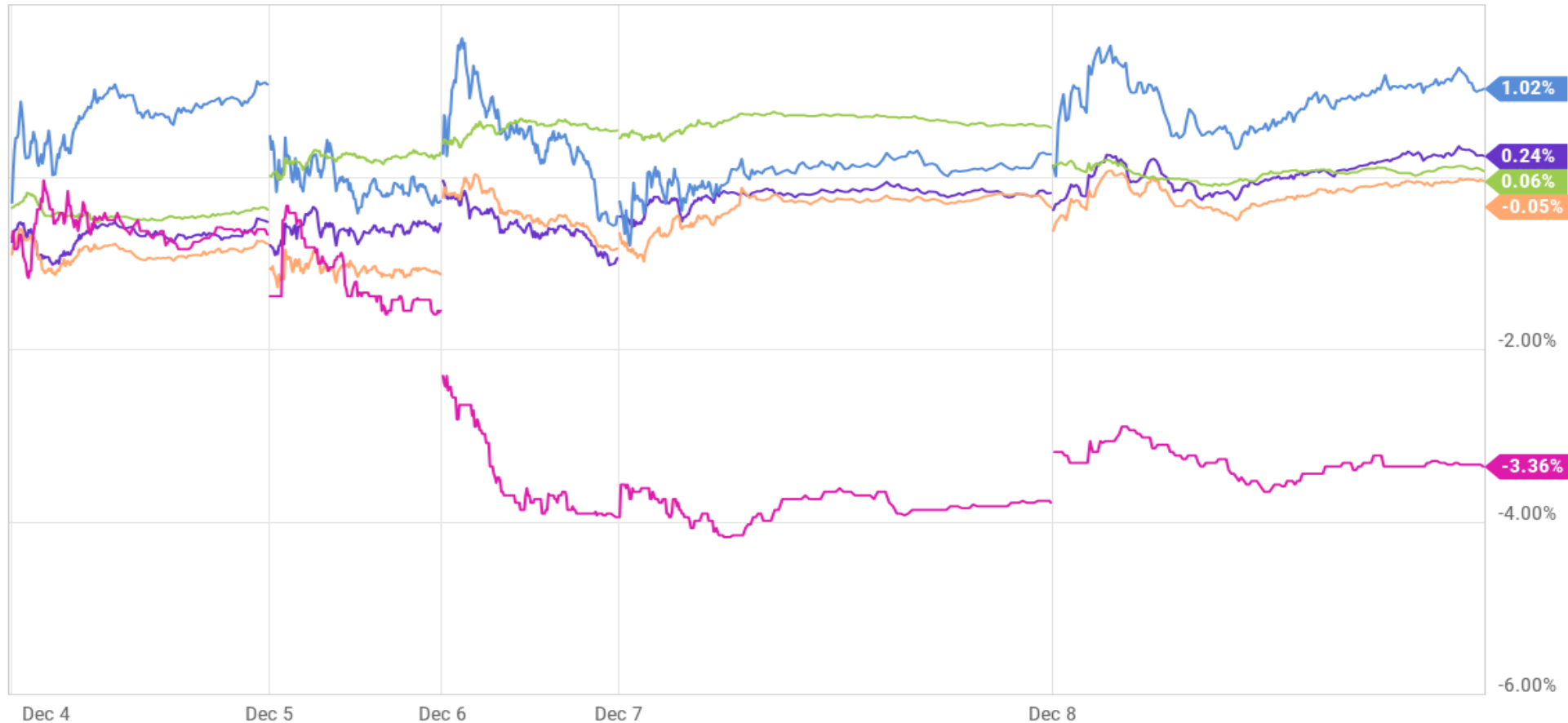
Supporting Charts + Commentary

December 11, 2023

Last Week's Performance

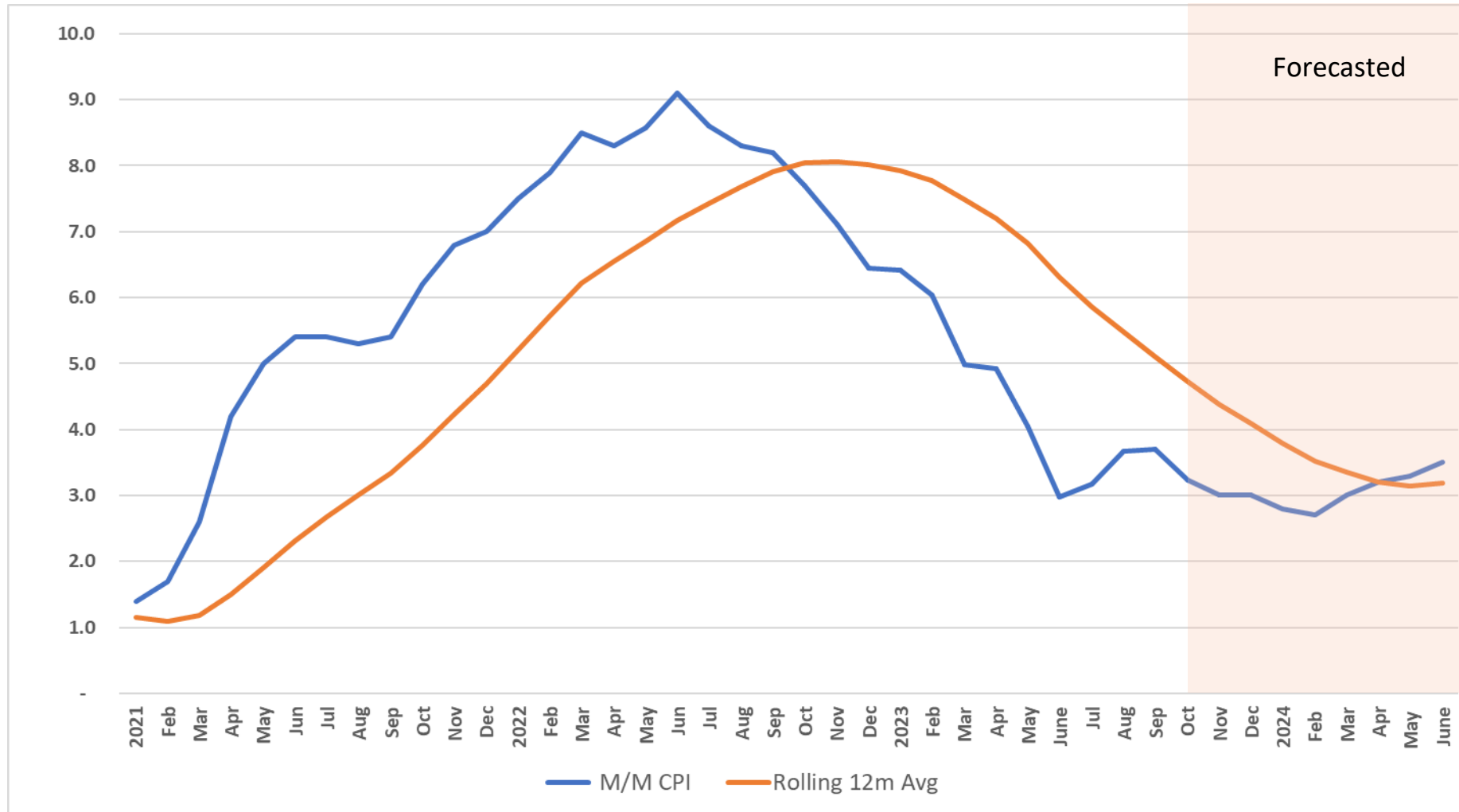


	VAL
SPDR® S&P 500 ETF Trust Price % Change	0.24%
iShares MSCI EAFE ETF Price % Change	-0.05%
iShares Russell 2000 ETF Price % Change	1.02%
iShares Core US Aggregate Bond ETF Price % Change	0.06%
Invesco DB Commodity Tracking Price % Change	-3.36%



US Small Company Stocks
US Large Stocks
US Total Mkt Bonds
International Developed Mkt Stocks
Commodities

Chart #1: Where Are We Now With Inflation?



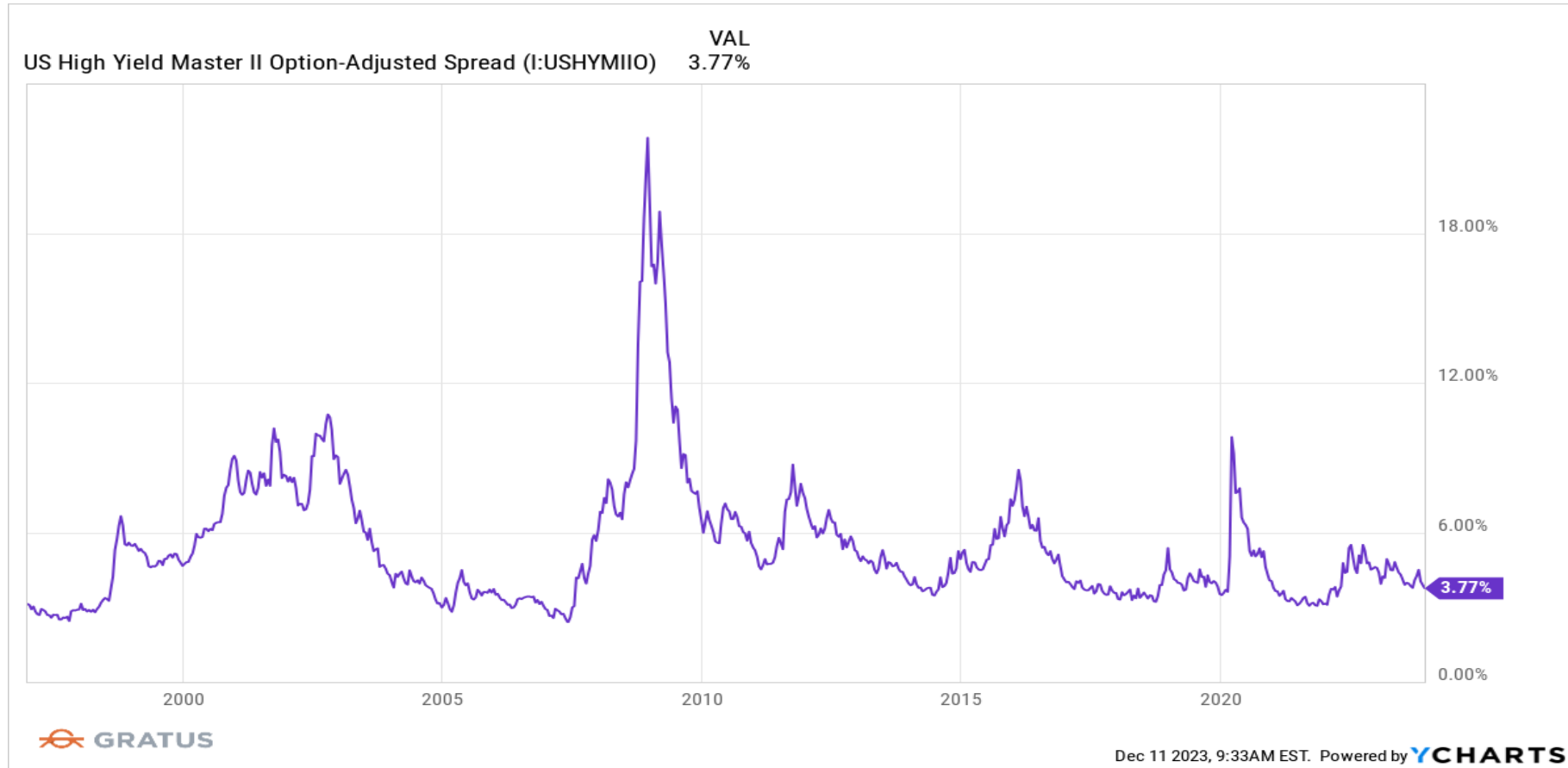
After a significant move up that started in April 2021, the US Consumer Price Index (CPI) has made a full roundtrip and seems to be settling in to a new (albeit higher) range of 2-4%. Contrast this to the pre-COVID level of 1-2% for most of the 2010s. Declining inflation should be positive for risk assets over the near-term.

Source: Ycharts for historical data through October 2023, and Gratus internal estimates for November 2023 and forward.

Chart #2: A Little Too Quiet....



High Yield Spread To Treasury



Heading into 2024, in addition to the expectation that the US Federal Reserve will cut the Fed Funds rate, one troubling feature of the current market environment has been the complacency in high yield bonds. Noted above, high yield bonds now trade at levels we would consider to be complacent. We continue to remain cautious on the asset class.

Appendix

Correction / Recession Indicators



Market Price Indicators		
Commodities Trend (50 Day Moving Average) ¹	Declining	
S&P 500 Trend (200 Day Moving Average) ¹	Above	
High Yield Credit Spreads (579 bps ave) ²	377	
BBB Credit Spreads (172 bps ave) ²	139	
Yield Curve 10yr - 3M (175 bps ave) ²	-121	
Yield Curve 10yr -2yr ²	-48	
NYSE Advance/Decline Line (month/month) ¹	Advancing	

Economic Indicators		
Continued Unemployment Claims (mln) ²	1,850	
GDP Nowcast (1.5-2.5% ave) ⁵	1.2%	
Case-Schiller HPI (y/y) ⁶	3.9%	
US ISM Manufacturing (>50= expansion) ²	46.7	
US ISM Services (>50= expansion) ²	51.8	
Headline Consumer Price Index (y/y) ²	3.2%	
Leading Economic Index (m/m) ²	-0.4%	

Sentiment Indicators		
CNN Fear/Greed Index ³	Greed	
AAII % Bulls Sentiment (39% ave) ⁴	48.8%	
Volatility Index (13-19 ave) ¹	13.0%	
CBOE Total Put/Call Ratio (range = 0.9 to 1.1) ¹	0.89	
% S&P 500 Above the 200 Day Moving Average (40-60 ave) ¹	66%	
Total Positive	4 / 19	
Total Negative	11 / 19	

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