



Wealth Strategies Team

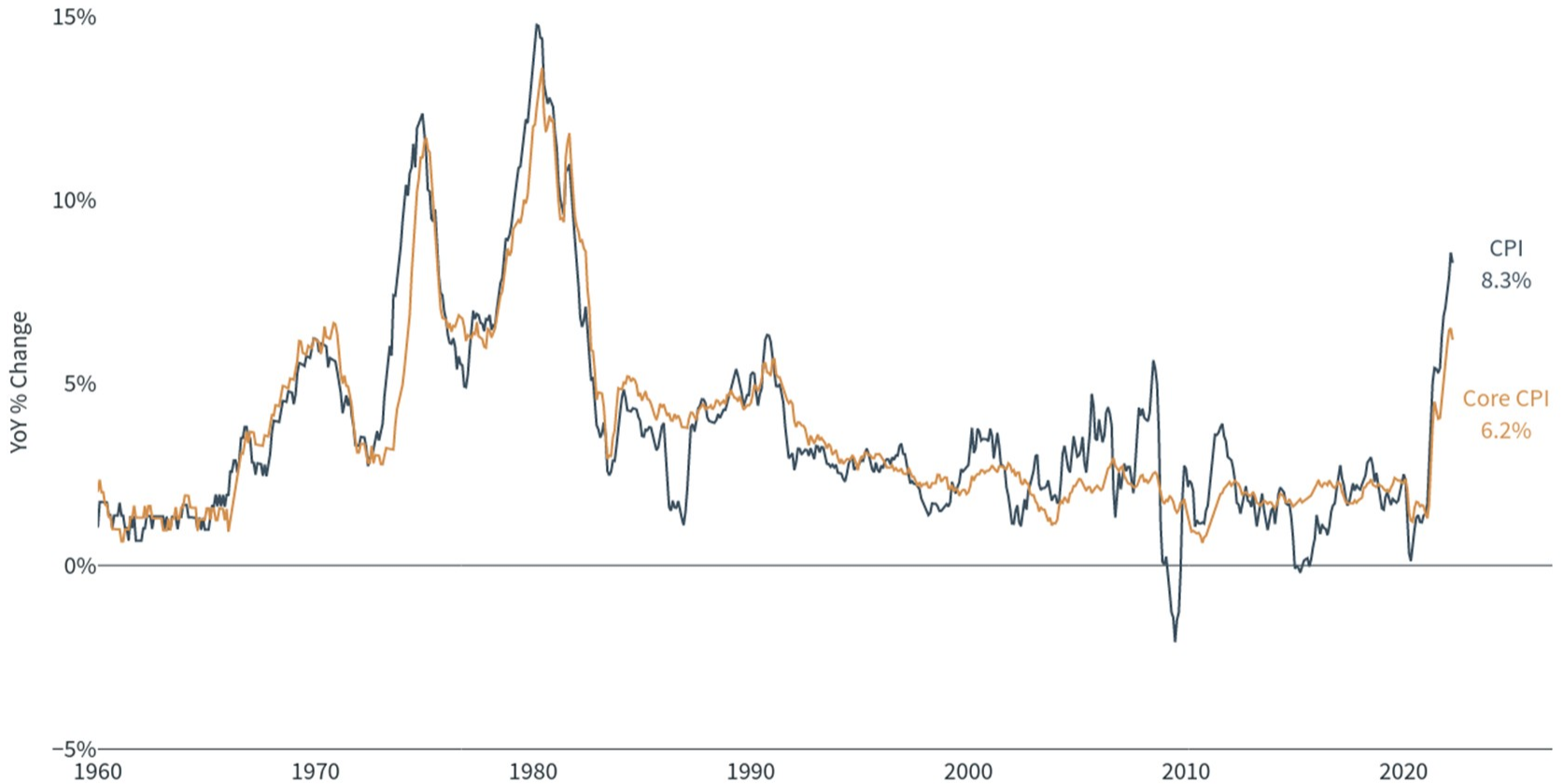
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They Still Do Not Match - Chartbook

Cliff Jarvis | Investment Advisor | June 7, 2022

Consumer Price Index

CPI and Ex Food and Energy, YoY % Change



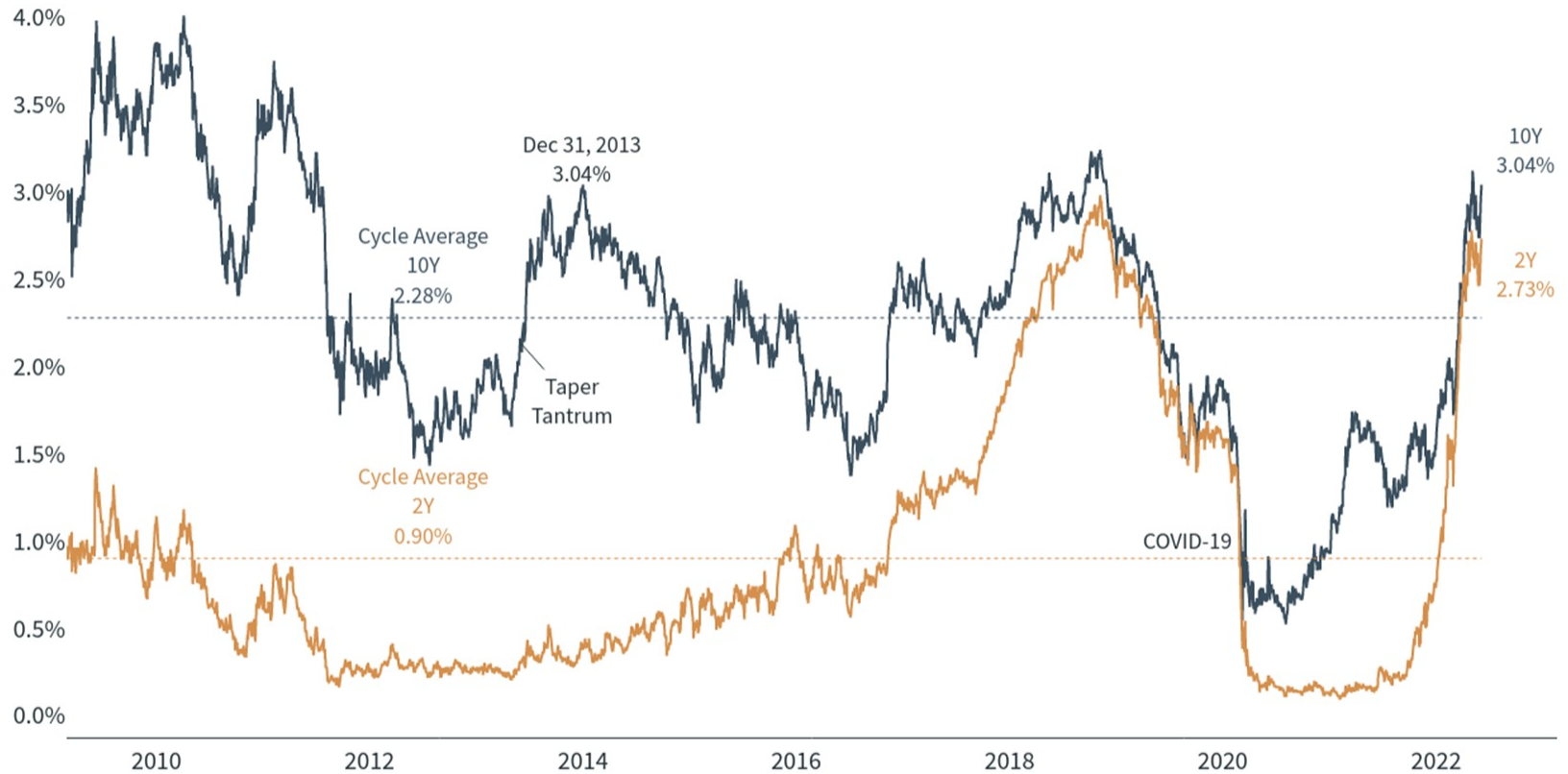
Latest data point is Apr 2022

- CPI is a commonly cited measure of inflation.
- In order to measure the underlying trend in inflation, economists often focus on Core CPI.
- Inflation remains high due to several, hopefully transitory, factors.

Source: U.S. Bureau of Labor Statistics

Interest Rates

10-year and 2-year yields since 2010



Latest data point is Jun 6, 2022

- Many interest rates have risen this year as inflation remains hot and the Fed raises rates.
- The 10-year Treasury yield jumped early in 2022 and many expect it could continue to increase over time.

Source: Federal Reserve

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Mortgage Rates

30-Year Fixed Rate Mortgage



Latest data point is Jun 2, 2022

- Mortgage rates have spiked recently due to rising interest rates across the board.
- This could slow housing activity and the cost of borrowing rises across the economy.

Source: Freddie Mac

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Economic Update

Economic metrics and interest rates, actuals and forecasts

Economic Results & Forecasts

	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23
Real GDP (QoQ% SAAR)	6.7%	2.3%	6.9%	-1.5%	3.0%	2.7%	2.1%	1.9%	2.0%	1.9%
CPI (YoY%)	5.4%	5.4%	7.0%	8.5%	7.9%	7.2%	5.8%	4.3%	3.1%	2.6%
Unemployment (%)	5.9%	4.7%	3.9%	3.6%	3.5%	3.5%	3.4%	3.5%	3.5%	3.6%

U.S. Interest Rates - Results & Forecasts

	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23
Central Bank Rate	0.25%	0.25%	0.25%	0.50%	1.50%	2.25%	2.65%	2.95%	3.10%	3.15%
3-Month Rate	0.15%	0.13%	0.21%	0.96%	1.36%	2.06%	2.45%	2.79%	2.91%	2.99%
2-Year Rate	0.25%	0.28%	0.73%	2.28%	2.80%	2.96%	3.01%	3.11%	3.11%	3.08%
10-Year Rate	1.45%	1.52%	1.52%	2.32%	3.01%	3.10%	3.09%	3.17%	3.24%	3.24%

- Economic forecasting is difficult at best, but hopefully this table proves true.

Definitions and Methodology

The **S&P 500** is a market capitalization-weighted index of large cap U.S. stocks. U.S. **mid cap** and **small cap** are the S&P 400 and S&P 600, respectively. **Value** and **growth** are the corresponding Standard and Poor's value and growth indices.

MSCI EM is an index of emerging market stocks. **MSCI EAFE** is an index of developed market stocks. **MSCI ACWI** is an index of global stocks.

The **forward P/E** is a ratio of the current market price of an index divided by an estimate of earnings over the next twelve months. The **Shiller P/E** is based on Robert Shiller's cyclically adjusted price-to-earnings ratio.

The **AAll Investor Sentiment** index is based on a weekly survey conducted by AAll.

Unless stated otherwise, **earnings** and **valuations** data are from Refinitiv indices.

The **LEI**, or Leading Economic Index, is produced monthly by the Conference Board.

Consumer sentiment indices are based on surveys conducted by the University of Michigan Surveys of Consumers.

Asset Class Performance and Asset Classes Relative to U.S.

Stocks charts: The EM, EAFE, Small Cap, Fixed Income and Commodities are these indices, respectively: MSCI EM, MSCI EAFE, Russell 2000, iShares Core U.S. Bond Aggregate, Bloomberg Commodity Index.

Fixed Income Performance: All sectors are represented by the Bloomberg Barclays bond indices except for EMD USD and Local which are the JPMorgan EMBIG Diversified Index and JPMorgan GBI-EM Core Index, respectively.

The Balanced Portfolio is a hypothetical 60/40 portfolio consisting of 40% U.S. Large Cap, 5% Small Cap, 10% International Developed Equities, 5% Emerging Market Equities, 35% U.S. Bonds, and 5% Commodities.

The **Bloomberg Commodity Index** is a broadly diversified basket of physical commodities futures contracts.

The **DXY** is a U.S. dollar index based on a basket of currencies, including the Euro, Yen, Pound, Canadian Dollar, Swedish Krona and Swiss Franc.

Portfolio Risk/Reward and Portfolio Drift Since 2009 charts: stocks and bonds are the S&P 500 and iShares Core U.S. Bond Aggregate, respectively. Each portfolio represents a hypothetical stock/bond asset allocation.

The **MSCI Factor** indices are created and maintained by MSCI to capture factor returns. They cover various factors including Quality, Size, Momentum, Volatility, Value and Yield. The Multi-Factor index tracks the performance of Value, Momentum, Quality and Size.

The **MSCI USA** index tracks large and mid cap U.S. stocks.

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