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THE ECONOMY AT A GLANCE

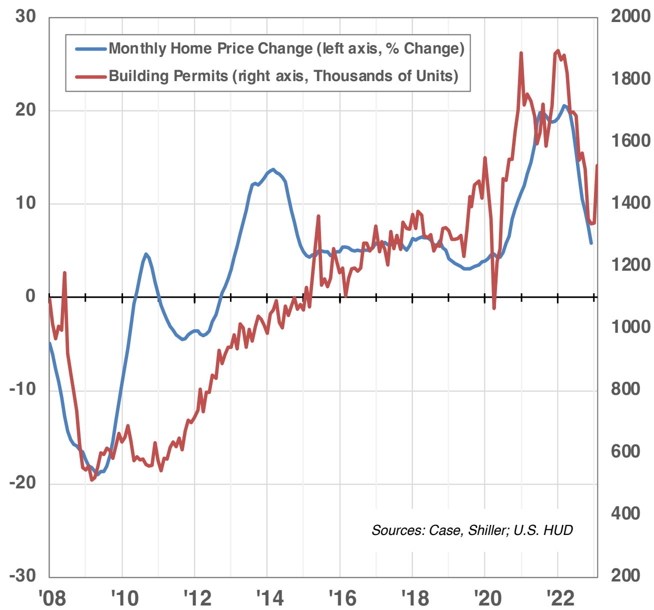
ECONOMIC HIGHLIGHTS

March 27, 2023
Vol. 90, No. 47

INTEREST RATES KEY TO SPRING HOME SALES

The National Association of Realtors reported that existing home sales ended a 12-month slump in February, jumping 14.5% from January. However, sales were still down 22.6% from February 2022. The Commerce Department reported that new single-family homes were selling at a 670,000 annualized rate in January, up 7.2% from December but down 19.4% from the prior year. Meanwhile, a leading indicator for the industry, housing permits, rose 13.8% from the prior month in February -- but the 1.52 million permits were still down 17.9% from February 2022. Housing prices are finally starting to cool. The S&P/Case-Shiller National Home Price Index for December 2022 notched a sixth straight monthly decline, though the average price was still up 5.8% year-over-year. The National Association of Realtors reported that home prices ended a 131-month run of year-over-year increases in February, with a 0.2% decline to $363,000. The 30-year fixed-rate mortgage recently eased to 6.6% from a November 2022 peak near 7%, though it remains too high for many. Homebuilder Lennar reported that interest rates and sticker shock constrained sales in December, while lower interest rates energized sales in January and February. The National Association of Home Builders reported that builder sentiment rose by two points in March, to 44, a third consecutive increase. While it is too early to tell if this is a turning point, it seems clear the housing sector will not boost U.S. economic growth until pricing pressures and mortgage rates ease.

HOUSING MARKET TRENDS



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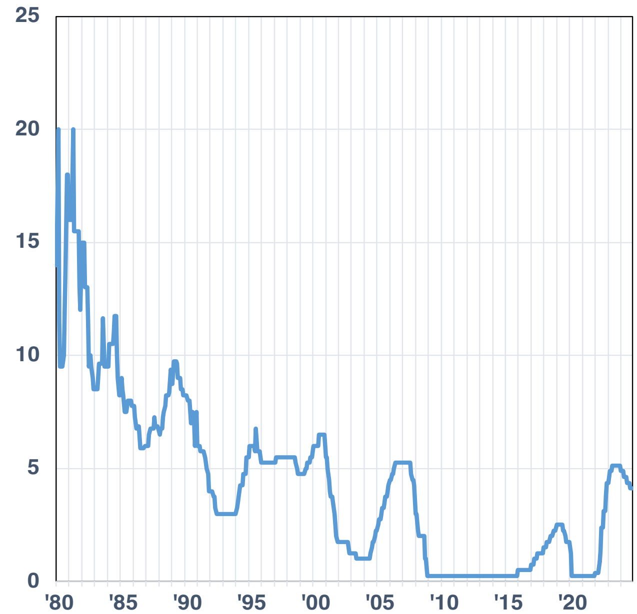
CYCLE END NEARS: FED RAISES RATE AGAIN

The Federal Reserve recently raised the federal funds rate by 25 basis points to 4.75%-5.00%. This was a tricky one for the central bank, as inflation remains elevated while the financial system has shown signs of cracking. All 12 voting members were in agreement about the hike, as inflation remains elevated. However, the Fed softened its language in its announcement, shifting from "ongoing" rate hikes to an "appropriate" stance. We think the central bank is on track for one more 25-basis-point rate hike in 1H23 before moving to the sidelines, likely for the balance of the year. We remain concerned that the Fed is tossing its other mandate (full employment) out the window as it fights high prices. 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 GDP into recession this year, and send the unemployment rate toward 5.0%. We think the central bank may well lower rates if the jobless rate rises above 4.0%.

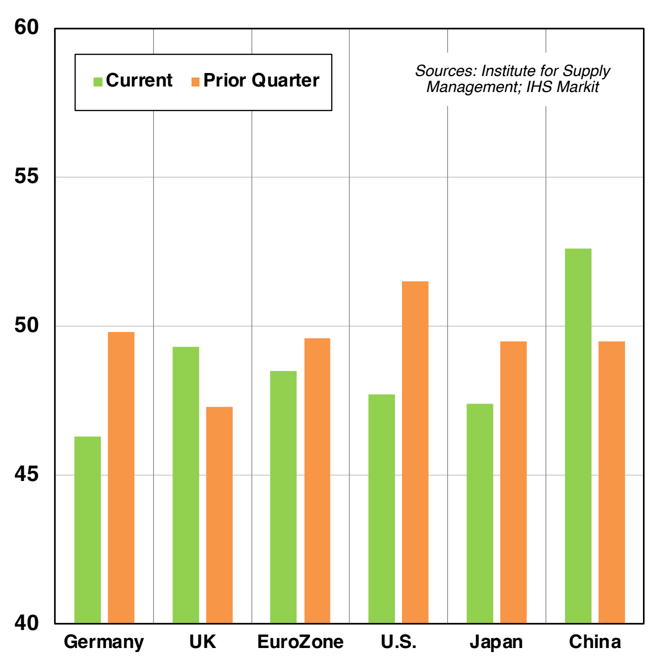
FEDERAL FUNDS TARGET RATE & FORECASTS (%)



GLOBAL MANUFACTURING STARTING TO STIR

Manufacturing in most of the world is contracting, though several key economies may have bounced off a trough or be nearing a turnaround. China had a Purchasing Managers Index reading of 49.5 in 4Q22 and is now in positive territory at 52.6 (as a reading above 50 indicates expansion). Germany's most recent PMI was 46.3, but surveys noted that supply-chain pressures were easing and that delivery times were improving. In the UK, the latest PMI reading was 49.3, up from 47.3 in the prior quarter. Japan is an outlier, having recently reported a PMI of 47.4, implying the fastest rate of decline in over two years. The U.S. is not much better, having reported a PMI reading of 47.8, up from 47.4. Yet other domestic industrial indicators remain mostly positive. Total manufacturing new orders rose 1.8% month-over-month in December, and 8% from the prior year. Nondefense capital goods excluding aircraft were slightly lower month-over-month in December but up 6% year-over-year; meanwhile durable goods orders jumped 5.5% month-over-month in December. Capacity utilization is running at 78.3%, above the 20-year average of 76.8%. Still, these are historical growth rates. The PMI data continues to point to a difficult environment for U.S. manufacturing.

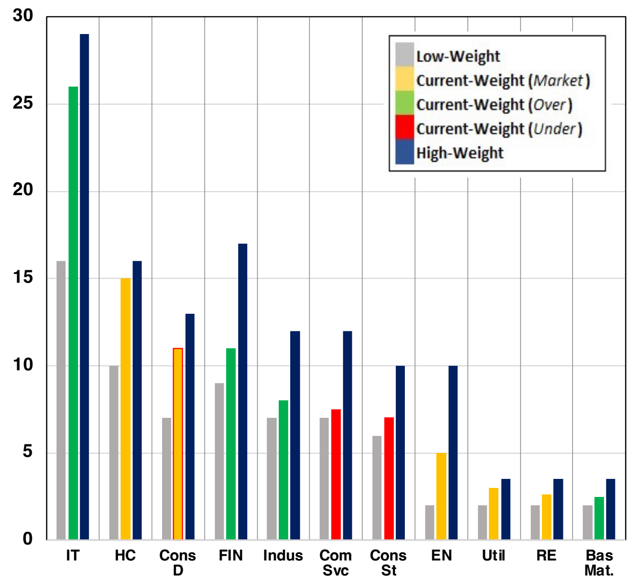
GLOBAL PMI SURVEY RESULTS



ARGUS ADJUSTS SECTOR RATINGS

We recently adjusted our recommended sector allocations. We raised Technology to Over-Weight from Market-Weight. Although consumer electronics demand could remain suppressed, demand in the enterprise and data center markets is holding up. In addition, mounting interest in ChatGPT could herald the age of AI, which would be a huge industry driver. We also raised Financial Services to Over-Weight from Market-Weight and Consumer Discretionary to Market-Weight from Under-Weight. We lowered Healthcare to Market-Weight from Over-Weight. As the sector transitions from battling the pandemic, we expect some inefficiencies and an uneven return to the full utilization of healthcare resources. Our rebalancing process takes place four times a year, early in the months of March, June, September, and December. We suggest that advisors and investors leverage this consistent and comprehensive process to adjust sector weightings within their diversified equity portfolios.

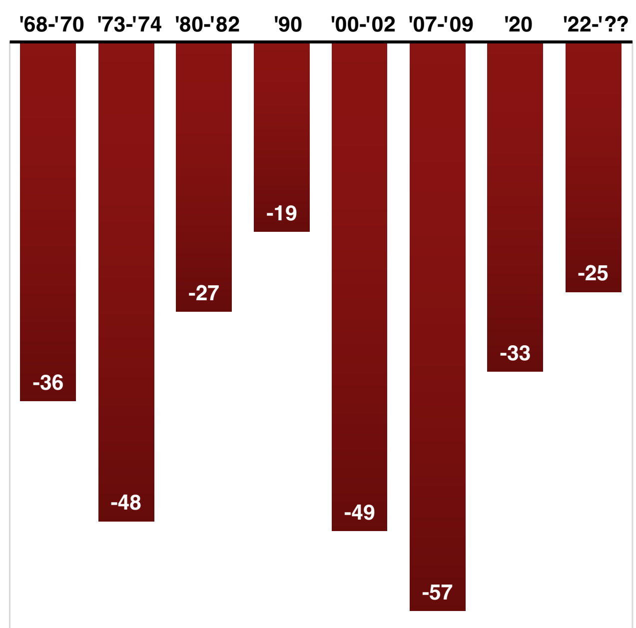
SECTOR WEIGHTS (% OF S&P 500)



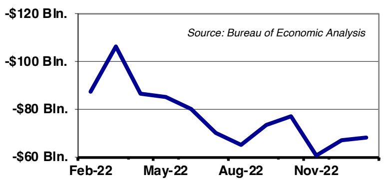
STILL IN BEAR TERRITORY

The S&P 500 has rallied from the lows of October 2022, but still has not surpassed its all-time high of 4818, established in January 2022. The latest roadblock to a recovery has been the fallout from the failure of SVB Financial Group. This debacle follows a range of other challenges, including high inflation, the war in Ukraine, the Federal Reserve's rate hike campaign, the budget mess brewing in Washington, and the risk of recession. As such, the bear market slogs on. How does the current bear market compare to the average historical bear market? Well, the average peak-to-trough decline during the previous seven bear markets was 38%; the lows of this bear market were 25% from the all-time high. So the current bear is a little bit better on performance, so far. But the duration is closer to the normal average, which we estimate at 16 months; we are now 14 months into the current bear market. What's next? Well, if inflation continues to trend lower (toward 5% by year-end), we would expect interest rates to decline -- which could help companies widen margins and also boost valuation multiples. If inflation proves stubborn, then the Fed may extend rate hikes into the second half of 2023, likely extending the duration of the current bear market.

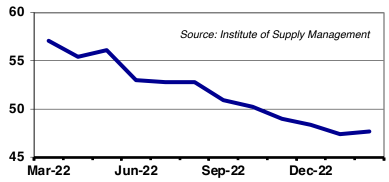
BEAR MARKET DECLINES (% CHANGE IN S&P 500)



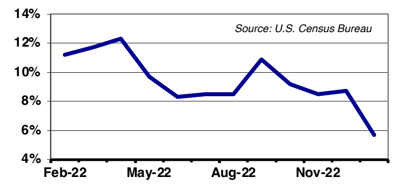
Release:	**Trade Balance**
Date:	4/5/2023
Month:	February
Previous Report:	-$68.3 Bln.
Argus Estimate:	-$67.5 Bln.
Street Estimate:	-$68.5 Bln.



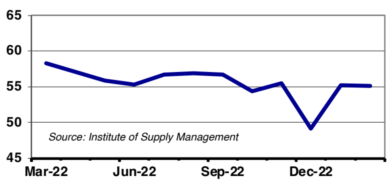
Release:	**ISM Manufacturing**
Date:	4/3/2023
Month:	March
Previous Report:	47.7
Argus Estimate:	47.5
Street Estimate:	47.5



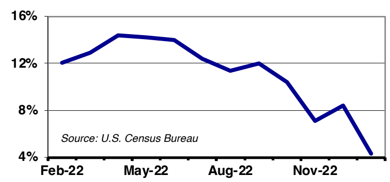
Release:	**Construction Spending**
Date:	4/3/2023
Month:	February
Previous Report:	5.7%
Argus Estimate:	5.0%
Street Estimate:	NA



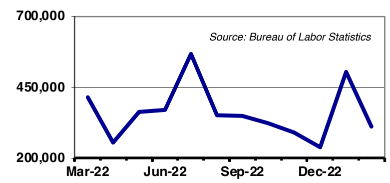
Release:	**ISM Services Index**
Date:	4/5/2023
Month:	March
Previous Report:	55.1
Argus Estimate:	55.0
Street Estimate:	54.5



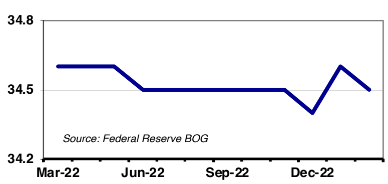
Release:	**Factory Orders**
Date:	4/4/2023
Month:	February
Previous Report:	4.3%
Argus Estimate:	3.5%
Street Estimate:	NA



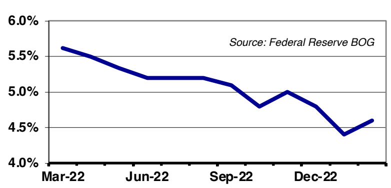
Release:	**Nonfarm Payrolls**
Date:	4/7/2023
Month:	March
Previous Report:	311000
Argus Estimate:	195000
Street Estimate:	238000



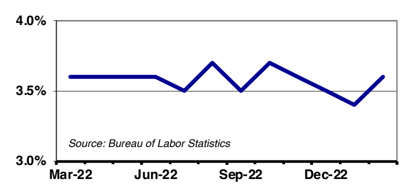
Release:	**Average Weekly Hours**
Date:	4/7/2023
Month:	March
Previous Report:	34.5
Argus Estimate:	34.5
Street Estimate:	34.5



Release:	**Average Hourly Earnings**
Date:	4/7/2023
Month:	March
Previous Report:	4.6%
Argus Estimate:	4.3%
Street Estimate:	4.3%

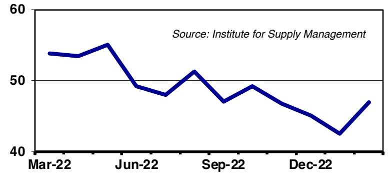


Release:	**Unemployment Rate**
Date:	4/7/2023
Month:	March
Previous Report:	3.6%
Argus Estimate:	3.7%
Street Estimate:	3.6%

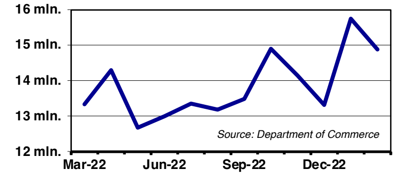


Previous Week's Releases and Next Week's Releases on next page.

Release:	ISM New Orders
Date:	4/3/2023
Month:	March
Previous Report:	47.0
Argus Estimate:	48.0
Street Estimate:	NA



Release:	Total Vehicle Sales
Date:	4/3/2023
Month:	March
Previous Report:	14.89 mln.
Argus Estimate:	15.50 mln.
Street Estimate:	14.90 mln.



Previous Week's Releases

Date	Release	Month	Previous Report	Argus Estimate	Street Estimate	Actual
28-Mar	Wholesale Inventories	February	**15.3%**	14.0%	NA	**12.2%**
	Consumer Confidence	March	**103.4**	102.9	102.9	**104.2**
30-Mar	GDP Annualized QoQ	4Q	2.7%	2.7%	2.8%	NA
	GDP Price Index	4Q	3.9%	3.9%	NA	NA
31-Mar	Personal Income	February	6.4%	5.8%	NA	NA
	Personal Spending	February	7.9%	7.4%	NA	NA
	PCE Deflator	February	5.4%	5.4%	NA	NA
	PCE Core Deflator	February	4.7%	4.7%	NA	NA

Next Week's Releases

Date	Release	Month	Previous Report	Argus Estimate	Street Estimate	Actual
12-Apr	Consumer Price Index	March	6.0%	NA	NA	NA
	CPI ex-Food & Energy	March	5.5%	NA	NA	NA
13-Apr	PPI Final Demand	March	4.6%	NA	NA	NA
	PPI ex-Food & Energy	March	4.4%	NA	NA	NA
14-Apr	Retail Sales	March	5.4%	NA	NA	NA
	Retail Sales ex-autos	March	6.8%	NA	NA	NA
	Business Inventories	February	11.1%	NA	NA	NA
	Import Price Index	March	-1.1%	NA	NA	NA
	Industrial Production	March	-0.3%	NA	NA	NA
	Capacity Utilization	March	78.0%	NA	NA	NA