

The background features a dark blue gradient with a faint, light blue candlestick chart pattern. A large, thin, light blue arc is centered behind the text. The logo for Argent Wealth Management, LLC is positioned at the top center, consisting of the word "Argent" in a large, white, serif font, followed by a stylized white "W" icon made of three parallel lines. Below "Argent" is the text "Wealth Management, LLC" in a smaller, white, sans-serif font.

Argent 
Wealth Management, LLC

Market View

January-February 2023

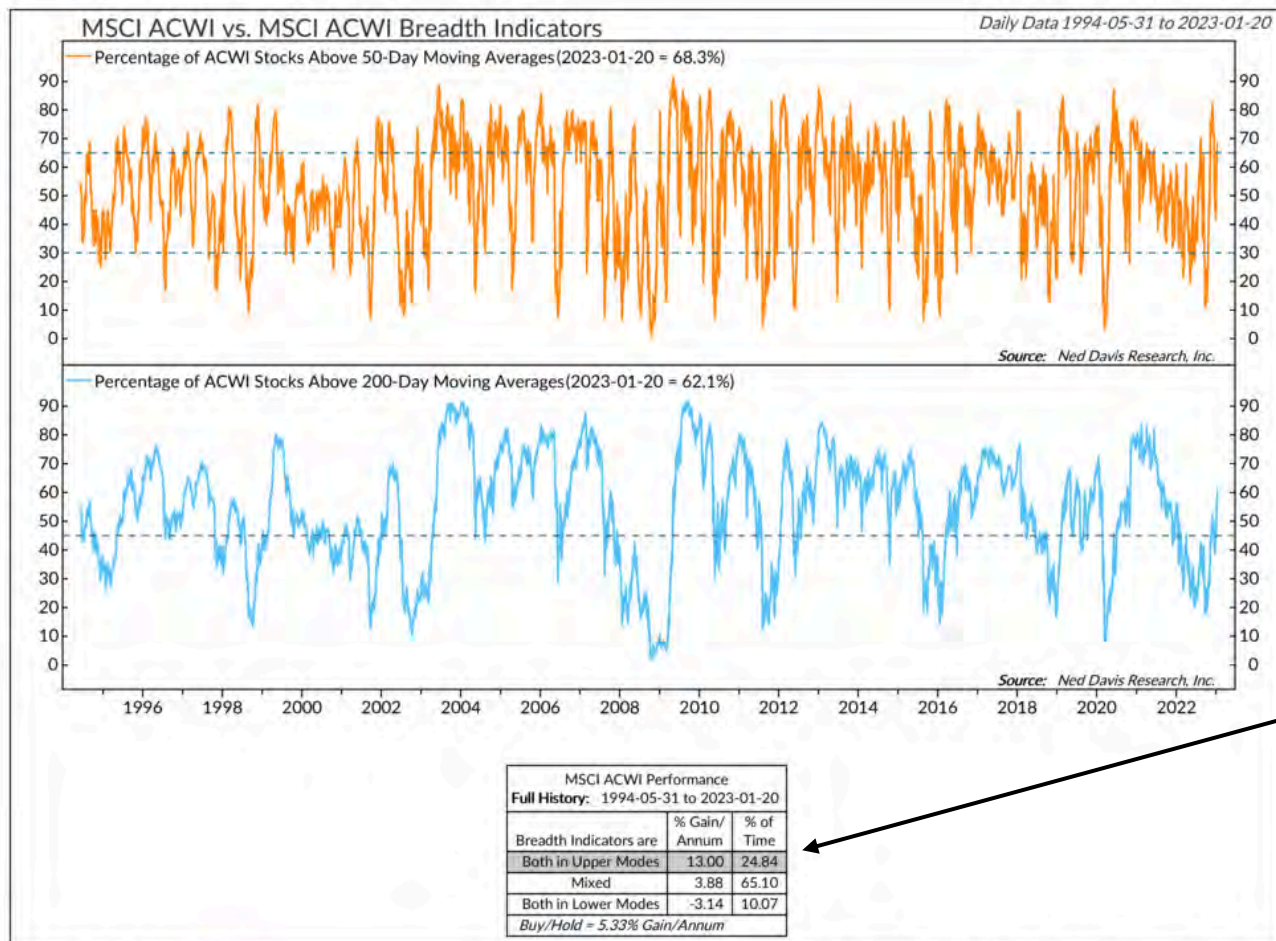
Matt Sapir Ristuccia | Chief Investment Officer



Current Situation

- Over the last month, there have been positive trend and technical indicator developments.
- Inflation is cooling.
- The end is in sight for the fastest tightening cycle by the Federal Reserve (the Fed) since 1980.
- Inflation may recede faster than the Fed expects (just as it increased faster than expected).

Trend & Technical Indicators: 1



The percentage of stocks above their 50-day moving average is over 65%, and the percentage of stocks above their 200-day moving average is over 45%.

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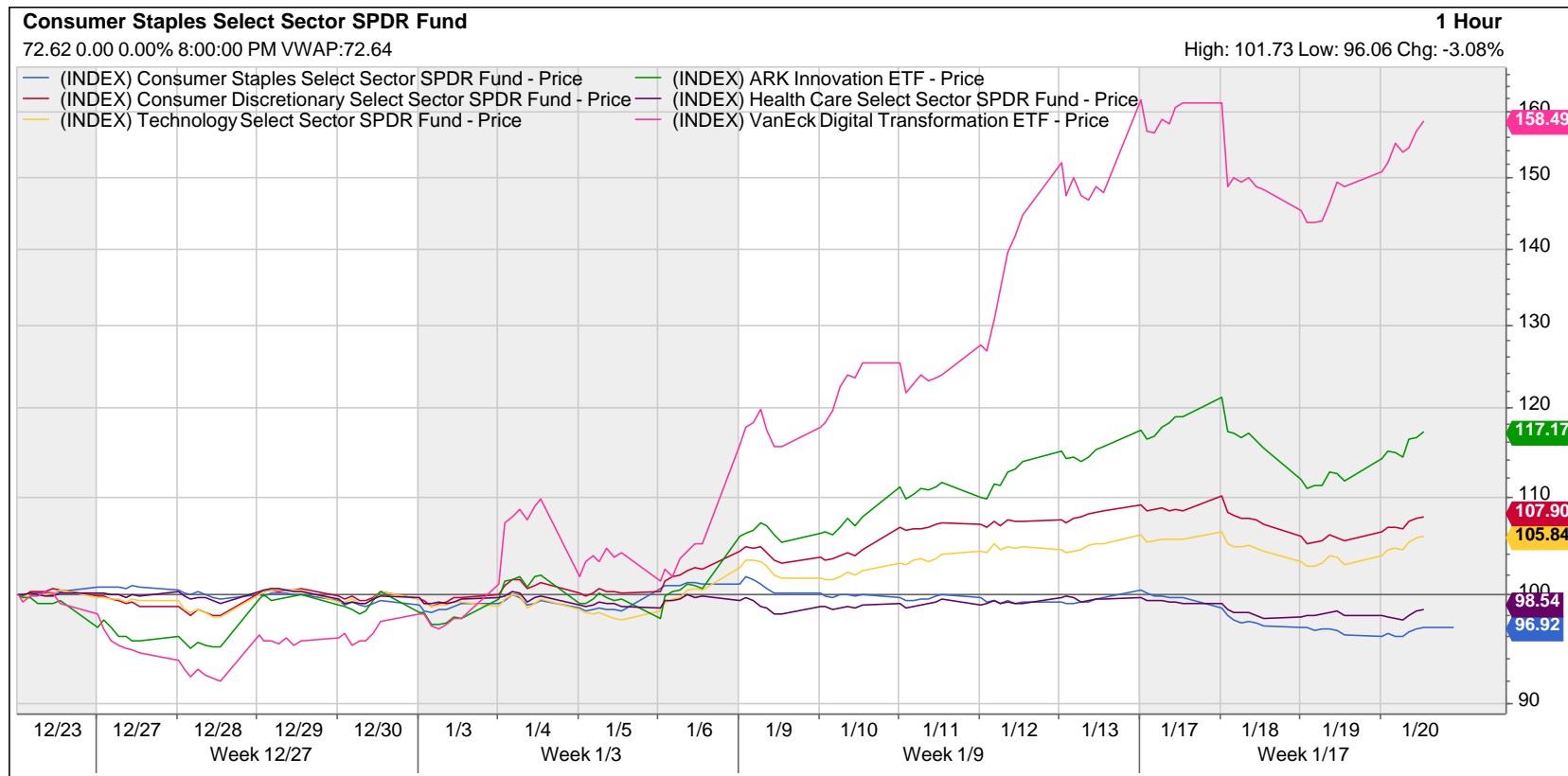


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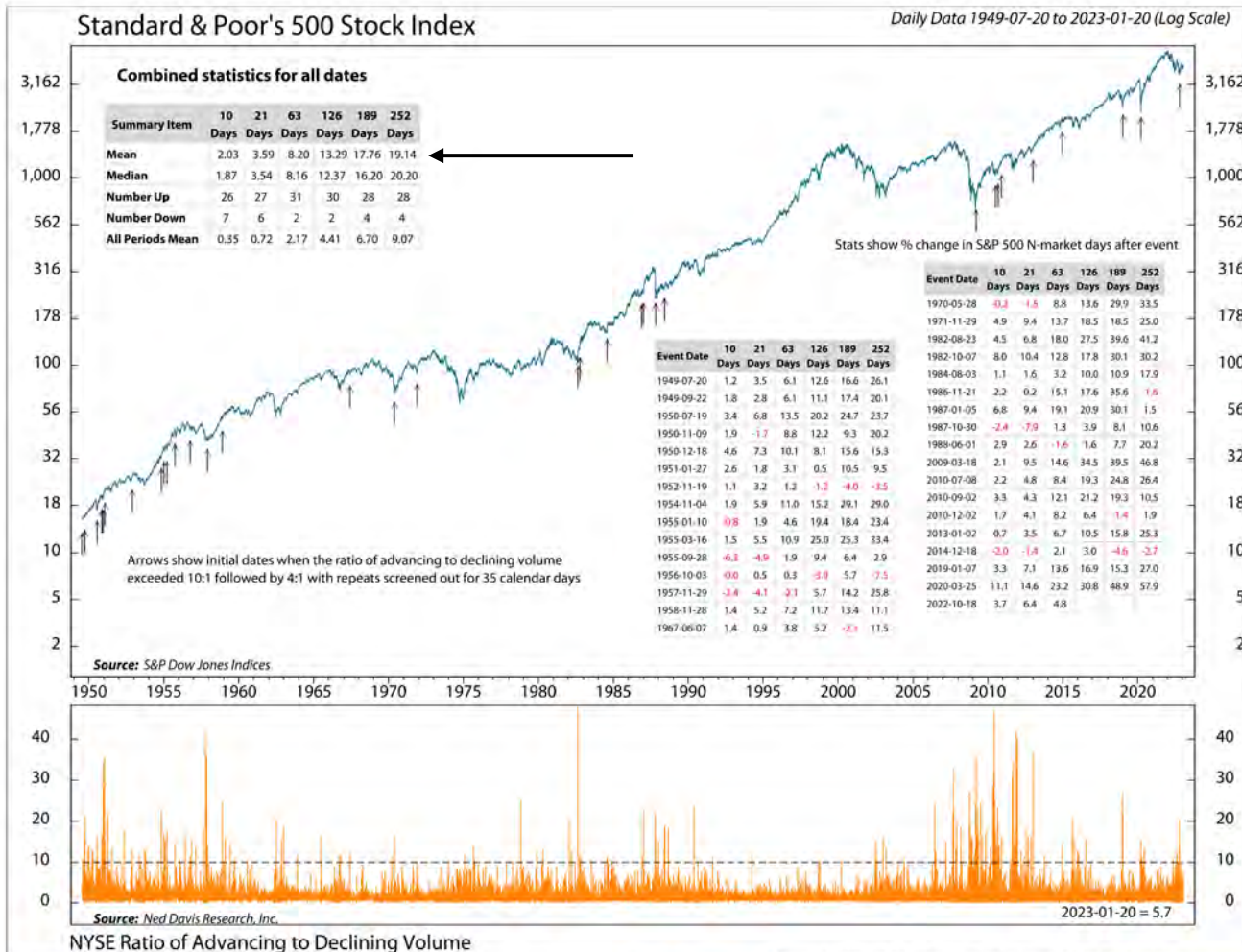
Trend & Technical Indicators: 2



- Over the last month, less cyclical (defensive) sectors like consumer staples and healthcare are negative, while more cyclical sectors like technology, Bitcoin, and consumer discretionary are positive.
- When cyclical sectors outperform defensive sectors it's historically indicative that a new bull market may be under way.



Trend & Technical Indicators: 3



This indicator flashes a buy signal when advancing to declining volume is 10:1 and is followed by at least a ratio of 4:1 a day later.

Since 1949, 24/28 times the market is up a year later. And on average the market is up 13.29% after six months and 19.14% after 12 months.

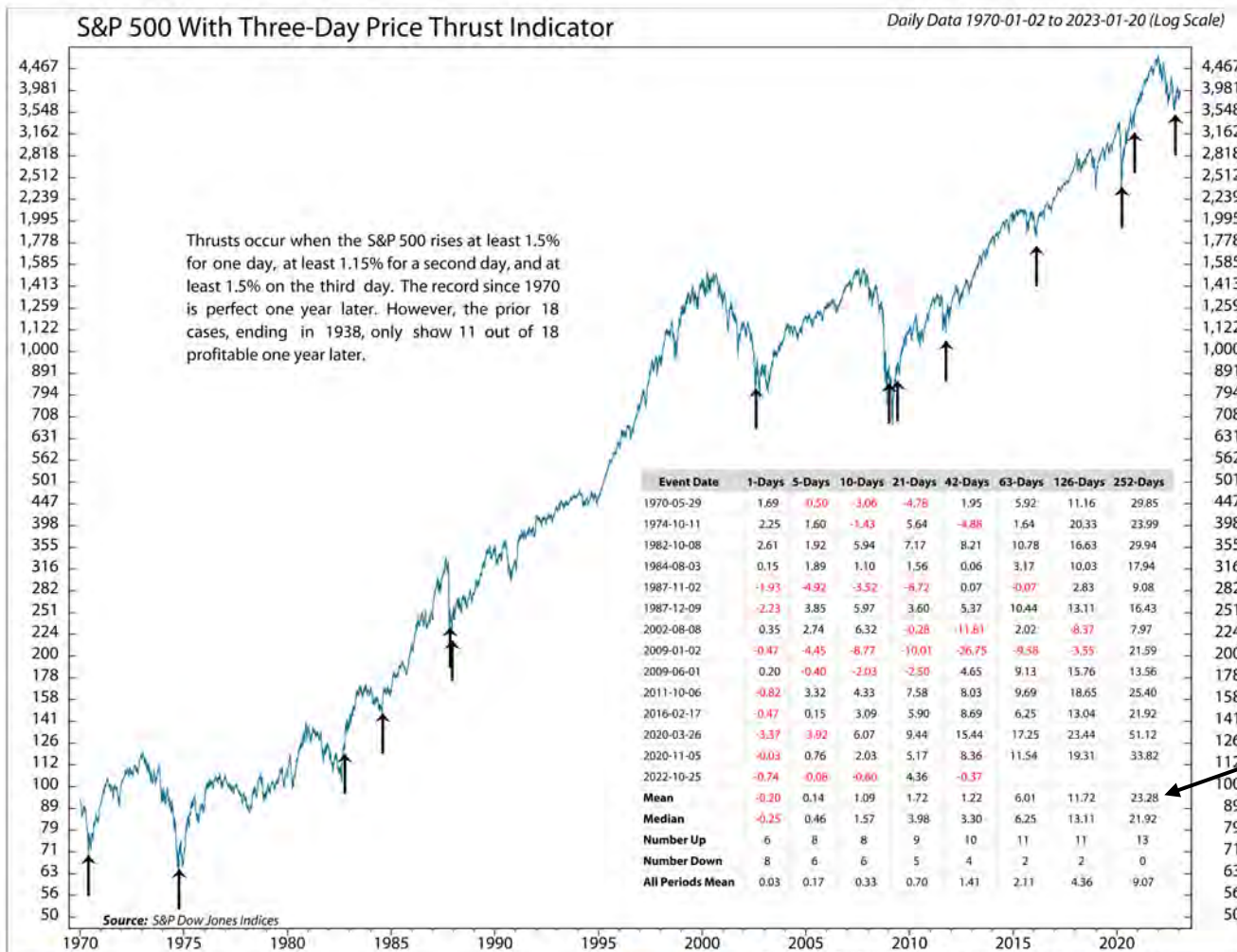
*Advancing volume:
Volume of advancing
stocks less volume of
declining stocks.*

DAVIS225



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Trend & Technical Indicators: 4



This indicator flashes a buy signal when “the S&P 500 rises by at least 1.5% for one day, at least 1.15% for a second day, and at least 1.5% on a third day.”

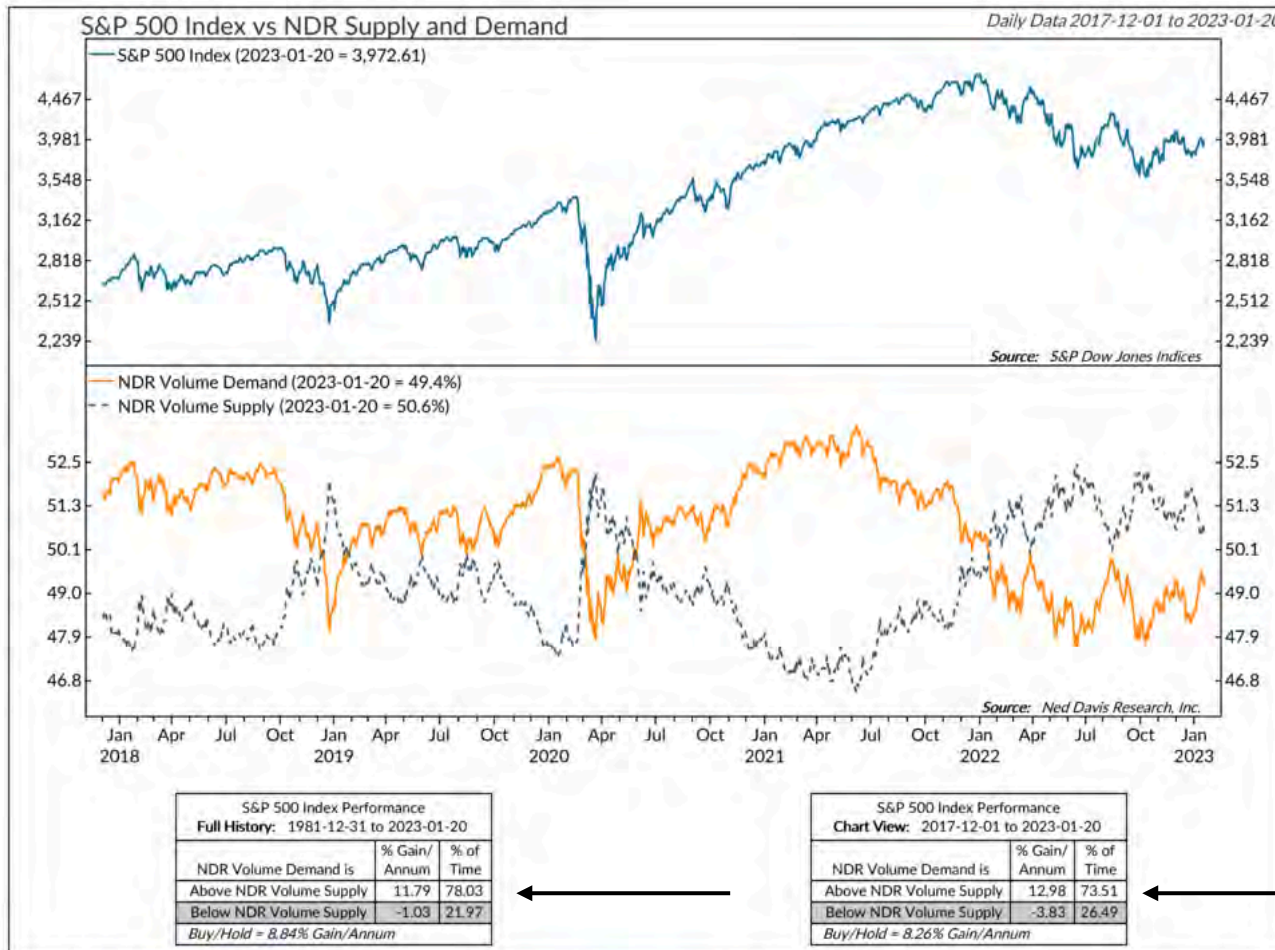
Since 1970 the S&P 500 has been positive 100% of the time a year later by an average of 23.28%.

It flashed a buy signal on 10/25/2022.

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Trend & Technical Indicators: 5



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Demand volume is close to supply volume.

If demand volume crosses above supply volume, it would be the first time since January of 2022.

Volume supply is the total volume of declining stocks. Volume demand is the total volume of advancing stocks. When demand is greater than supply, the S&P 500 advances 11.79% on average since 12/31/1981.

Inflation Receding



Table A. Percent changes in CPI for All Urban Consumers (CPI-U): U.S. city average

	Seasonally adjusted changes from preceding month							Un-adjusted 12-mos. ended Dec. 2022
	Jun. 2022	Jul. 2022	Aug. 2022	Sep. 2022	Oct. 2022	Nov. 2022	Dec. 2022	
All items.....	1.3	0.0	0.1	0.4	0.4	0.1	-0.1	6.5
Food.....	1.0	1.1	0.8	0.8	0.6	0.5	0.3	10.4
Food at home.....	1.0	1.3	0.7	0.7	0.4	0.5	0.2	11.8
Food away from home ¹	0.9	0.7	0.9	0.9	0.9	0.5	0.4	8.3
Energy.....	7.5	-4.6	-5.0	-2.1	1.8	-1.6	-4.5	7.3
Energy commodities.....	10.4	-7.6	-10.1	-4.7	4.4	-2.0	-9.4	0.4
Gasoline (all types).....	11.2	-7.7	-10.6	-4.9	4.0	-2.0	-9.4	-1.5
Fuel oil ¹	-1.2	-11.0	-5.9	-2.7	19.8	1.7	-16.6	41.5
Energy services.....	3.5	0.1	2.1	1.1	-1.2	-1.1	1.5	15.6
Electricity.....	1.7	1.6	1.5	0.4	0.1	-0.2	1.0	14.3
Utility (piped) gas service.....	8.2	-3.6	3.5	2.9	-4.6	-3.5	3.0	19.3
All items less food and energy.....	0.7	0.3	0.6	0.6	0.3	0.2	0.3	5.7
Commodities less food and energy commodities.....	0.8	0.2	0.5	0.0	-0.4	-0.5	-0.3	2.1
New vehicles.....	0.7	0.6	0.8	0.7	0.4	0.0	-0.1	5.9
Used cars and trucks.....	1.6	-0.4	-0.1	-1.1	-2.4	-2.9	-2.5	-8.8
Apparel.....	0.8	-0.1	0.2	-0.3	-0.7	0.2	0.5	2.9
Medical care commodities ¹	-0.4	0.6	0.2	-0.1	0.0	0.2	0.1	3.2
Services less energy services.....	0.7	0.4	0.6	0.8	0.5	0.4	0.5	7.0
Shelter.....	0.6	0.5	0.7	0.7	0.8	0.6	0.8	7.5
Transportation services.....	2.1	-0.5	0.5	1.9	0.8	-0.1	0.2	14.6
Medical care services.....	0.7	0.4	0.8	1.0	-0.6	-0.7	0.1	4.1

¹ Not seasonally adjusted.

December:

All items: -0.1%,
~ -1.2% on an annual basis.

All items less food and energy/**Core CPI**: .3%,
~3.6% annualized.

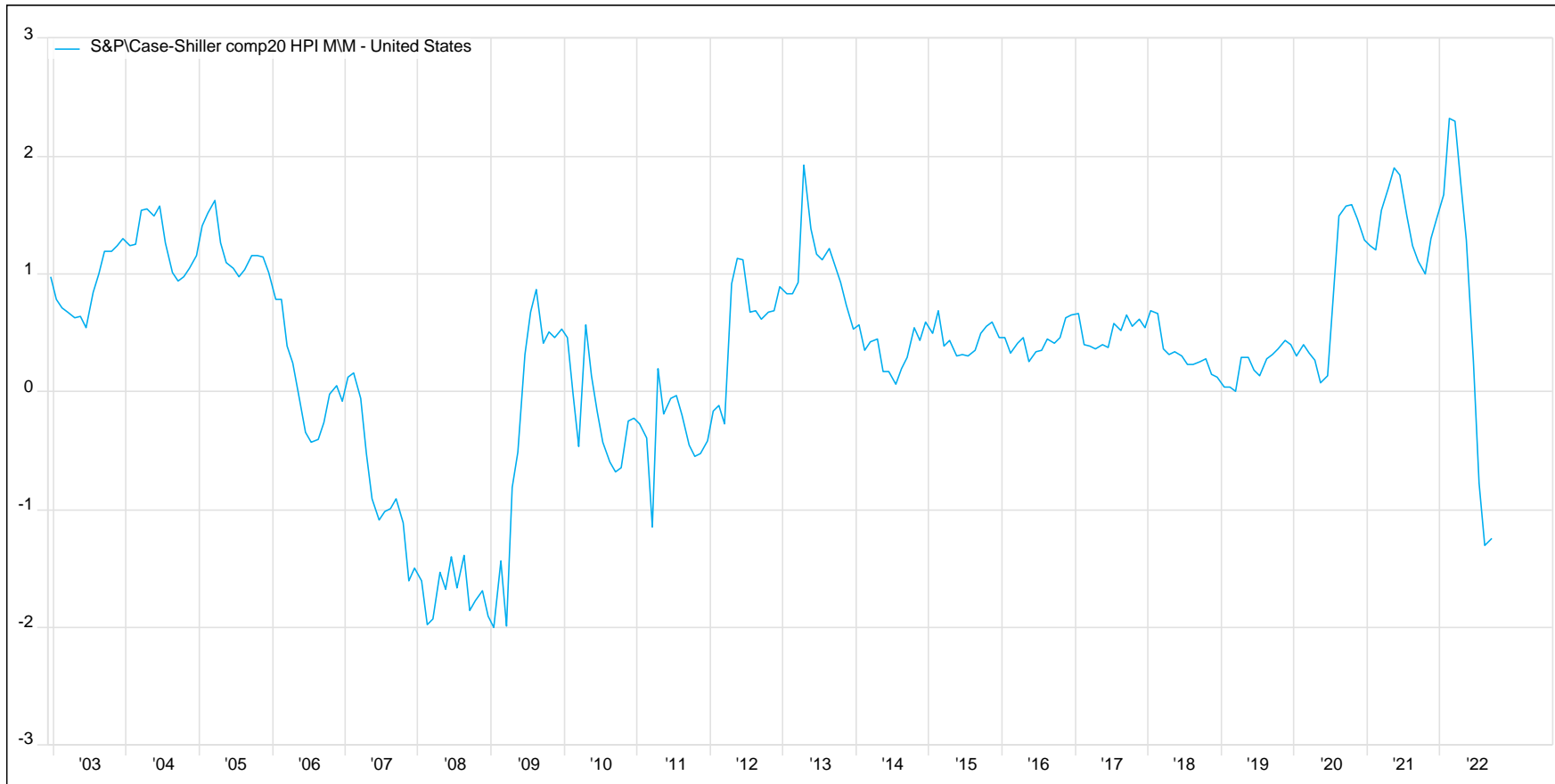
And this includes shelter, which accounted for over 50% of the increase in Core CPI.

Shelter data in CPI lags 6-18 months. Chair Powell acknowledged this in his speech on 12/14/22.

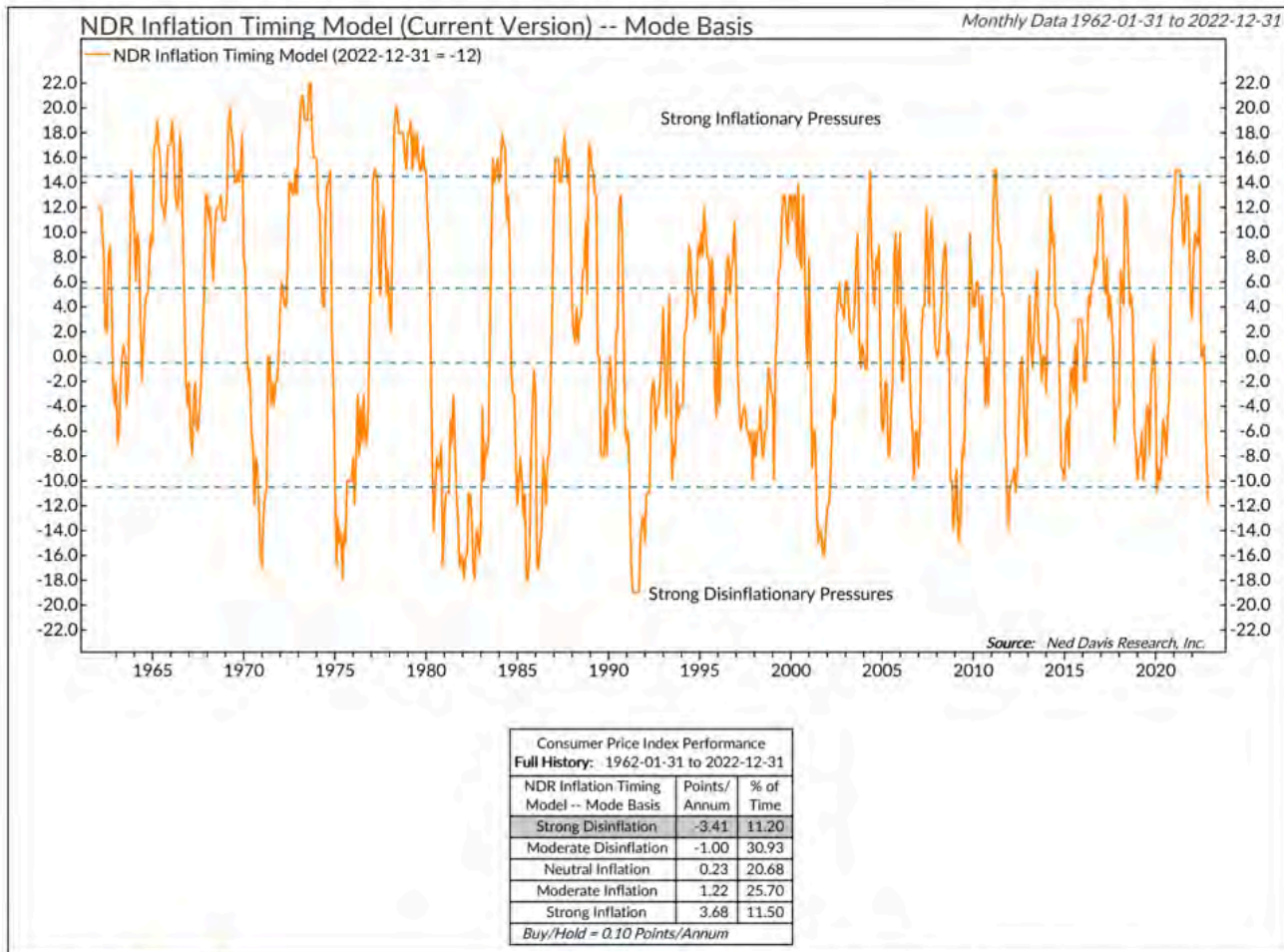
Home Prices



- Home prices are falling quickly due to higher mortgage rates which lowers home affordability.
- This isn't fully reflected in CPI. *Shelter data in CPI lags 6-18 months.*



Model



Customized client version of E701



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This historically accurate model indicates the economy is in a strong disinflationary environment.

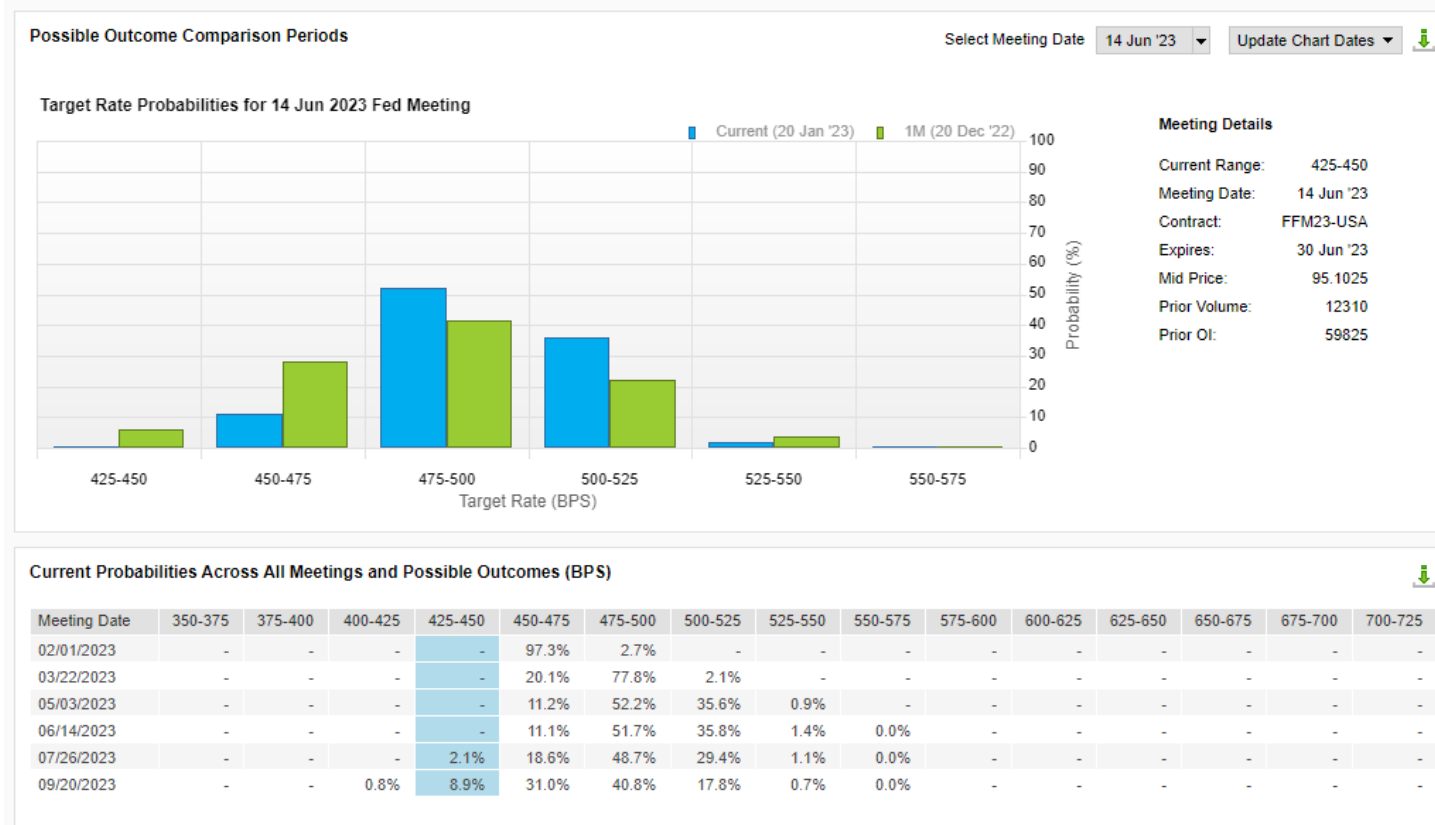
This implies investors may see inflation ease faster than is currently expected by the Federal Reserve.

The NDR Inflation Timing Model consists of 22 indicators that primarily measure the various rates of change of commodity prices, consumer prices, producer prices, and industrial production.

Federal Reserve (the Fed)

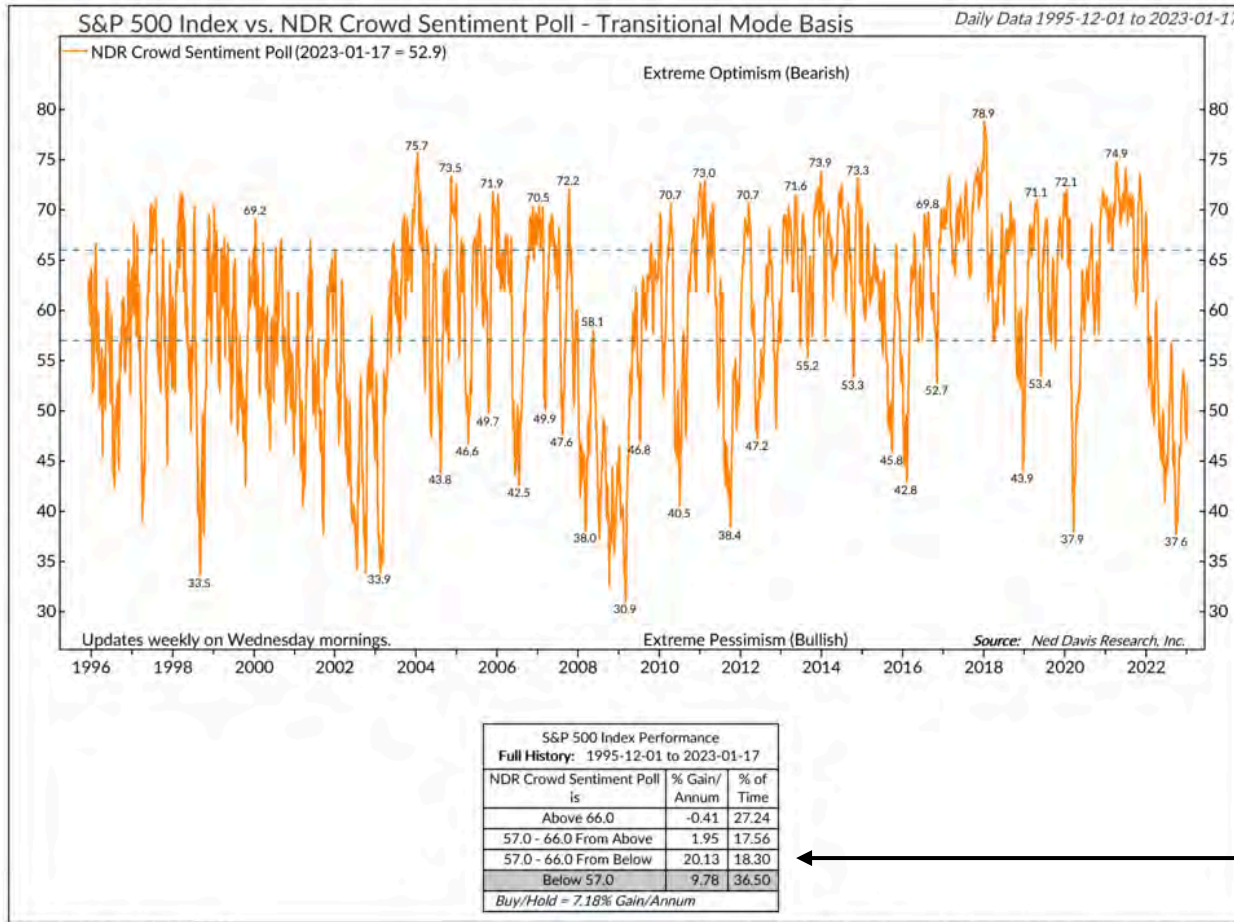


- Despite potentially stronger disinflationary pressures, market makers and the Fed have not meaningfully changed their expectations for the Federal Funds Rate (FFR) in the last month.
- If inflation recedes faster than expected, FFR expectations would also recede. This would support equity and bond markets.
- Investors remain skeptical of the Fed's interest rate policy.



Calculations are based on end of day closing prices from the FactSet Futures Prices Database. Please note that the data may not match with other sources due to differences in timings of the snapshots taken of the futures prices and methodology.

Sentiment



Investors remain pessimistic.

Stock markets tend to do better when there is healthy skepticism and fear, and/or when that skepticism and fear dissipates.

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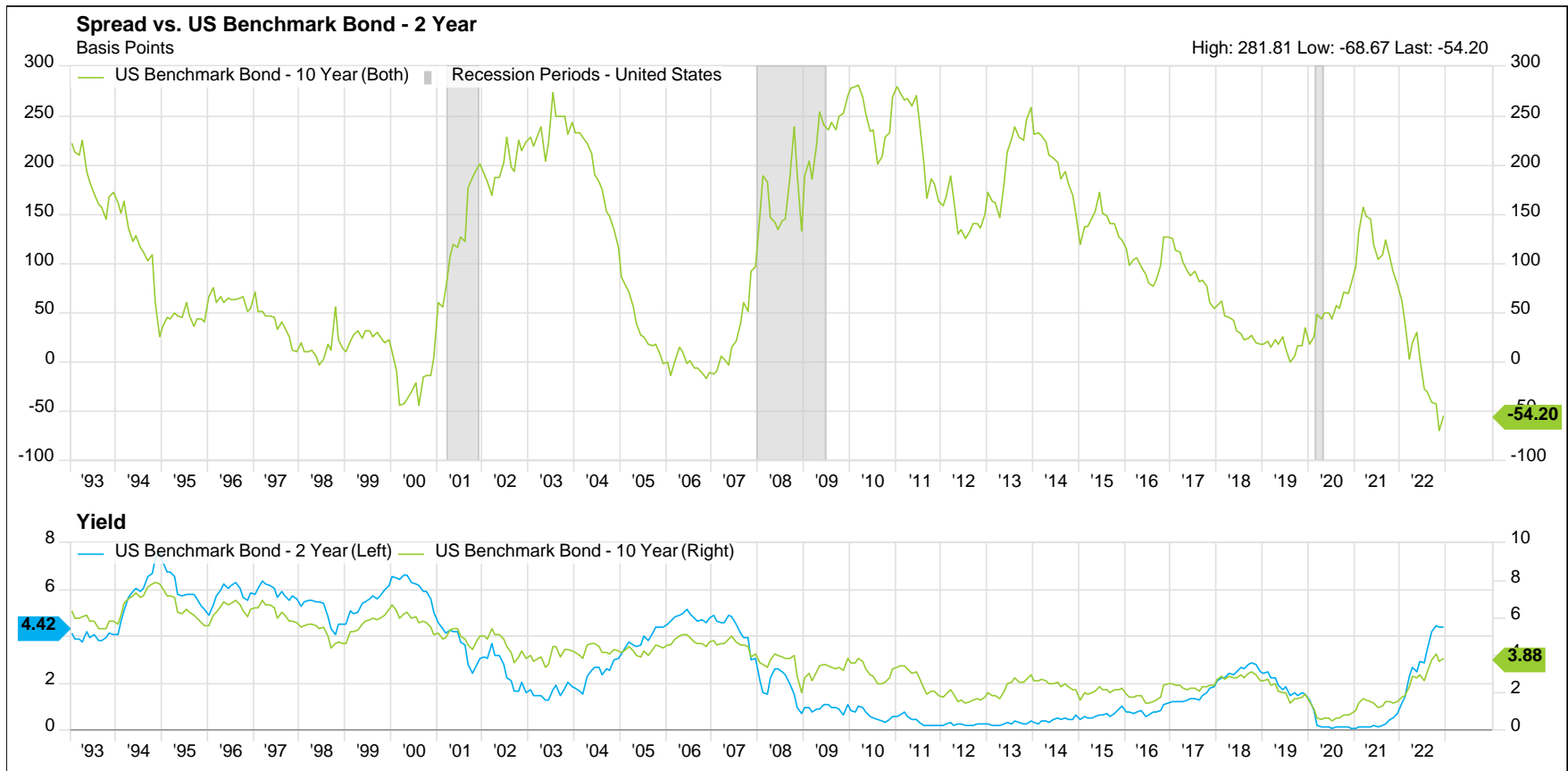


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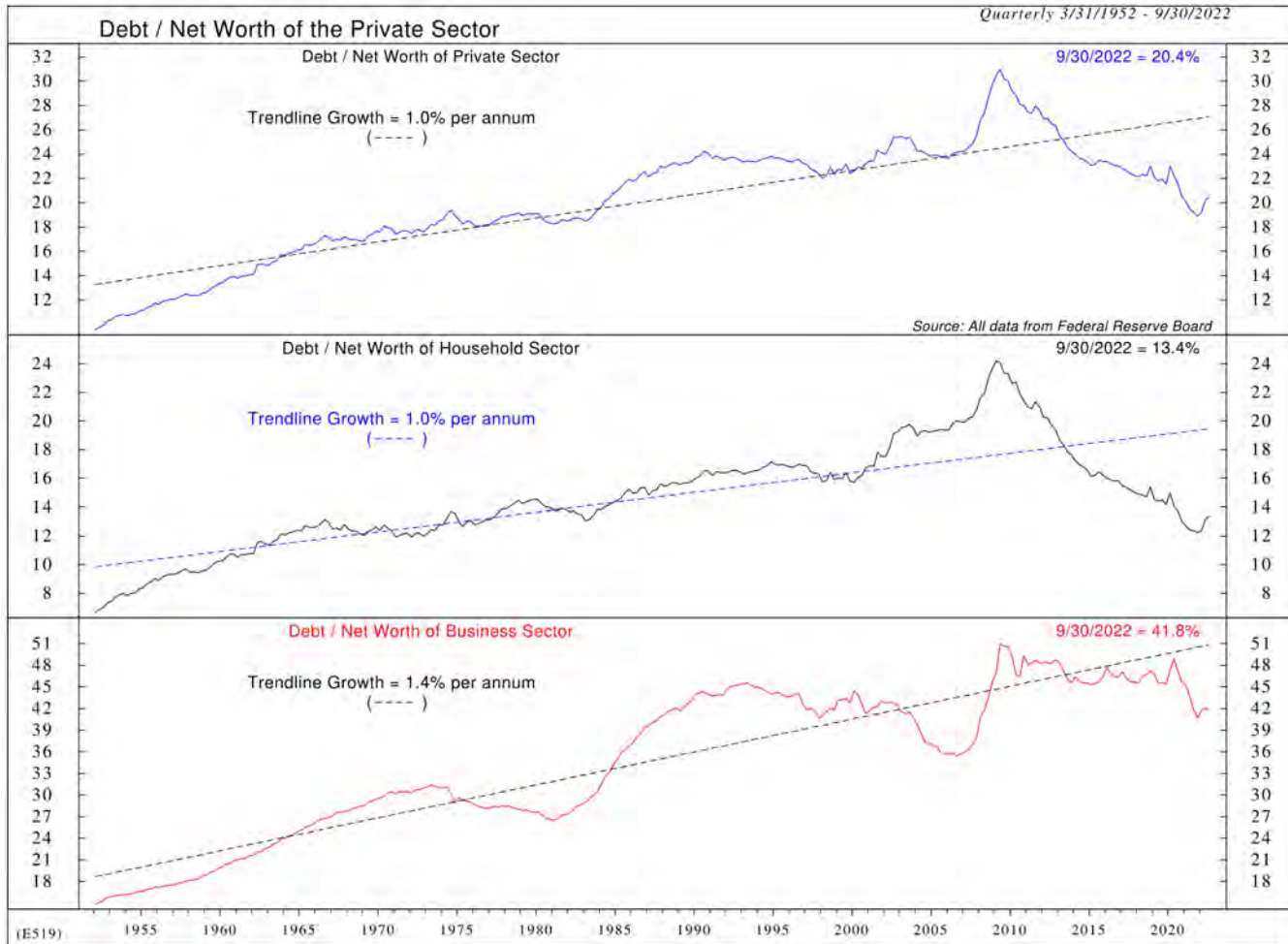
Yield Curve



- The 10-2 spread on the U.S. Treasury Yield Curve is negative 54.2 basis points (-.542%). This has historically implied a recession is imminent.
- However, the yield curve is also pricing in higher inflation near term, and lower inflation longer-term (*investors demand a higher yield at the short-end of the curve to compensate for this*). It is unclear how much of the inversion is due to an impending recession.



Balance Sheet Resilience

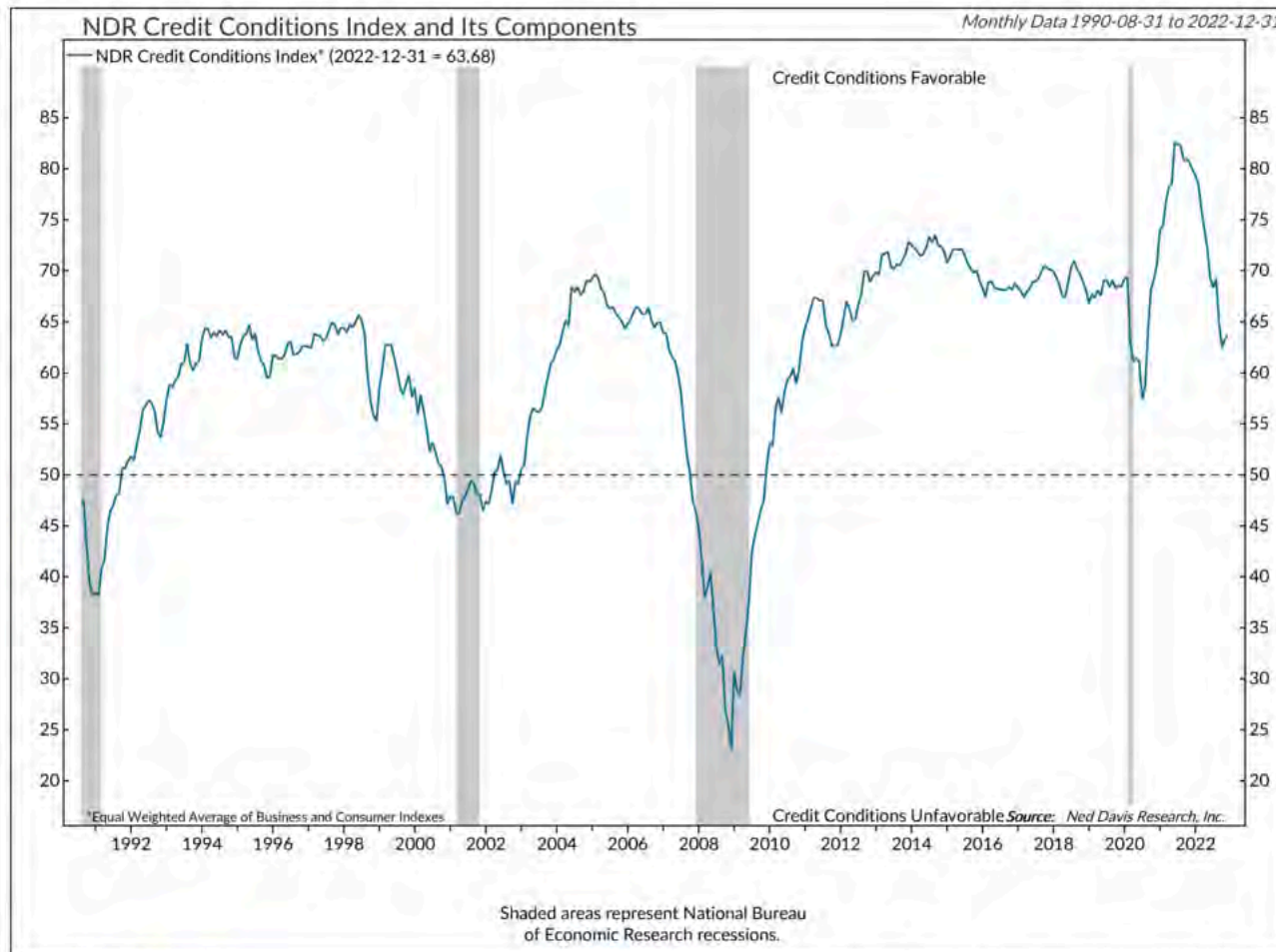


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If a recession is imminent, unlike recessions of the past, debt/net worth of the private sector is low relative to history.

It is less likely anything more than a mild recession would occur when the private sector is this resilient.

Credit Conditions



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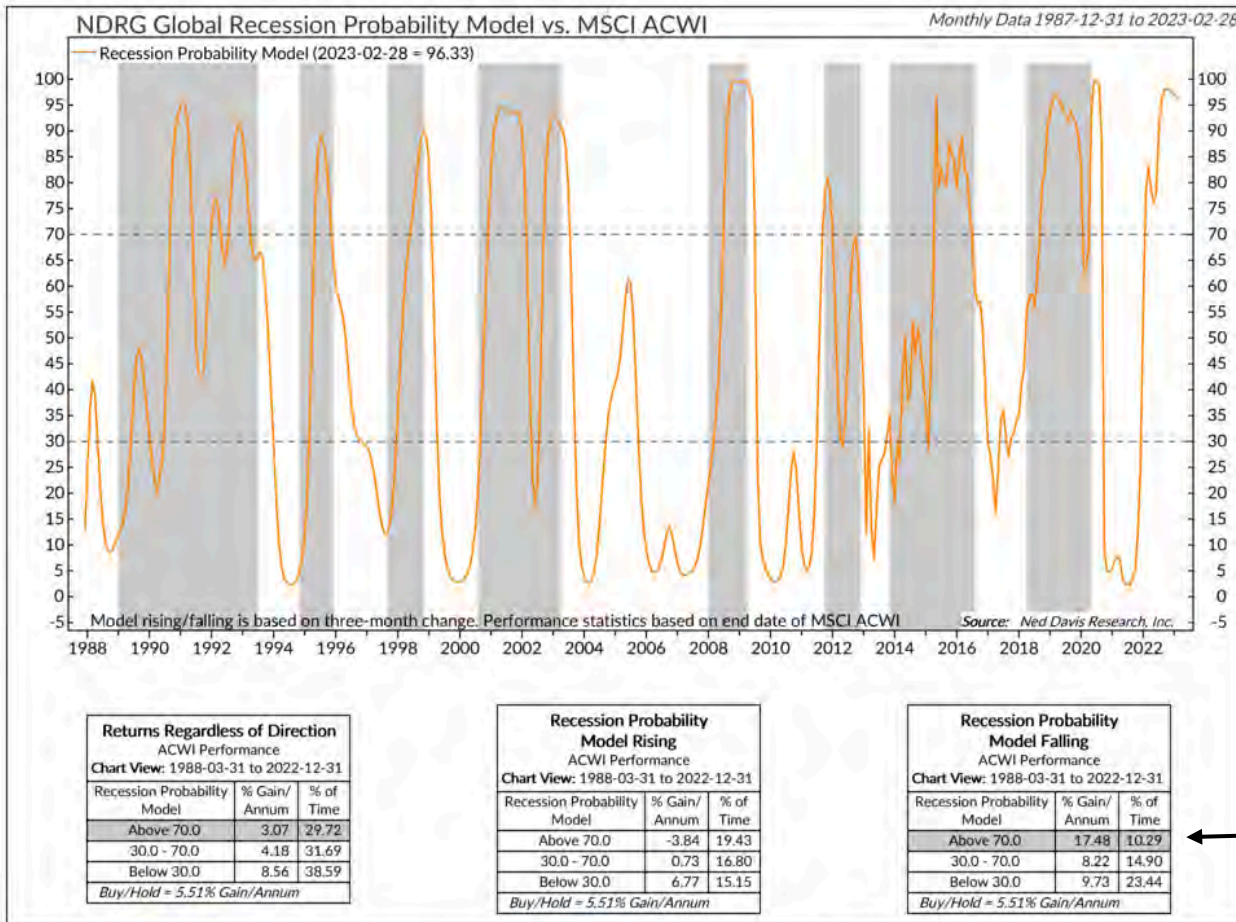


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In addition, credit conditions remain favorable; these conditions usually dip into negative territory before major recessions. This also implies any recession would likely be mild.

This index objectively measures cost and availability of credit. Tight credit is associated with weak growth and below average equity returns.

Recessions and Markets



The All-Cap World Index (ACWI) does best when this recession model falls in the “high probability” zone.

In other words, stocks do best when investors can make reasonable predictions about when a recession, or potential recession, will end.

With the end of the Fed’s tightening cycle in sight, investors can start to make reasonable assumptions about when the current economic environment will shift to be more favorable.

This recession probability model is based on a composite of leading indicators of 35 countries.

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Conclusion

- Stock markets are forward indicators, and stock market trends and technical signals lean positive.
 - Investors should start to think about adding equities to their portfolios.
- Inflation is coming down, maybe faster than most expect, and the economy has stayed resilient.
- Lingering uncertainty about Fed policy and Inflation could keep markets volatile near term.

Appendix

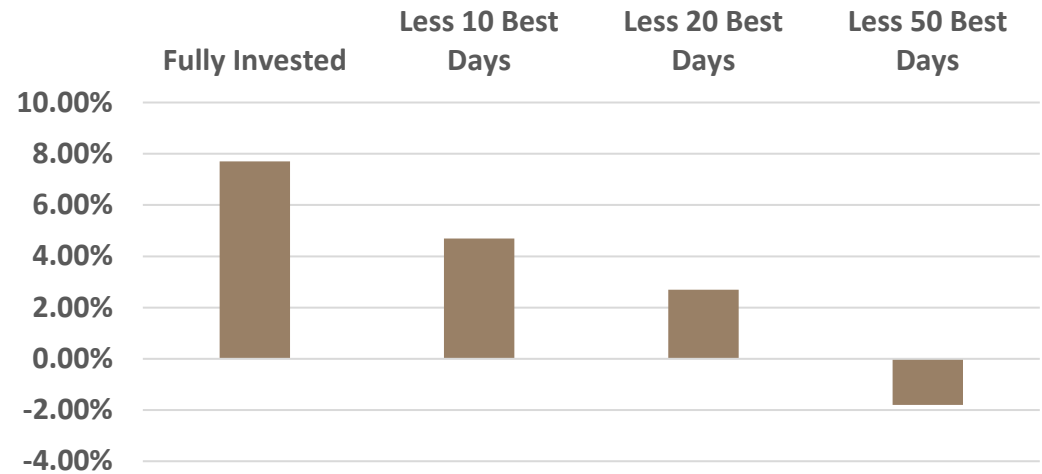
- Market History Charts
- Unemployment
- Valuations
- Market History
- Bitcoin
 - Overview
 - Valuation
- Argent Investment Strategies



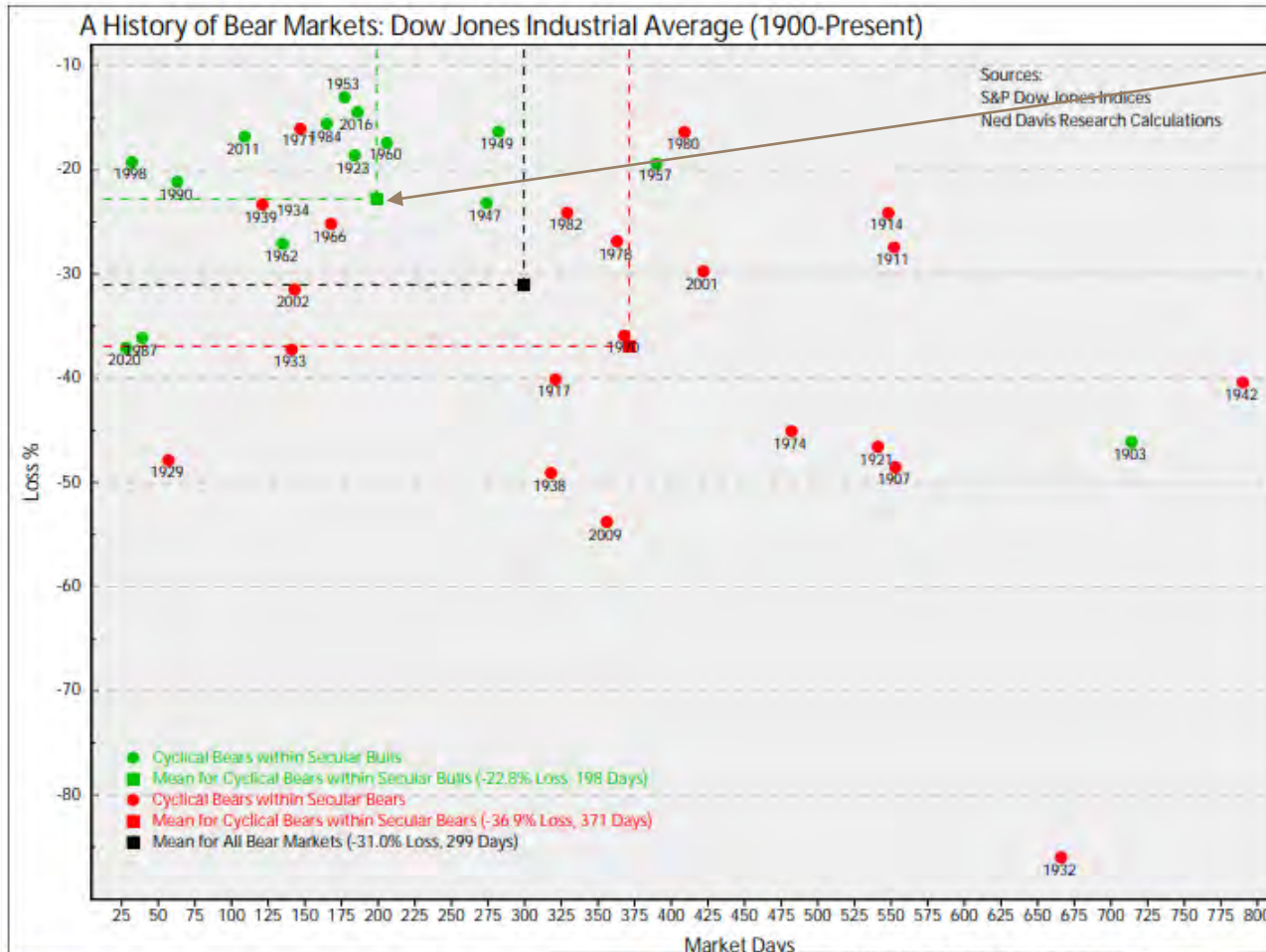
Market History Chart 1:

*Best to
Stay
Invested*

S&P 500 Compound Annual Growth Rate
January 1, 1995 - September 30, 2022



Market History Chart 2: Bear Markets



We were about here in October, when the S&P 500 hit its recent low.

The average for a “cyclical bear within secular bull.”

Averages are calculated on the bottom left.

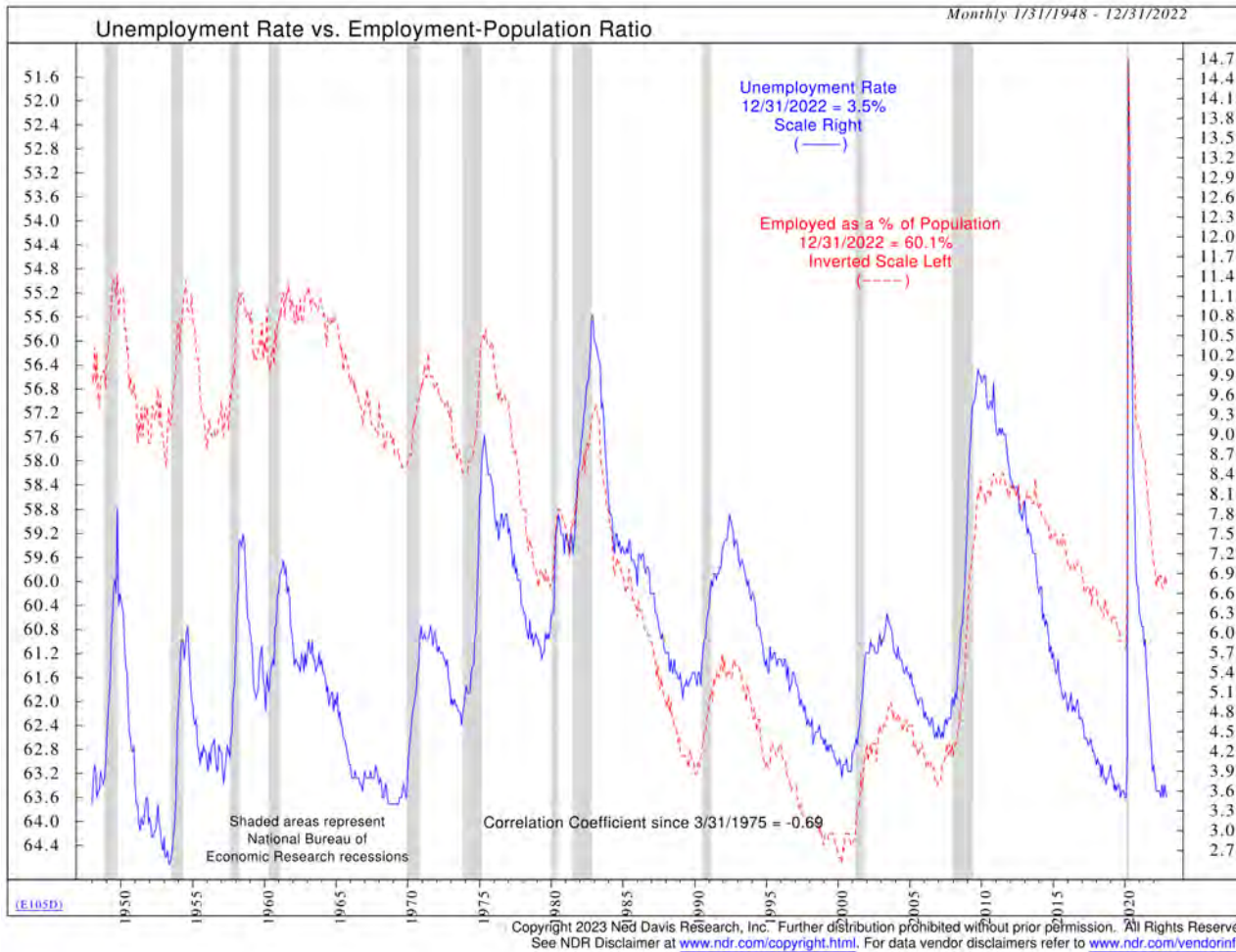
Green dots are associated with shallow bear markets, red dots with deep bear markets, and the black square is the average.

S0202C



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Unemployment



Unemployment is a backward-looking indicator but has remained resilient despite Fed Policy.

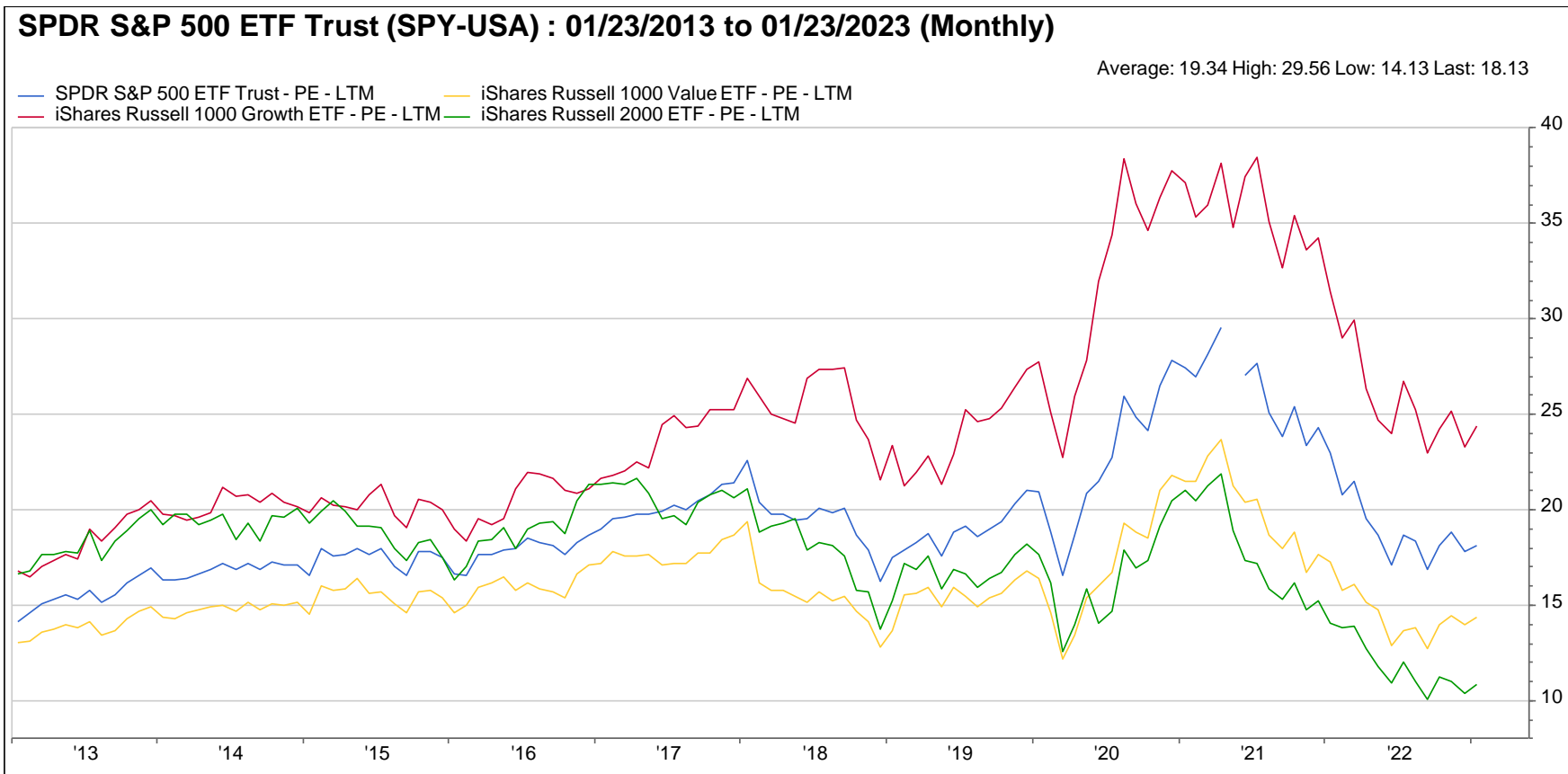
Notice employed as a percent of the population is still below pre-pandemic levels.

Unemployment rate measures those that are unemployed and looking for work.

Valuations 1



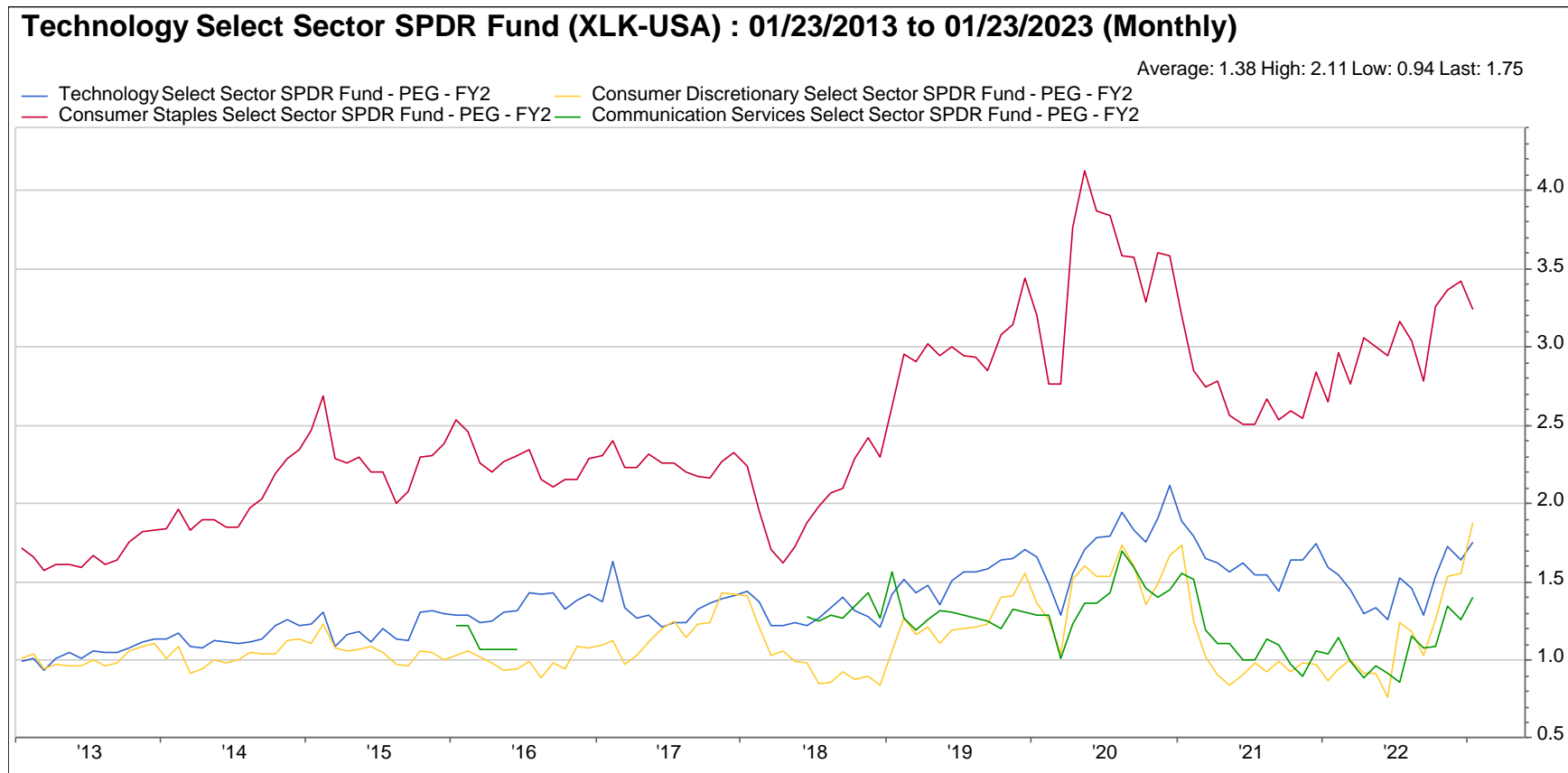
- Index valuations have come down significantly.
- Small cap looks particularly attractive.



Valuations 2



- More cyclical, higher beta sectors look more attractive on a (price/earnings)/growth basis.
- Upon a new bull market, expect more cyclical sectors to outperform.



Bitcoin, Cryptocurrency, and Blockchain Technology



Bitcoin as a monetary good.

Money is durable, divisible, fungible, portable, verifiable, and scarce.

Bitcoin possesses the scarcity and durability of gold, with the ease of use, storage, and transportability of fiat (even improving on it).

Only 21 million bitcoins will ever be created. Inflation rate is set, as opposed to Fiat, where no one knows the inflation rate.

It allows the oppressed, underbanked, and those around the world living in unstable currency or political regimes (over 80% of the world) to have more control of their life.

ESG: For extensive review on the case that BTC is an ESG asset, see articles by Daniel Batten and his team:

<https://bitcoinmagazine.com/authors/daniel-batten>

Source: Argent Wealth Management, 11/17/2022

	<u>Bitcoin (BTC)</u>	<u>Fiat Currency (\$)</u>	<u>Gold</u>
Scarce	Yes	No	Yes
Durable	Yes	No	Yes
Easily divisible	Yes	Yes	No
Portable	Yes	Yes	No
Verifiable	Yes	Yes	No
Permissionless	Yes	No	No
Decentralized	Yes	No	No
Secure	Yes	Yes	Yes
Transparent	Yes	No	No
Fixed amount	Yes	No	No
Regulated	More needed	Yes	Yes
Banking Freedom	Yes	No	No
Mined	Yes	No	Yes

It is a decentralized peer-to-peer payment network that is powered by its users with no central authority or middlemen.

Triple entry bookkeeping system.

<http://financialcryptography.com/mt/archives/001325.html>

Users have full control over their money with no government or central authority.

Transactions are secure, irreversible, and do not contain any personal information.

BTC Valuation



- Realized Value (RV) = Average price paid by all holders
- Market Value (MV) = Current price of Bitcoin
- Historically, BTC rarely goes below 1. When it does, it has been a good buying opportunity.

Market Value to Realised Value

MVRV is calculated by dividing Market Value by Realised Value. In Realised Value, BTC prices are taken at the time they last moved, instead of the current price like in Market Value



Argent Investment Strategies



www.argentwm.com/investment-strategies.html

Macro Asset Allocation (for over 25 years).

- ETF & Mutual Fund versions
- Tactical Macro Strategy

Argent Stock Strategies – Focused on long-term societal and macro trends (since 2012).

- High Dividend
- Value
- Growth
- Long/Short

Private Equity and Real Estate (since 2006)

For fact sheets and performance, please reach out to mrstuccia@argentwm.com

Biography



*Matt Sapir Ristuccia, MBA, CFA
Chief Investment Officer*

Matt is Argent's Chief Investment Officer (CIO). Matt joined Argent in 2011 as an Analyst. In 2013 Matt was named Director of Investment Research, and in 2017 Matt was named Co-CIO before being named CIO in 2019.

As the CIO, Matt leads all aspects of Argent's investment programs and processes. This includes setting the direction and oversight of internal and external asset allocation strategies, equity strategies, fixed income strategies, and private equity and private real estate investments.

Matt joined Argent in 2011 after graduating summa cum laude (top 5% of class) from Olin Graduate School of Business at Babson College where he also received The Student Leadership Award. Matt completed all three levels of the CFA program in 2011 as well. The CFA Designation is globally recognized as the highest set of credentials in the investment management industry. In 2017 Matt completed the Investment Management Workshop at Harvard Business School (HBS). Started in 1968, this selective executive education program brings together leading HBS faculty with leading investment executives from around the world and focuses on investment and business strategy.

At Babson Matt was selected to help manage Babson's Endowment specializing in healthcare stocks. During this time Matt worked closely with the head of this program who was the former Head of U.S. Equity Research at Fidelity. Matt received his B.A. from Wheaton College where he was a First Team All-New England soccer player and helped lead the team to a final four appearance in 2003. Before attending Olin and after graduating in 2005, Matt worked with his grandfather, Louis Sapir, an esteemed disciple of Benjamin Graham, "the father of value investing."

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