

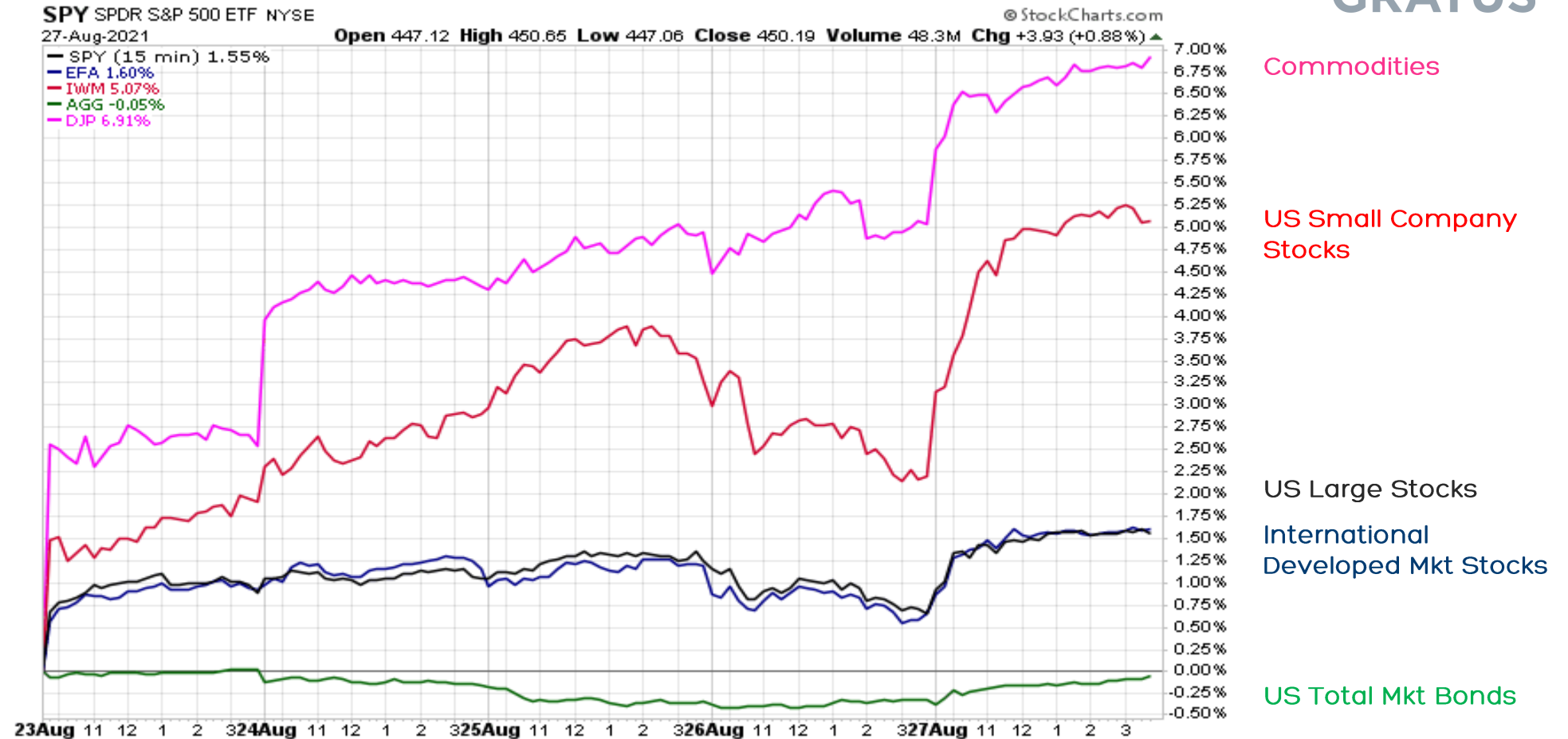


Two Minutes With Todd

Supporting Charts + Commentary

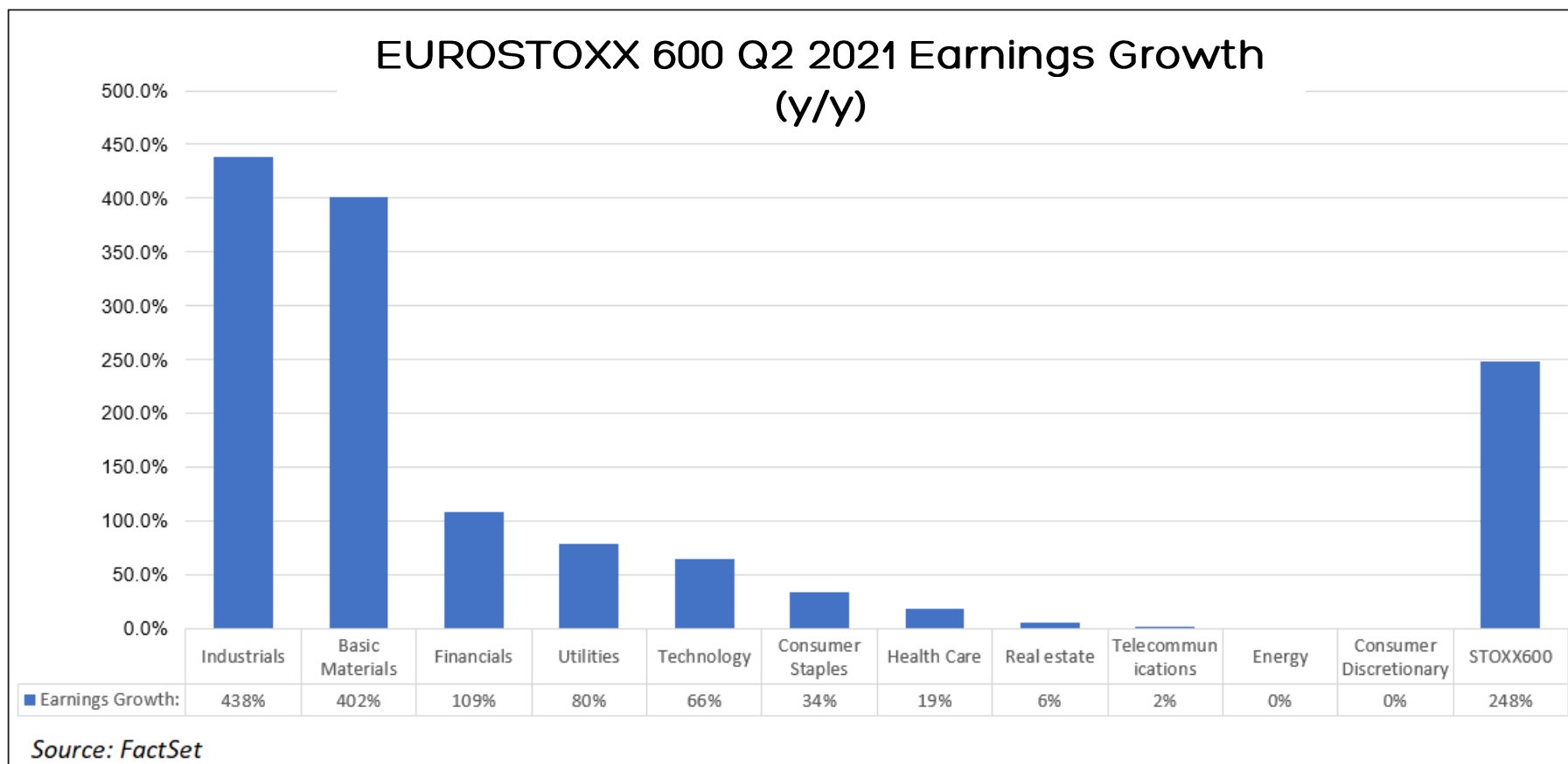
August 30th, 2021

Last Week's Performance



Financial market dynamics reversed as last weeks losing segments (**commodities**, **US Small companies**) became this week's winners.

Chart #1: European Earnings Growth Have Been White Hot

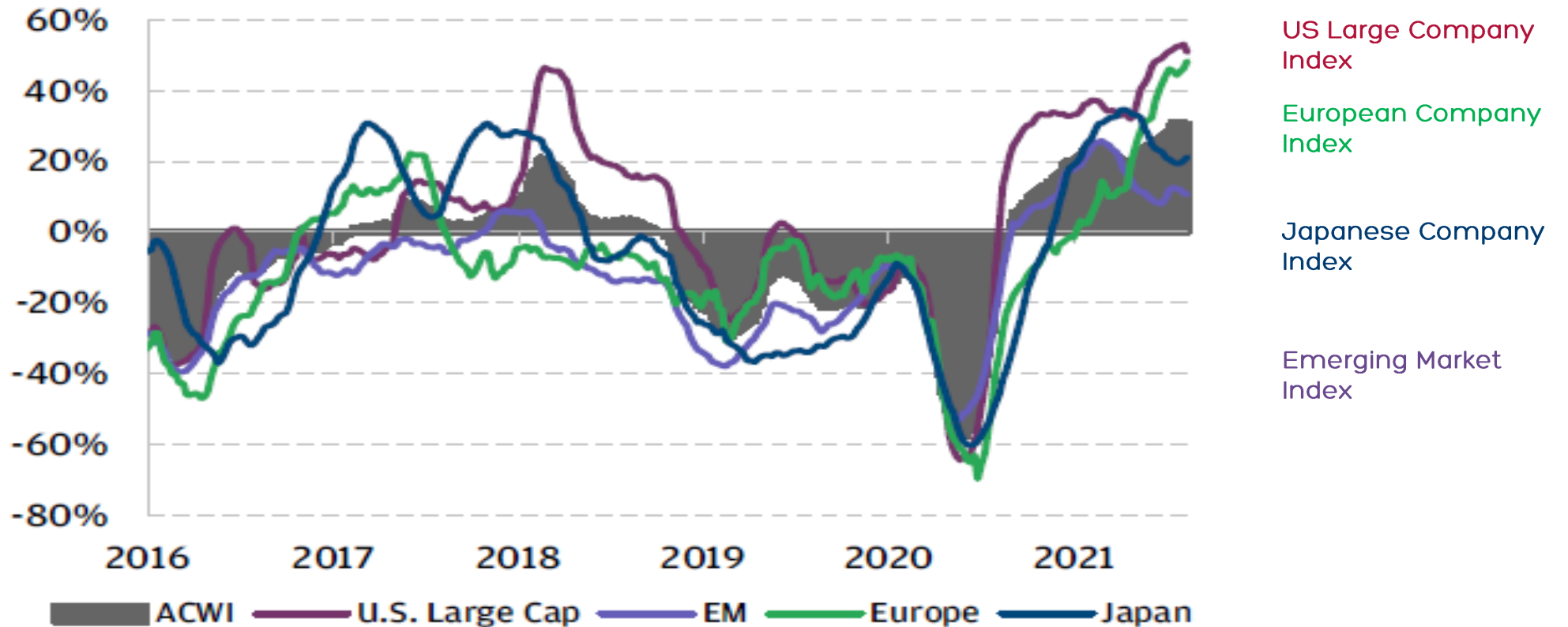


While we have considered European companies secondary to our core US positions for some time, we've been increasing our allocation to this region (incrementally) over the last two years. As the chart above suggests, Europe has a much higher exposure to cyclical companies which should do well if the global recovery continues.

Chart #2: Global Earnings Revisions Are Up As Well

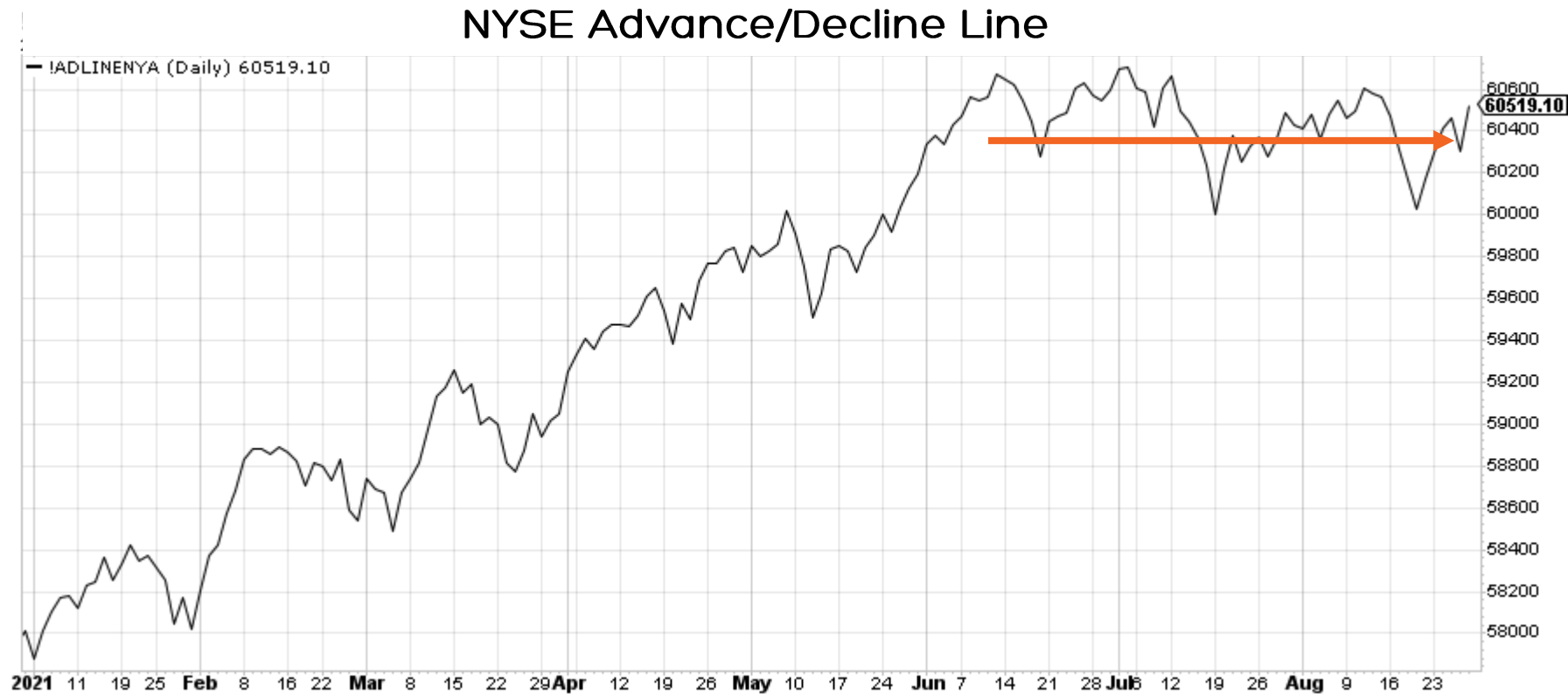


3 Month Earnings Revision Ratio



Not only are European stocks having earnings revisions higher, but US companies continue to see upward earnings revisions. Emerging market and Japanese earnings have a strong regional (Asian) tilt which can be temporarily discounted.

Chart #3: Market Internals Turning Neutral



One indicator that has caught our attention in recent weeks has been the NYSE Advance/Decline line. This indicator measures how many stocks are moving up vs. down. Sideways action is cautionary but not terribly concerning.....yet.

Appendix

Correction / Recession Indicators



Commodities Trend (3M) ¹	Up	
High Yield Credit Spreads (579 bps ave) ²	317	
BBB Credit Spreads (172 bps ave) ²	114	
Yield Curve 10yr – 3M (175 bps ave) ²	126	
CBOE Put/Call Ratio (0.9 to 1.1) ¹	0.88	
Volatility Index (13-19 ave) ¹	16.39	
NYSE Advance/Decline Line (month/month) ¹	Down	

CNN Fear/Greed Index ³	Neutral	
AII % Bulls Sentiment (39% ave) ⁴	39.6%	
Chemicals Activity Barometer (y/y) ⁵	18.6%	
S&P 500 200 Day Moving Average Cross	No	
Total Positive	9 / 18	
Total Negative	6 / 18	

Continued Unemployment Claims ²	2,862	
GDP Nowcast ⁶	5.7%	
Case-Schiller HPI (y/y) ⁷	16.6%	
US ISM Manufacturing (>50= +) ⁷	59.5	
US ISM Services (>50= +) ⁷	64.5	
Headline Consumer Price Index (y/y) ⁷	5.4%	
Leading Economic Index (m/m) ⁷	0.7%	

Sources: (1) Stockcharts.com, (2) St. Louis Federal Reserve FRED. (3) CNN.com, (4) American association of Individual Investors, (5) American Chemistry Counsel, (6) Atlanta Federal Reserve, (7) Factset

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