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THE ECONOMY AT A GLANCE

ECONOMIC HIGHLIGHTS

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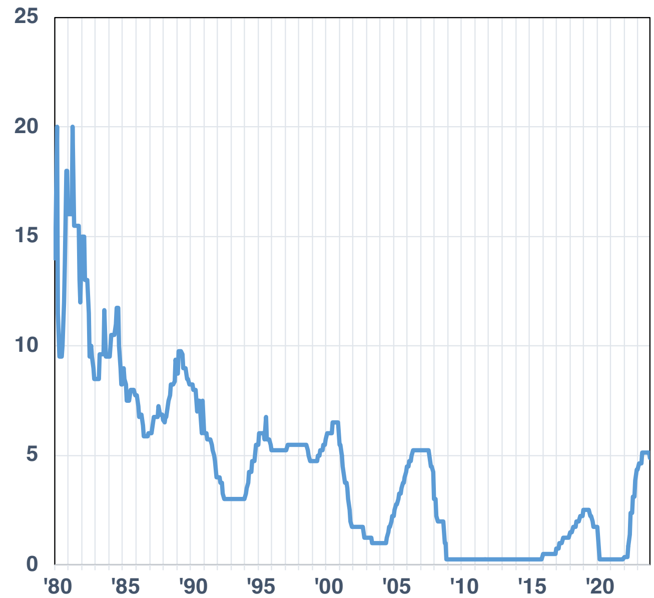
FED RAISES FED FUNDS BY 25 BASIS POINTS

The Federal Reserve, as expected, recently raised the federal funds rate by 25 basis points. The move follows four consecutive hikes of 75 basis points and one of 50 basis points, and brings the rate to 4.50%-4.75%. This was the eighth increase since the central bank lowered the fed funds range to the rock-bottom level of zero-0.25% early in the pandemic. All 12 governors were in agreement about the hike as inflation remains elevated (the latest core CPI reading was 5.7% and the latest core PCE price index reading was 4.4%). In its press release announcing the hike, the Fed said that it anticipates that "ongoing increases in the target range will be appropriate." We think the central bank is on track for two more 25-basis-point rate hikes in 1H23 before moving to the sidelines for an extended period. We remain concerned that the Fed is tossing aside its other mandate (full employment) as it fights high prices. Indeed, Fed Chair Jerome Powell said after the meeting that the "full effects" of the rate hikes have "yet to be felt." Already, the hikes have brought growth in the housing market to a standstill. Will the consumer sector be next? The U.S. economy has been walking a fine line between expansion and contraction for the past four quarters. Substantially higher interest rates could tip the economy into recession this year, and send the unemployment rate up toward 5.0%. We think the central bank may well lower rates later this year.

FEDERAL FUNDS TARGET RATE & FORECASTS (%)



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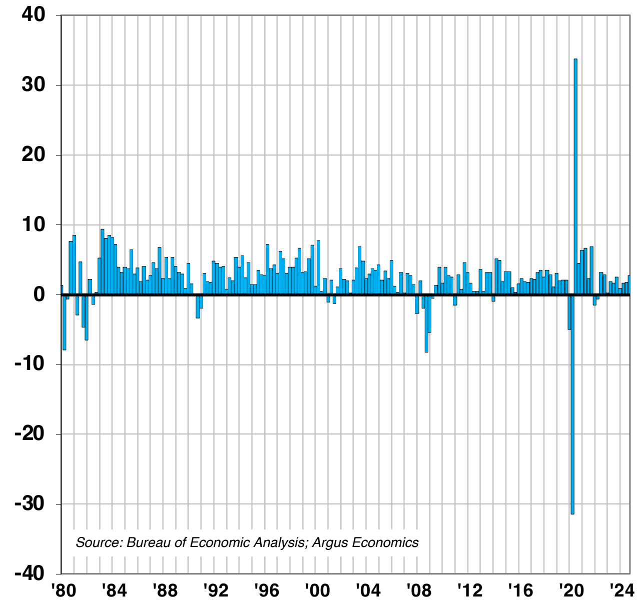
RAISING GDP FORECAST FOR 1Q23

Our analysis of recent data leads us to conclude that key parts of U.S. GDP are still expanding, despite the impact of inflation, the pandemic, and geopolitical developments. But growth is not consistent across all segments of the economy, and, in many cases, growth rates are slowing. The risk of recession is real -- but a U.S. recession is not a foregone conclusion. We have raised our 1Q23 GDP growth estimate to 0.2% from our prior forecast of -0.8%. We continue to expect a weak first quarter, but look for the economy to improve as the year progresses. Our full-year growth estimate is now 1.6%, up from our prior forecast of 1.1%. Our preliminary forecast for GDP growth in 2024 remains 1.8%, as the Fed, with its tool chest once again full after its rate hike campaign, can contemplate lowering rates to recharge growth. Our GDP estimates are generally in the range of other forecasters.

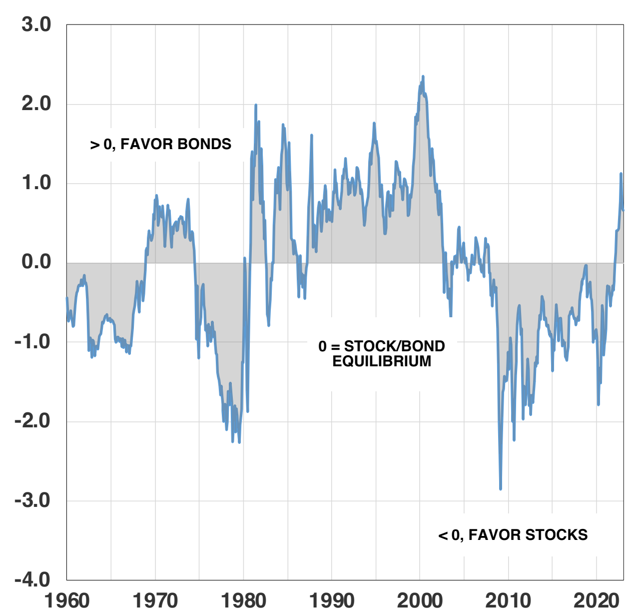
GDP TRENDS & OUTLOOK (% CHANGE)



STOCKS REMAIN OVERVALUED VERSUS BONDS

Our bond/stock asset-allocation model indicates that bonds are close to fair value, as rising yields have made fixed-income investments relatively more attractive over the past year. Stocks remain overvalued. Our model takes into account current levels and forecasts of short- and long-term government and corporate fixed-income yields, inflation, stock prices, GDP, and corporate earnings, among other factors. The model output is expressed in terms of standard deviations to the mean, or sigma. The mean reading from the model, going back to 1960, is a modest premium for stocks, of 0.15 sigma, with a standard deviation of 1.0. The current valuation level is a 0.66 sigma premium for stocks, which is inside the normal range. T-bond yields are around 3.5%, moving closer to our fair-value target yield of 4.9%. Generally, the model has done a good job of highlighting asset-class value. Markets can manage with premiums and discounts for extended periods, as interest rates and stock prices fluctuate daily. Based on current model inputs, we expect stock prices to recover from their bear-market lows, and have established a 2023 year-end S&P 500 target of 4,300.

BOND V STOCK BAROMETER (STANDARD DEVIATIONS)

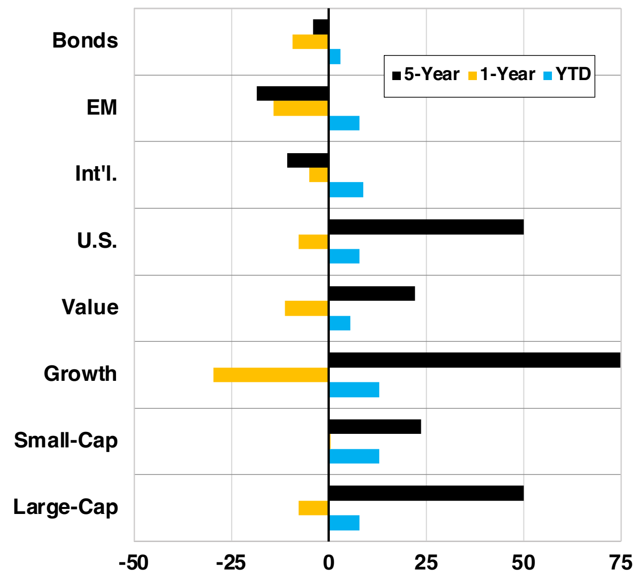


FINANCIAL MARKET HIGHLIGHTS

ARGUS'S FAVORED CLASSES, SEGMENTS

Our Stock-Bond Barometer Model modestly favors bonds over stocks for long-term portfolios. In other words, these asset classes should be near their target weights in diversified portfolios, with a slight tilt toward fixed income given the rise in yields in 2022. We are balanced on large- and small-caps. We favor large-caps for growth exposure and financial strength, while small-caps are selling at historical discounts to large-caps and offer value. Our recommended exposure to small- and mid-caps is now 15%-17% of equity allocation, in line with the benchmark weighting. U.S. stocks have out-performed global stocks over the trailing five-year period, though international stocks have performed well recently. We expect the long-term trend favoring U.S. stocks to re-emerge given volatile global economic and geopolitical conditions and fluctuating exchange rates. Still, international stocks offer favorable near-term valuations, and we target 5%-10% of equity exposure to the group. Value stocks outperformed in 2022 due to the negative impact of rising interest rates on Growth stock valuations. Over the long term, we anticipate that Growth will top returns from Value due to favorable secular and demographic trends.

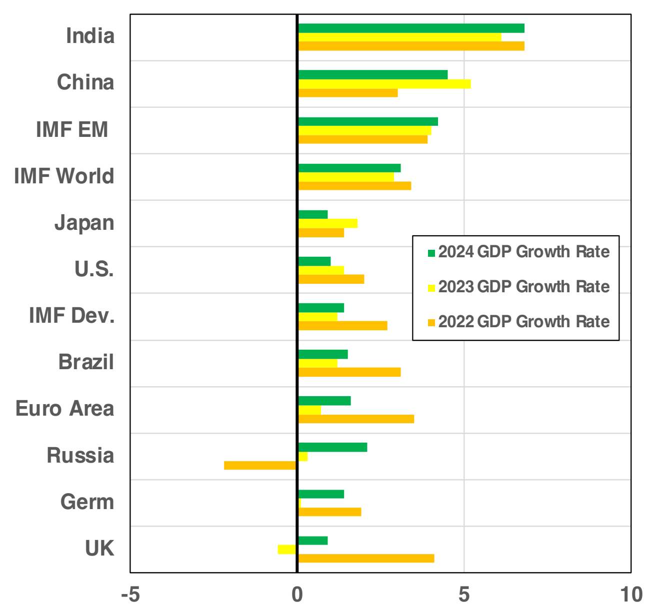
MARKET SEGMENT RETURNS (% THROUGH 2/3/2023)



2023: A GLOBAL TROUGH YEAR

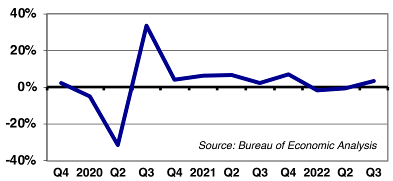
Global economic growth is expected to slide in 2023 before turning higher in 2024, according to the latest World Economic Outlook from the International Monetary Fund. The potential pick-up in 2024 assumes benefits from economic reopening in China, offset by the ongoing war in Ukraine and higher interest rates. The global economy is expected to expand at a 2.9% rate in 2023 after growth of 3.4% in 2022. In 2024, growth is expected to accelerate to 3.1%. All of these rates are below the long-term historical global growth rate of 3.8%, due largely to the impact of inflation and higher interest rates. For industrialized economies, the IMF calls for miniscule growth of 1.2% in 2023 and 1.4% in 2024. For emerging economies, it expects growth of 4.0% in 2023 and 4.2% in 2024. The clear leaders are expected to be China and India, driven by population growth in India and productivity growth in China. We factor these global growth forecasts into our asset-allocation models. Based in part on the slow global growth rates, we continue to recommend that investors over-weight portfolios toward U.S. securities.

GLOBAL GDP GROWTH RATES & FORECASTS (%)

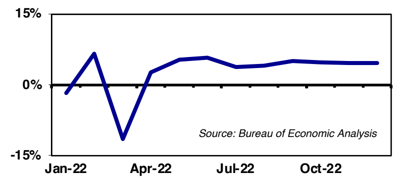


ECONOMIC TRADING CHARTS & CALENDAR

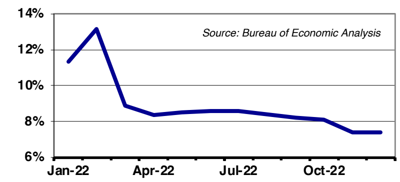
Release: **GDP Annualized QoQ**
Date: 2/23/2023
Month: 4Q
Previous Report: 2.9%
Argus Estimate: 2.9%
Street Estimate: 3.0%



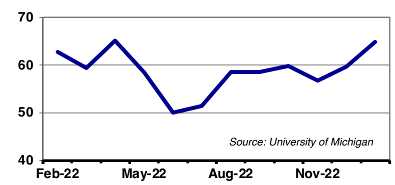
Release: **Personal Income**
Date: 2/24/2023
Month: January
Previous Report: 4.7%
Argus Estimate: 4.5%
Street Estimate: NA



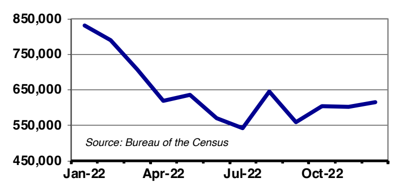
Release: **Personal Spending**
Date: 2/24/2023
Month: January
Previous Report: 7.4%
Argus Estimate: 6.5%
Street Estimate: NA



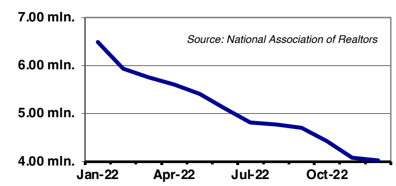
Release: **U. of Michigan Sentiment**
Date: 2/24/2023
Month: February
Previous Report: 66.4
Argus Estimate: 65.0
Street Estimate: 66.4



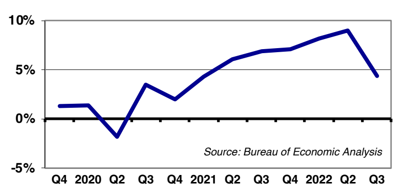
Release: **New Home Sales**
Date: 2/24/2023
Month: January
Previous Report: 616000
Argus Estimate: 610000
Street Estimate: 616000



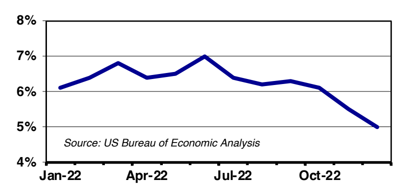
Release: **CPI ex-Food & Energy**
Date: 2/14/2023
Month: January
Previous Report: 5.7%
Argus Estimate: 5.4%
Street Estimate: 5.5%



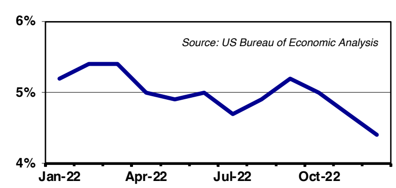
Release: **GDP Price Index**
Date: 2/23/23
Month: 4Q
Previous Report: 3.5%
Argus Estimate: 3.5%
Street Estimate: 3.5%



Release: **PCE Deflator**
Date: 2/24/2023
Month: January
Previous Report: 5.0%
Argus Estimate: 5.0%
Street Estimate: NA



Release: **PCE Core Deflator**
Date: 2/24/2023
Month: January
Previous Report: 4.4%
Argus Estimate: 4.4%
Street Estimate: NA



Previous Week's Releases and Next Week's Releases on next page.

Previous Week's Releases

Date	Release	Month	Previous Report	Argus Estimate	Street Estimate	Actual
14-Feb	Consumer Price Index	January	6.5%	6.2%	6.2%	**6.4%**
	CPI ex-Food & Energy	January	5.7%	5.4%	5.5%	**5.6%**
15-Feb	Retail Sales	January	6.0%	5.5%	NA	NA
	Retail Sales ex-autos	January	7.0%	6.3%	NA	NA
	Business Inventories	December	15.1%	13.0%	NA	NA
	Industrial Production	January	1.7%	1.0%	NA	NA
	Capacity Utilization	January	78.8%	78.8%	79.2%	NA
16-Feb	PPI Final Demand	January	6.2%	5.5%	5.5%	NA
	PPI ex-Food & Energy	January	5.5%	5.2%	4.9%	NA
	Housing Starts	January	1382 K	1360 K	1363 K	NA
17-Feb	Import Price Index	January	3.5%	3.2%	NA	NA
	Leading Index	January	-1.0%	-0.5%	-0.3%	NA

Next Week's Releases

Date	Release	Month	Previous Report	Argus Estimate	Street Estimate	Actual
27-Feb	Durable Goods Orders	January	11.0%	NA	NA	NA
28-Feb	Wholesale Inventories	January	17.8%	NA	NA	NA
	Consumer Confidence	February	107.1	NA	NA	NA
1-Mar	ISM Manufacturing	February	47.4	NA	NA	NA
	Construction Spending	January	7.7%	NA	NA	NA
	Total Vehicle Sales	February	15.74 Mil.	NA	NA	NA
	ISM New Orders	February	42.5	NA	NA	NA
2-Mar	Nonfarm Productivity	4Q	3.0%	NA	NA	NA
	Unit Labor Costs		1.1%	NA	NA	NA
3-Mar	ISM Services Index	February	55.2	NA	NA	NA