

The background features a dark blue gradient with a faint, light blue line graph and several vertical bars of varying heights, resembling a candlestick or bar chart. The text is centered and white, with a small orange horizontal line above the main title.

Argent 
Wealth Management, LLC

Market View

June 2023

Matt Sapir Ristuccia | Chief Investment Officer



Conclusion

- Stock market signals are more positive than negative.
- Investors remain uncertain about the impact of Fed policy on the economy.
- The main risk remains the Fed has or will tighten too much, and a recession is looming in late 2023 and 2024.
- However, consumer and business balance sheets remain strong, so any slowdown would likely be mild.

S&P 500



- The S&P 500 shows a clear pattern of higher highs and higher lows since the bottom of October 2022.
- However, the S&P 500 is still off from its all-time highs.
- If the bull market continues, expect new highs.



Market History: S&P 500



↓ previous year + ↑ Q1 = + for rest of year

S&P 500 Index Performance After Previous Year Down and Q1 Up

Year	Previous Year (%)	Q1 (%)	Q2 - Q4 (%)
1954	-6.6	8.6	33.6
1958	-14.3	5.3	31.1
1961	-3.0	12.0	10.0
1963	-11.8	5.5	12.7
1967	-13.1	12.3	7.0
1975	-29.7	21.6	8.2
1991	-6.6	13.6	11.2
1995	-1.5	9.0	23.0
2012	0.0	12.0	1.3
2016	-0.7	0.8	8.7
2019	-6.2	13.1	14.0
2023	-19.4	7.0	??
Mean	-8.5	10.3	14.6
Median	-6.6	12.0	11.2
% Positive	0.0	100.0	100.0
All Periods Mean	8.7	2.1	6.5

2023 returns not included in summary statistics. Source: S&P Dow Jones Indices.

Ned Davis Research

T_BF23_02.1

When the previous year is negative, and the first quarter of the subsequent year is positive, the rest of the year is positive 100% of the time by an average of 14.6%.

The S&P 500 is up about 2.4% since the end of Q1 as of 5/30/2023.

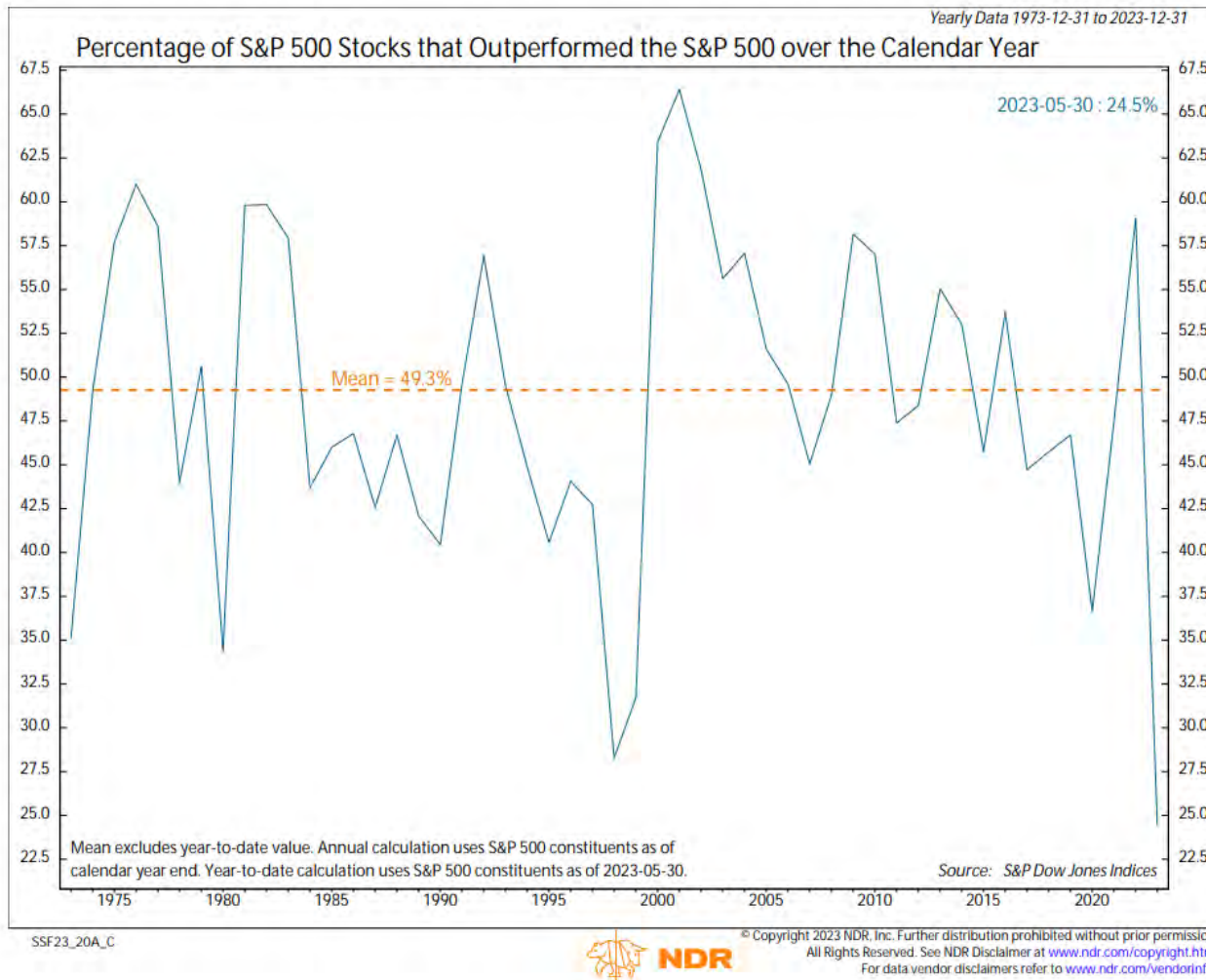
ACWI (All Cap World Index)



- The ACWI shows a similar pattern as the S&P 500.



Narrow Leadership



Despite a strong pattern from the ACWI and S&P 500, the percentage of stocks outperforming the S&P 500 is only 24.5%.

Leadership is narrow.

More breadth to the upside would be healthier.

Breadth



Small > large after periods of narrow leadership

Russell 2000/1000 Ratio Performance After Percent of S&P 500 Stocks Outperforming Index in Last Three Months Falls Below 30%

Date	21 Days Later (%)	63 Days Later (%)	126 Days Later (%)	252 Days Later (%)
3/27/80	3.2	6.6	20.0	26.2
12/11/80	1.6	5.5	15.5	7.6
9/10/99	-1.3	-0.2	27.6	6.3
3/21/00	-7.5	-3.8	-4.0	5.8
8/31/20	0.3	11.3	27.3	11.7
4/5/23	-0.6	N/A	N/A	N/A
Mean	-0.7	3.9	17.3	11.5
Median	-0.1	5.5	20.0	7.6
% Positive	50.0	60.0	80.0	100.0
All Periods Mean	0.0	0.1	0.2	0.4

Three months = 63 trading days. Repeat signals over 126 trading days screened out.
Sources: S&P Dow Jones Indices, FTSE Russell.

Ned Davis Research

T_SSF23_20.2

After periods of narrow leadership, small cap stocks have outperformed historically.

One year later, they have outperformed large cap stocks by a median of 7.6% and have outperformed large cap stocks 100% of the time.

Small Cap Stocks



- Narrow leadership is partly due to Silicon Valley Bank's (SVB's) collapse.
- Prior to this, small cap and mid cap stocks were outperforming large cap stocks.
- If the bull market were to continue, market breadth would likely increase.

For more on SVB and regional banks see March-April Market View: <https://argentwm.com/blogs/insights/march-april-market-view>

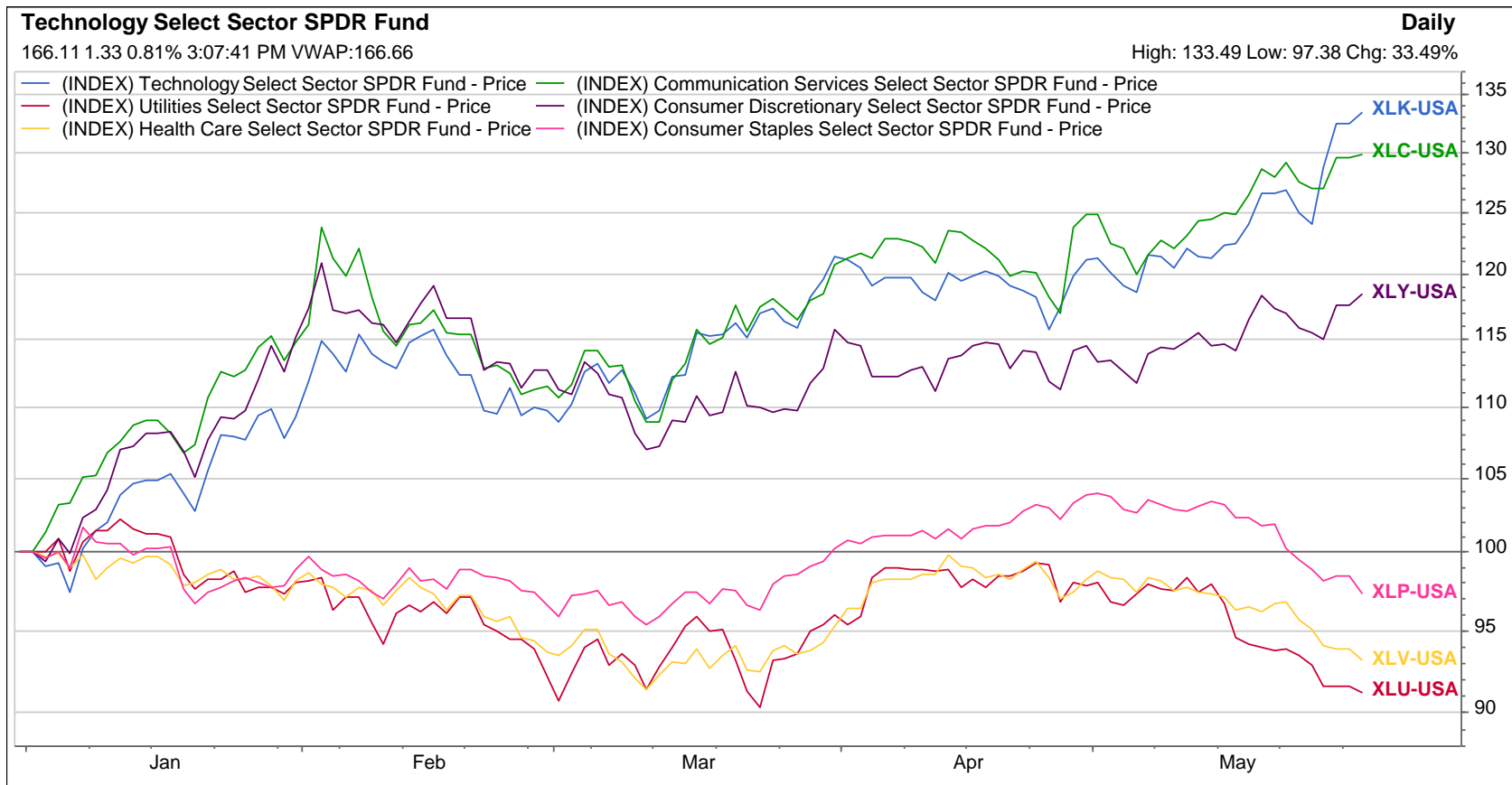


Source: FactSet: 5/30/2023

Sector Returns



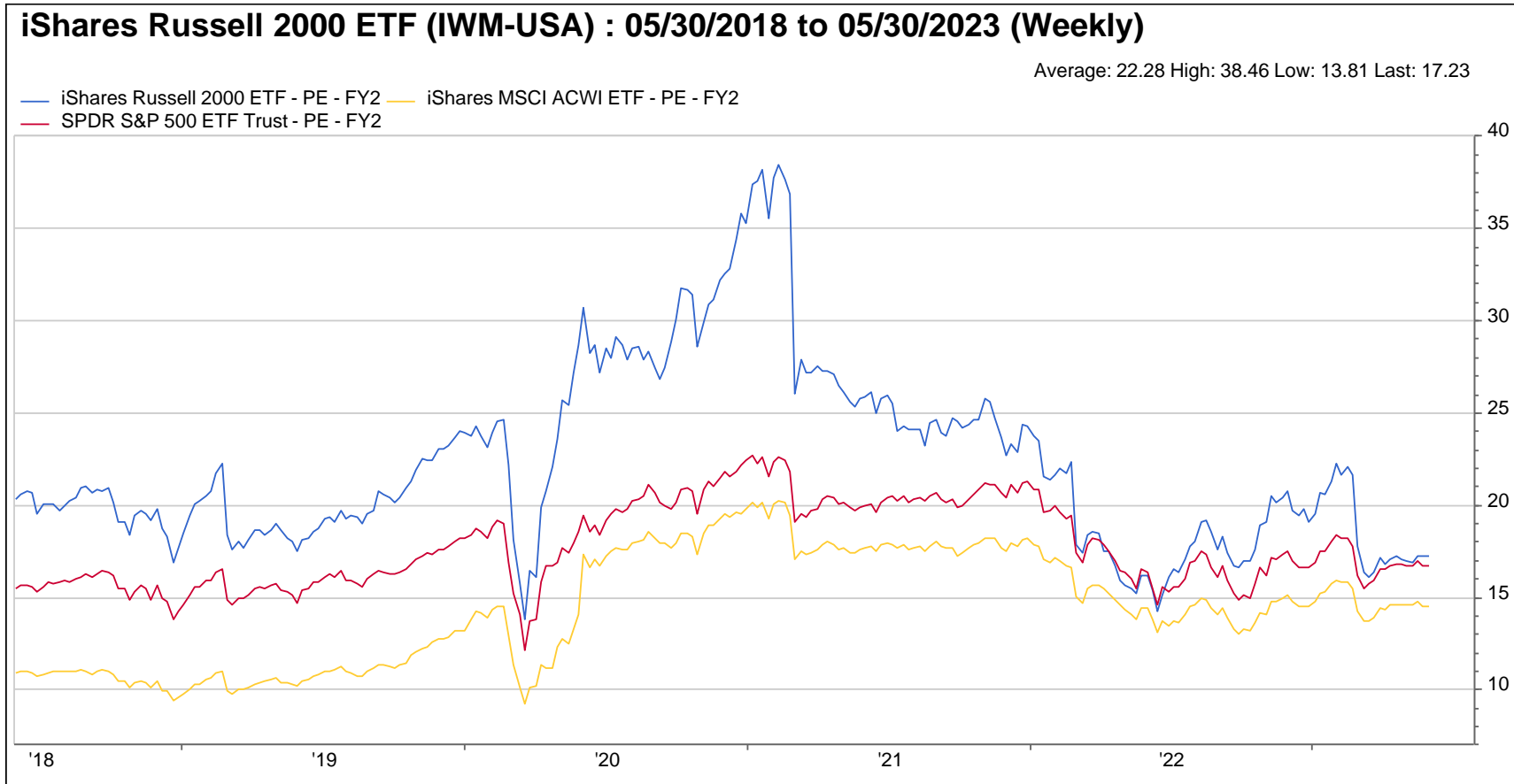
- More economically sensitive sectors (Tech/XLK, Communication Service/XLC, and Consumer Discretionary/XLY) are outperforming less economically sensitive sectors (Consumer Staples/XLP, Healthcare/XLV, and Utilities (XLU)).
- The stock market is a forward indicator, and this type of sector leadership signals investors believe the economy is on a positive trajectory.
- However, if the bull market were to continue, defensive sectors would likely need to participate more.



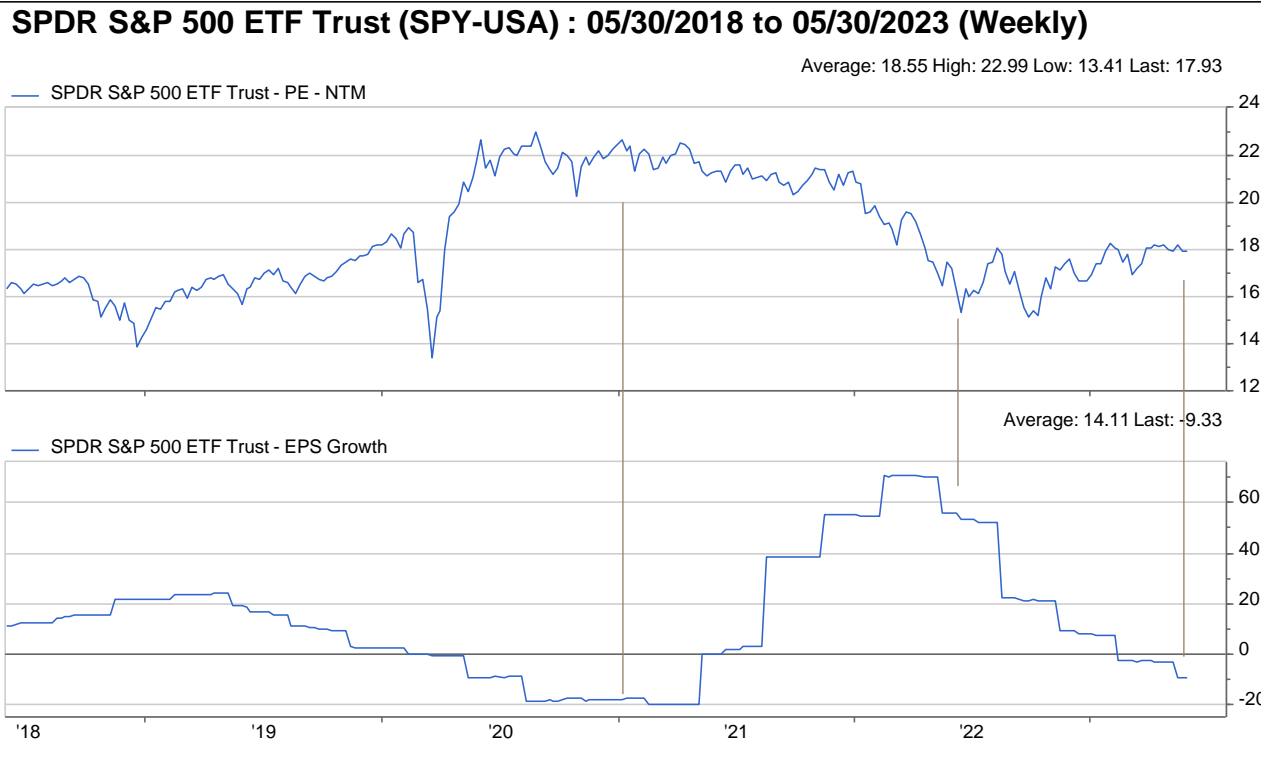
Valuations



- Valuations look reasonable, especially for small cap stocks relative to large cap stocks.
- *Price/Earnings (P/E) tends to be higher at earnings troughs than earnings peaks, and earnings revision signals are turning positive. (next two slides)*



Price-to-Earnings (P/E)



For Q1, 2023, the earnings per share (EPS) growth rate for the S&P 500 ETF SPY is -9.33%.

Historically, when earnings growth is between -20% and 5% the S&P 500 is positive 11.45% annualized since 5/31/2007, and positive 12.88% annualized since 3/31/1927.

Date	4Q EPS (3rd Clip)	Y/Y % Change (2nd Clip)
12/31/2022 (A)	\$172.75	-12.7
03/31/2023 (E)	\$176.28	-10.9
06/30/2023 (E)	\$181.18	-5.8
09/30/2023 (E)	\$187.90	0.4
12/31/2023 (E)	\$201.28	16.5

Average P/E at Earnings Peaks (Down Arrows) = 14.38
 Average P/E at Earnings Troughs (Up Arrows) = 25.50
 Based on Earnings Reversals of 10%

S&P 500 Index Performance		
Full History: 1927-03-31 to 2023-04-30		
Y/Y Earnings Growth (Latest Actual):	% Gain/Annum	% of Time
Above 20	1.50	23.69
Between 5 and 20	6.69	30.95
Between -20 and 5	12.88	36.77
-20 and Below	-9.76	8.59
Buy/Hold = 6.11% Gain/Annum		

S&P 500 Index Performance		
Chart View: 2007-05-31 to 2023-04-30		
Y/Y Earnings Growth (Latest Actual):	% Gain/Annum	% of Time
Above 20	-0.72	25.13
Between 5 and 20	9.91	30.35
Between -20 and 5	11.45	28.80
-20 and Below	-3.13	15.72
Buy/Hold = 6.49% Gain/Annum		

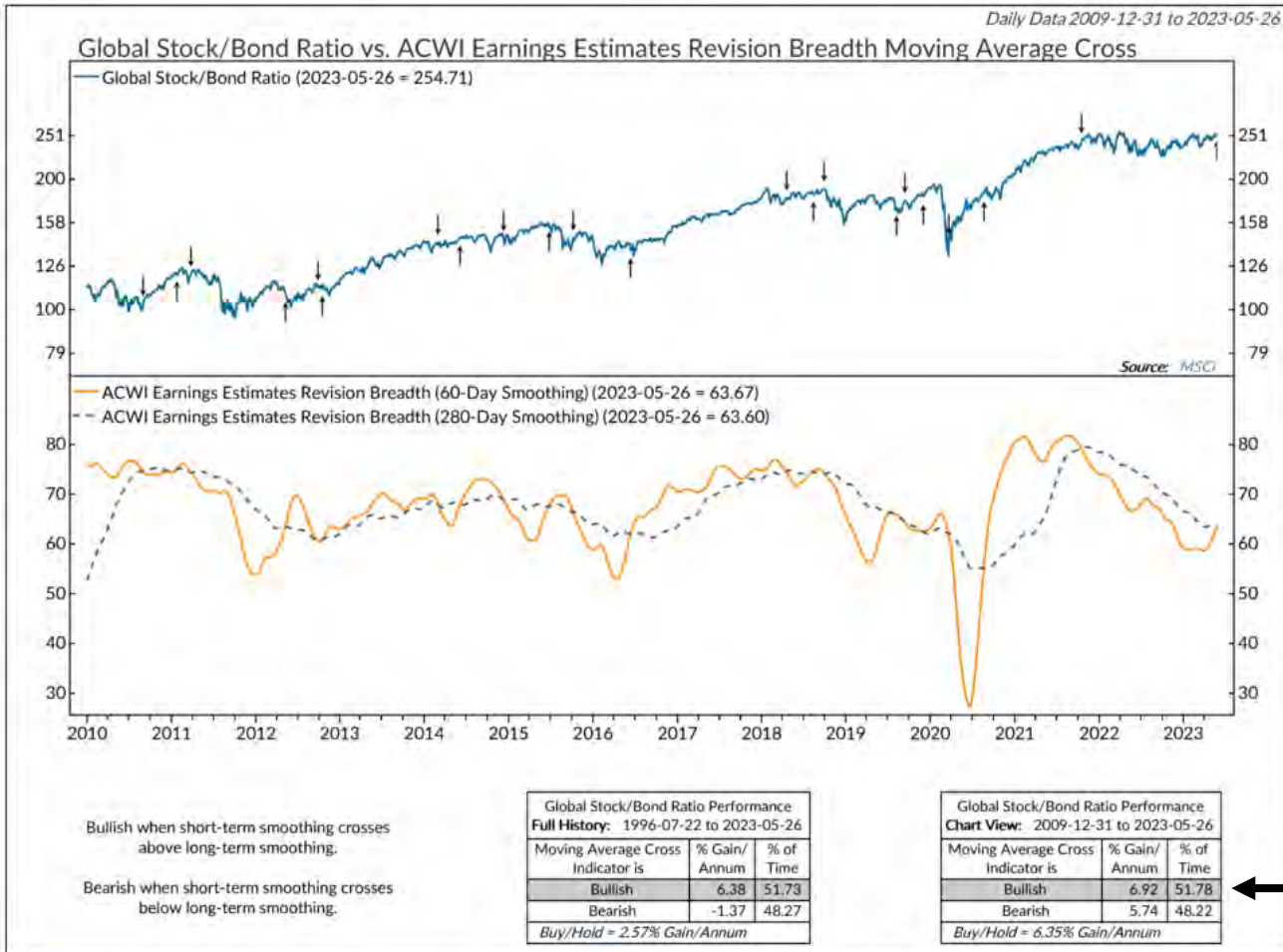
Notably, the average P/E at earnings peaks is 14.38, and the average P/E at earnings troughs is 25.5.

Customized client version of S663



© Copyright 2023 Ned Davis Research, Inc. Further distribution prohibited without prior permission. All Rights Reserved. See NDR Disclaimer at www.ndr.com/copyright.html. For data vendor disclaimers refer to www.ndr.com/vendorinfo/

Earnings



When there are more positive earnings estimate revisions in the last 60 days than there are over the last 280-days it has historically correlated with stock market outperformance versus bonds.

This is also a positive sign for the economy.

Companies would not guide higher if they were forecasting an increase in macro headwinds.

H118

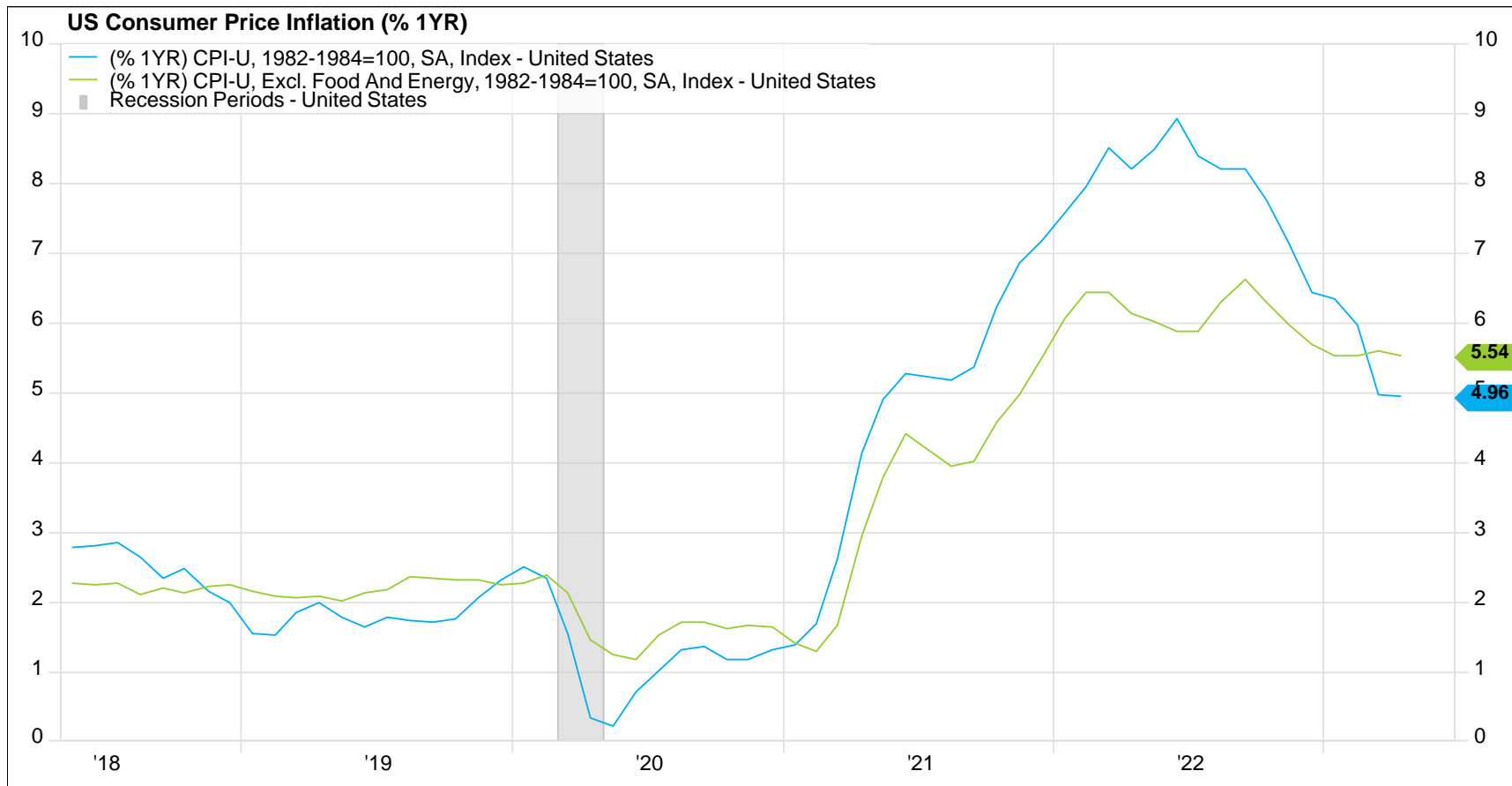


© Copyright 2023 Ned Davis Research, Inc. Further distribution prohibited without prior permission. All Rights Reserved. See NDR Disclaimer at www.ndr.com/copyright.html. For data vendor disclaimers refer to www.ndr.com/vendorinfo/

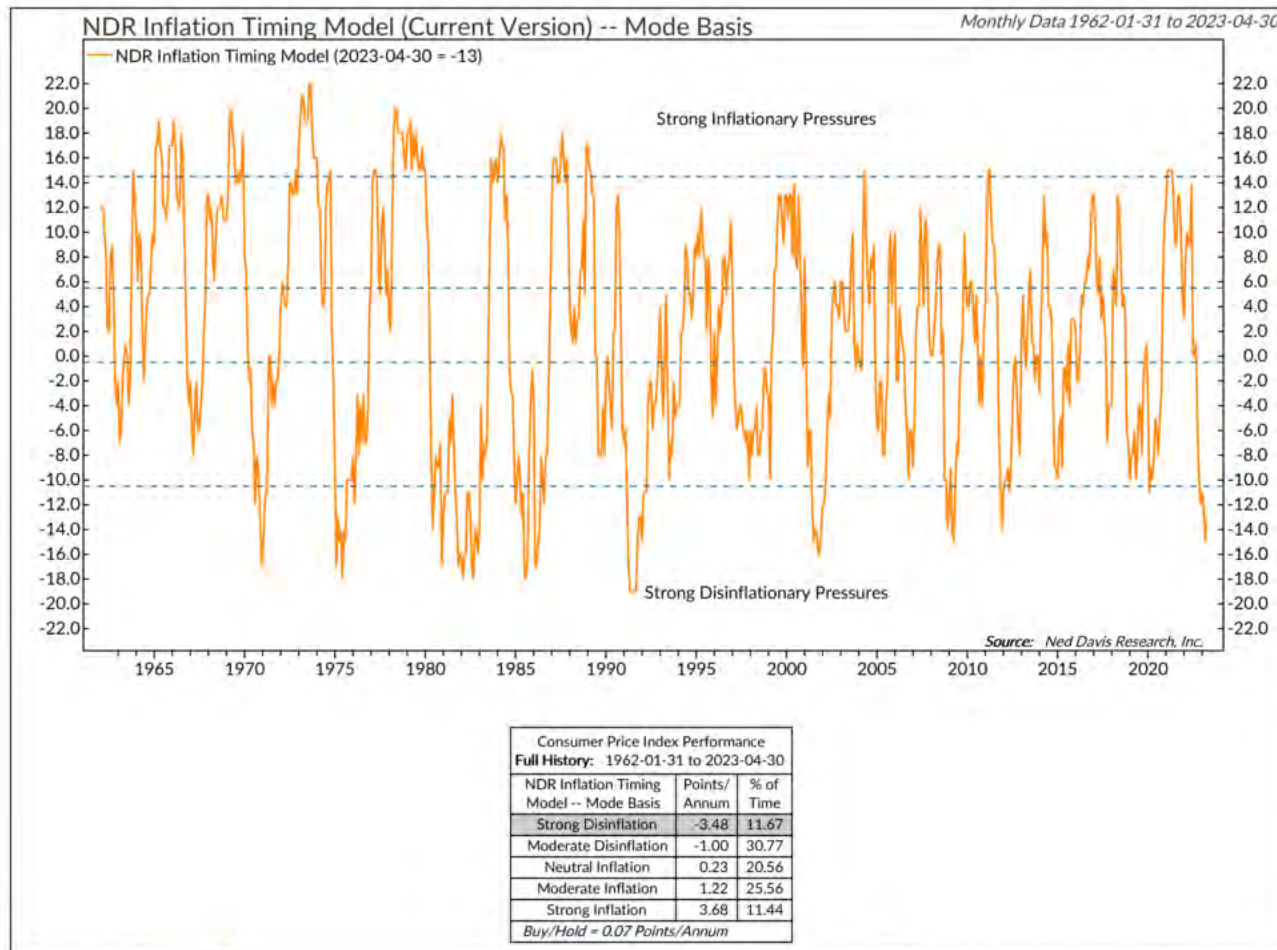
Inflation



- Despite positive stock market signals, economic data remains uncertain.
- Inflation is on a downward trajectory, but the pace of that trajectory is unknown.



Inflation Timing Model



Customized client version of E701



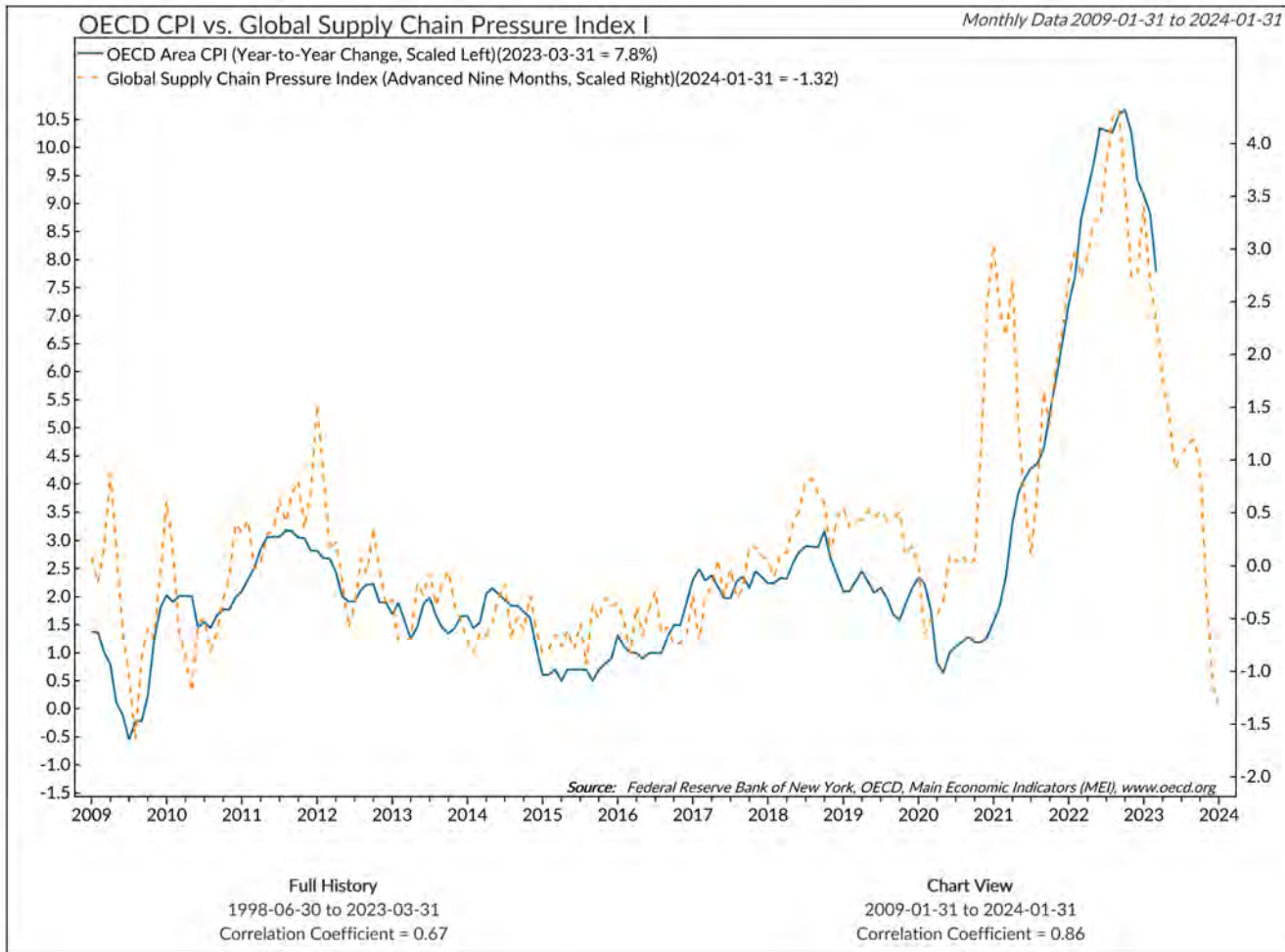
© Copyright 2023 Ned Davis Research, Inc. Further distribution prohibited without prior permission. All Rights Reserved. See NDR Disclaimer at www.ndr.com/copyright.html. For data vendor disclaimers refer to www.ndr.com/vendorinfo/

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.

It is in the strong disinflationary zone, where CPI declines by 3.48 points per-annum.

With core inflation at 5.5% currently, that implies we will hit 2% annual inflation again over the next year.

Supply Chains



IE770



© Copyright 2023 Ned Davis Research, Inc. Further distribution prohibited without prior permission. All Rights Reserved. See NDR Disclaimer at www.ndr.com/copyright.html
For data vendor disclaimers refer to www.ndr.com/vendorinfo/

Supply push inflation, which decreases GDP and increases prices, is now almost non-existent, according to this Global Supply Chain Pressure Index, which leads CPI by 9 months with a .86 correlation.

Therefore, continued inflation will be driven by demand pull inflation.

Unlike supply push inflation, demand pull inflation increases GDP and prices.

The Fed can control demand pull inflation much more than supply push inflation.

Published by the Federal Reserve Bank of New York, the Global Supply Chain Pressure Index (GSCPI) is a composite of 27 indicators of supply chain pressure.

The Federal Reserve



- If inflation remains on a downward trajectory, then the Fed can stop raising the FFR (Federal Funds Rate) and may even lower the FFR.
- Currently, investors expect the Fed to potentially increase the FFR one more time to 5.25-5%, then pause, and even lower the FFR by the end of 2023 or the beginning of 2024.

Current Probabilities Across All Meetings and Possible Outcomes (BPS)

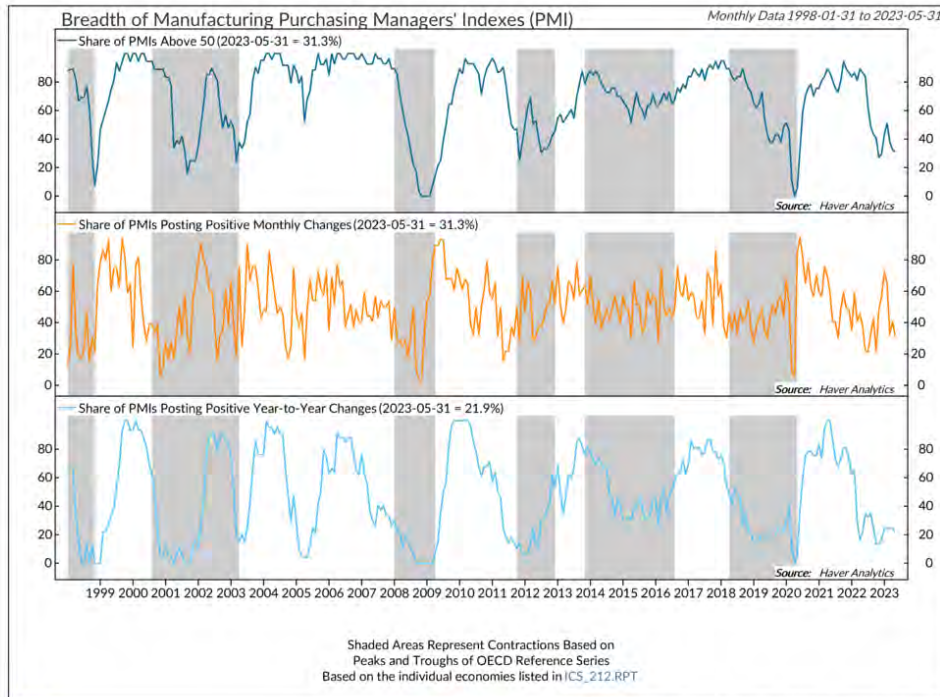
Meeting Date	350-375	375-400	400-425	425-450	450-475	475-500	500-525	525-550	550-575	575-600
06/14/2023	-	-	-	-	-	-	40.0%	60.0%	-	-
07/26/2023	-	-	-	-	-	-	23.2%	51.6%	25.2%	-
09/20/2023	-	-	-	-	-	5.1%	29.4%	45.8%	19.7%	-
11/01/2023	-	-	-	-	2.5%	17.2%	37.6%	32.8%	9.9%	-
12/13/2023	-	-	-	1.4%	10.8%	28.7%	34.9%	19.9%	4.3%	-
01/31/2024	-	-	0.9%	7.2%	21.9%	32.5%	25.6%	10.2%	1.6%	-

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.

- **Since inflation is mostly demand pull now, up revisions of the FFR would occur on economic strength. In this case, inflation would remain higher than expected.**
- **Down revisions of the FFR would occur on economic weakness. In this case, inflation would likely come down faster than expected.**
- **In either case, the Fed has room to go up or down based on the economy. This is not an unhealthy place for the Fed and the economy to be, despite a lot of negative media attention about the Fed.**



- Negative economic trends along with falling prices may mean the Fed does not increase rates as expected at the next meeting.
- That could be a catalyst for markets.



IE2508 © Copyright 2023 Ned Davis Research, Inc. Further distribution prohibited without prior permission. All Rights Reserved. See NDR Disclaimer at www.ndr.com/copyright.html. For data vendor disclaimers refer to www.ndr.com/vendorinfo/

MANUFACTURING AT A GLANCE May 2023

Index	Series Index May	Series Index Apr	Percentage Point Change	Direction	Rate of Change	Trend* (Months)
Manufacturing PMI®	46.9	47.1	-0.2	Contracting	Faster	7
New Orders	42.6	45.7	-3.1	Contracting	Faster	9
Production	51.1	48.9	+2.2	Growing	From Contracting	1
Employment	51.4	50.2	+1.2	Growing	Faster	2
Supplier Deliveries	43.5	44.6	-1.1	Faster	Faster	8
Inventories	45.8	46.3	-0.5	Contracting	Faster	3
Customers' Inventories	51.4	51.3	+0.1	Too High	Faster	2
Prices	44.2	53.2	-9.0	Decreasing	From Increasing	1
Backlog of Orders	37.5	43.1	-5.6	Contracting	Faster	8
New Export Orders	50.0	49.8	+0.2	Unchanged	From Contracting	1
Imports	47.3	49.9	-2.6	Contracting	Faster	7
OVERALL ECONOMY				Contracting	Faster	6
Manufacturing Sector				Contracting	Faster	7

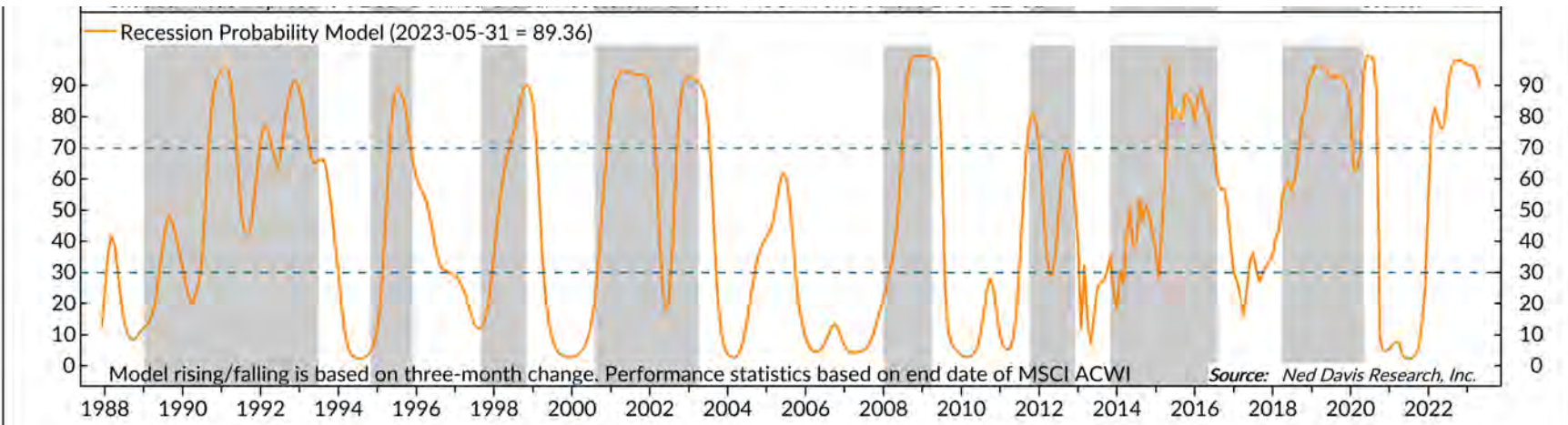
Manufacturing ISM® Report On Business® data is seasonally adjusted for the New Orders, Production, Employment and Inventories indexes.
*Number of months moving in current direction.

The Purchasing Managers' Index (PMI) is a forward indicator meant to measure the prevailing direction of economic trends in the manufacturing and service sectors by taking a poll of various purchasing managers. A reading above 50 is considered expansion, and a reading below 50 is considered contraction.

Recession



- This indicator implies the world was already in a recession or is in one now.
- When this indicator is in the high probability zone but falling, stock markets tend to outperform.



Returns Regardless of Direction ACWI Performance Chart View: 1987-12-31 to 2023-03-31		
Recession Probability Model	% Gain/Annum	% of Time
Above 70.0	3.61	30.00
30.0 - 70.0	4.21	31.49
Below 30.0	9.35	38.51
<i>Buy/Hold = 5.98% Gain/Annum</i>		

Recession Probability Model Rising ACWI Performance Chart View: 1987-12-31 to 2023-03-31		
Recession Probability Model	% Gain/Annum	% of Time
Above 70.0	-3.84	19.15
30.0 - 70.0	0.82	16.80
Below 30.0	8.77	15.40
<i>Buy/Hold = 5.98% Gain/Annum</i>		

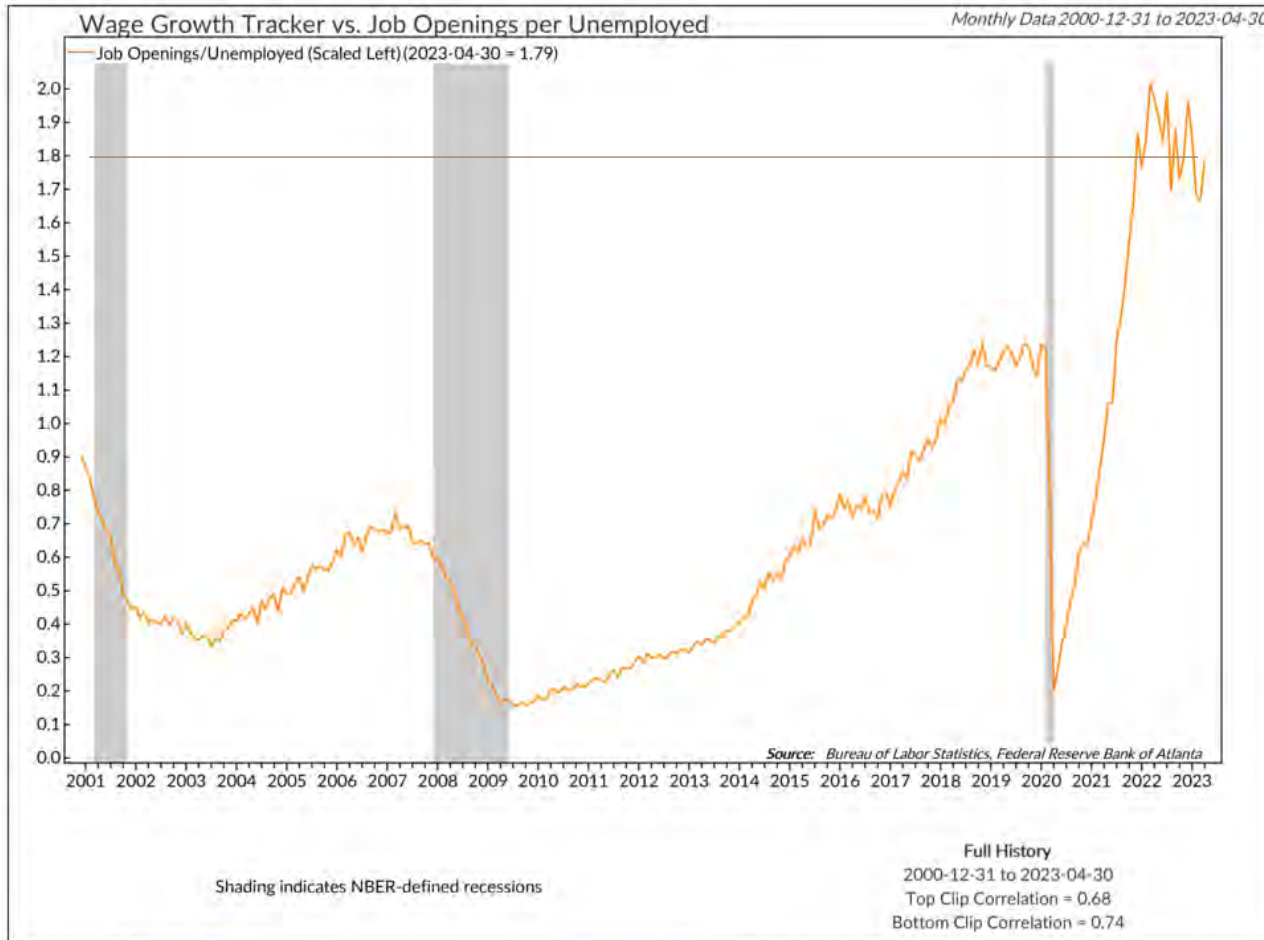
Recession Probability Model Falling ACWI Performance Chart View: 1987-12-31 to 2023-03-31		
Recession Probability Model	% Gain/Annum	% of Time
Above 70.0	18.22	10.84
30.0 - 70.0	8.22	14.69
Below 30.0	9.73	23.11
<i>Buy/Hold = 5.98% Gain/Annum</i>		

IE90B



© Copyright 2023 Ned Davis Research, Inc. Further distribution prohibited without prior permission. All Rights Reserved. See NDR Disclaimer at www.ndr.com/copyright.html. For data vendor disclaimers refer to www.ndr.com/vendorinfo/

Employment Situation



Customized client version of [E168!](#)



© Copyright 2023 Ned Davis Research, Inc. Further distribution prohibited without prior permission. All Rights Reserved. See NDR Disclaimer at www.ndr.com/copyright.html. For data vendor disclaimers refer to www.ndr.com/vendorinfo/

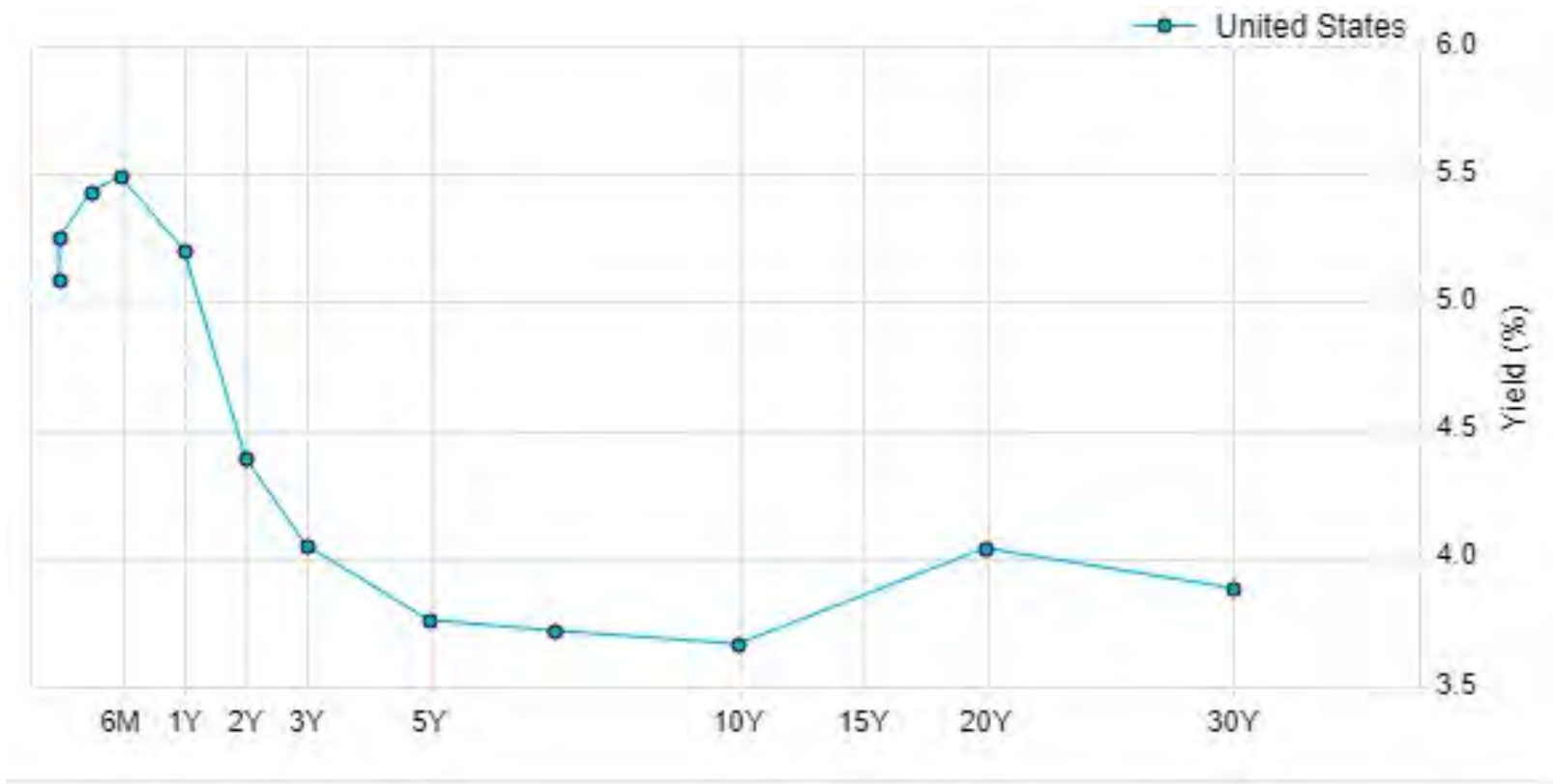
There remains 1.8x the amount of job openings per unemployed in the U.S., suggesting there remains more demand than supply for labor, and unemployment conditions are likely to remain somewhat tight near term.

A tight labor market is supportive of economic growth.

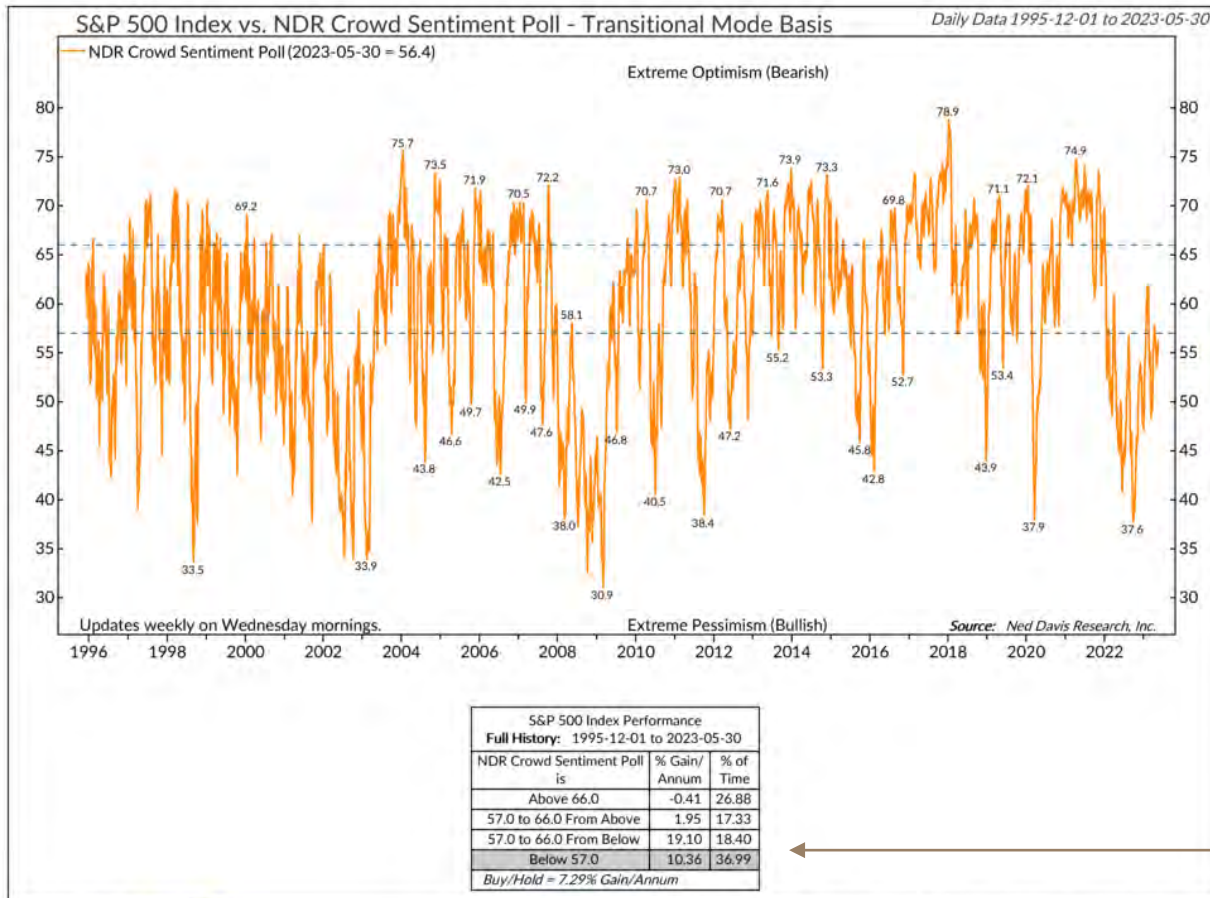
Yield Curve



- The yield curve is inverted (short-term yields are generally higher than long-term yields).
- Historically this portends a recession.
- The yield curve is also a reflection of inflation expectations. Investors expect inflation to be high in the short-term and come down longer-term.



Sentiment



Customized client version of [SS74A](#)



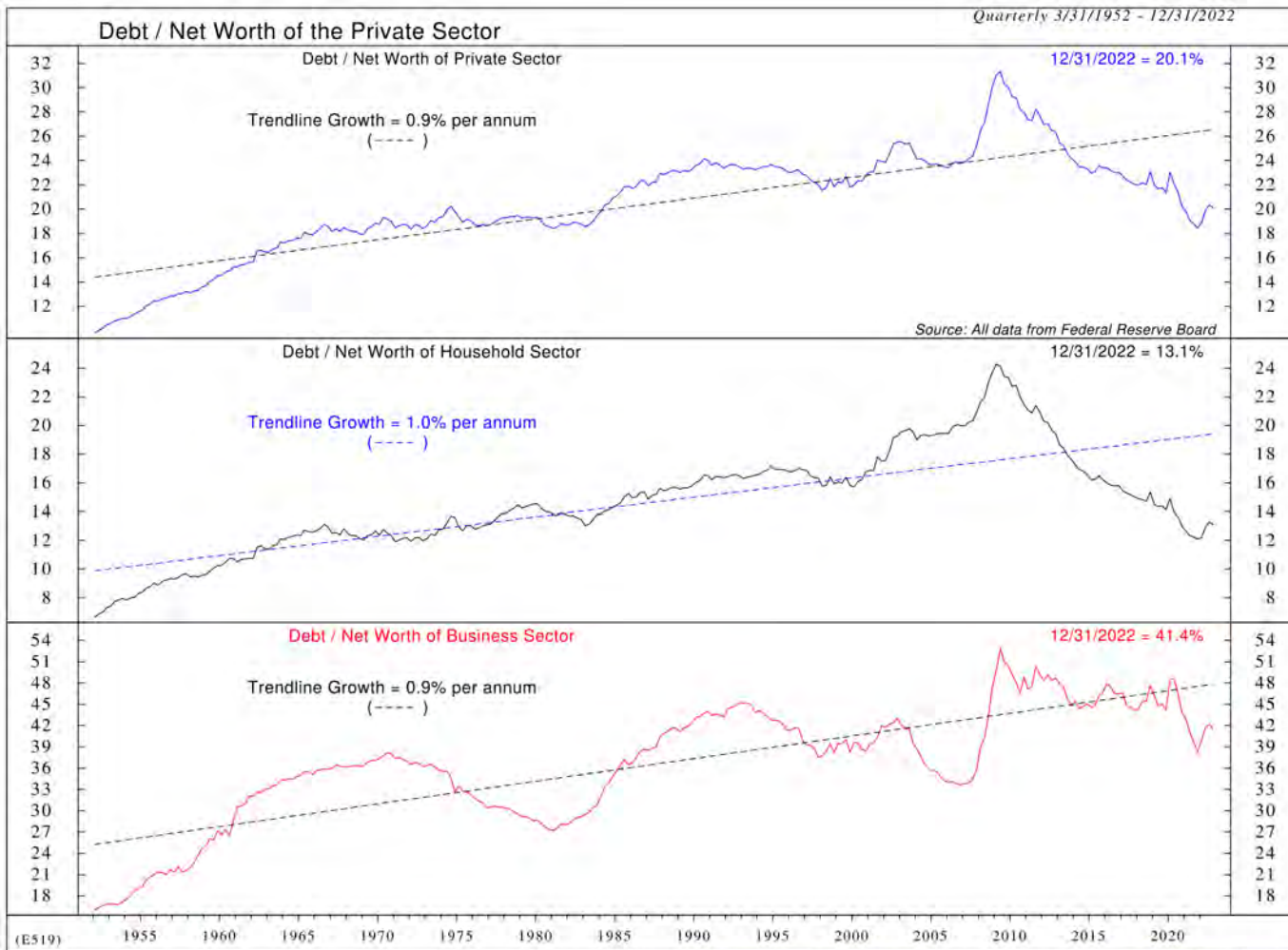
© Copyright 2023 Ned Davis Research, Inc. Further distribution prohibited without prior permission. All Rights Reserved. See NDR Disclaimer at www.ndr.com/copyright.html. For data vendor disclaimers refer to www.ndr.com/vendorinfo/

Lack of market breadth along with mixed economic data and the message from the yield curve has kept investors wary of investing in stock markets.

That fear is reflected in NDR's Crowd Sentiment Poll.

Historically, the best time to buy is when there is fear and anxiety as reflected in this poll.

Balance Sheets



Copyright 2023 Ned Davis Research, Inc. Further distribution prohibited without prior permission. All Rights Reserved.
See NDR Disclaimer at www.ndr.com/copyright.html. For data vendor disclaimers refer to www.ndr.com/vendorinfo/.

The debt/net worth of the private sector (households and businesses) remains healthy, and far from the levels seen in previous recessions.

Businesses and consumers may have the capacity to take on higher interest rates.

In this case, Fed (Federal Reserve) rate hikes over the last year are less likely to cause a recession than if the private sector was in an unhealthy debt/net worth position.

Appendix

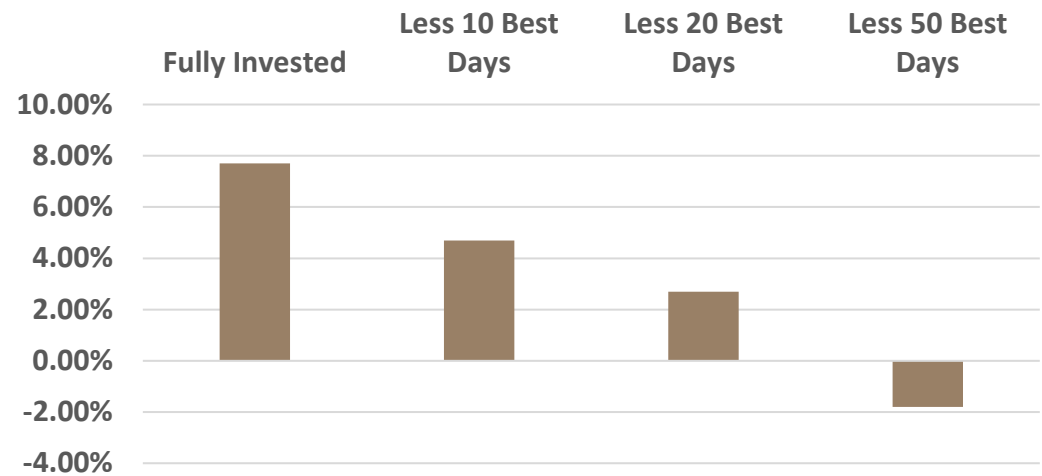


- Market History Charts
- U.S. Dollar
- Bitcoin
- Argent Investment Strategies



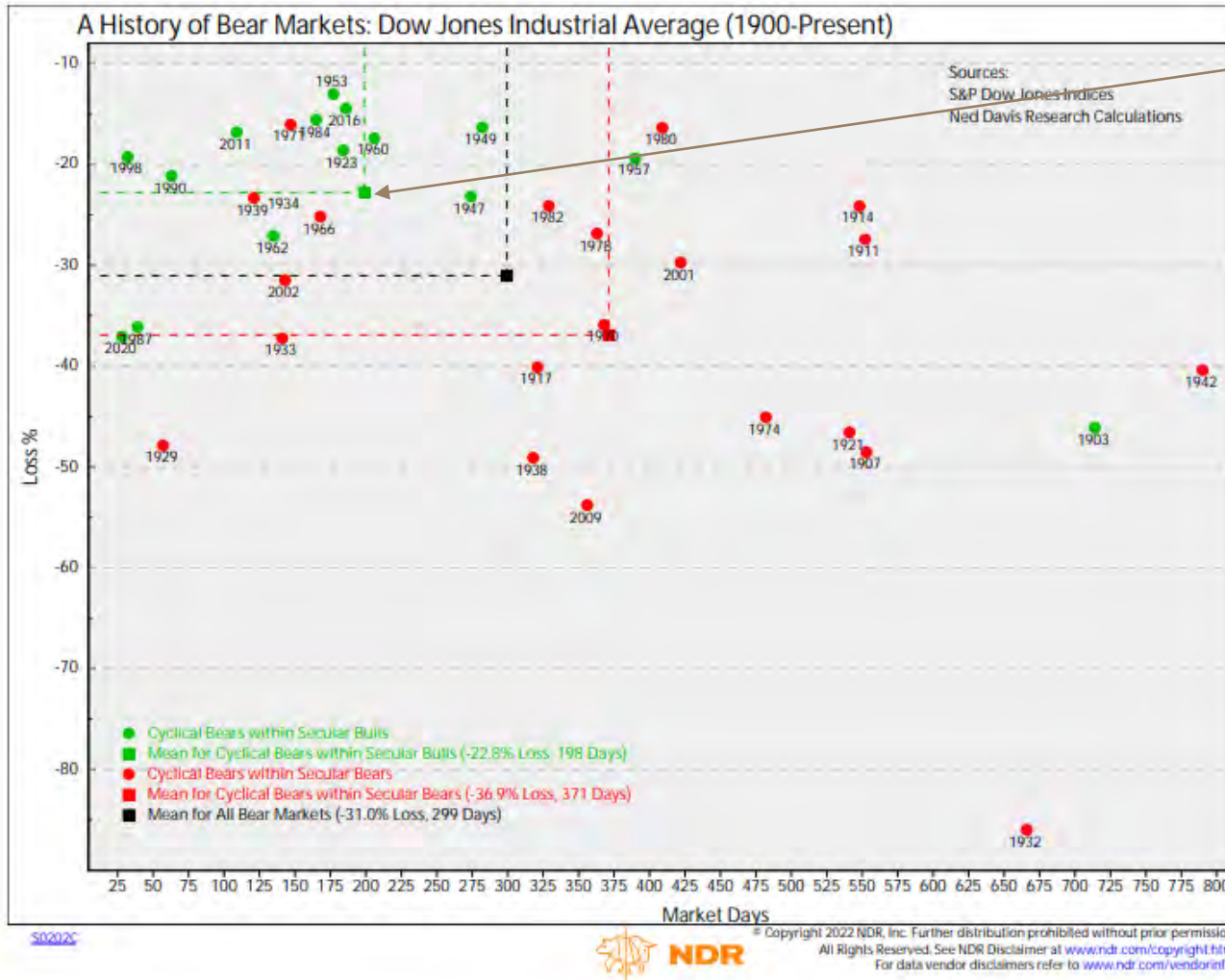
Market History Chart 1:

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



Source: Strategas, Capital Investment Advisors, 12/16/22

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.”

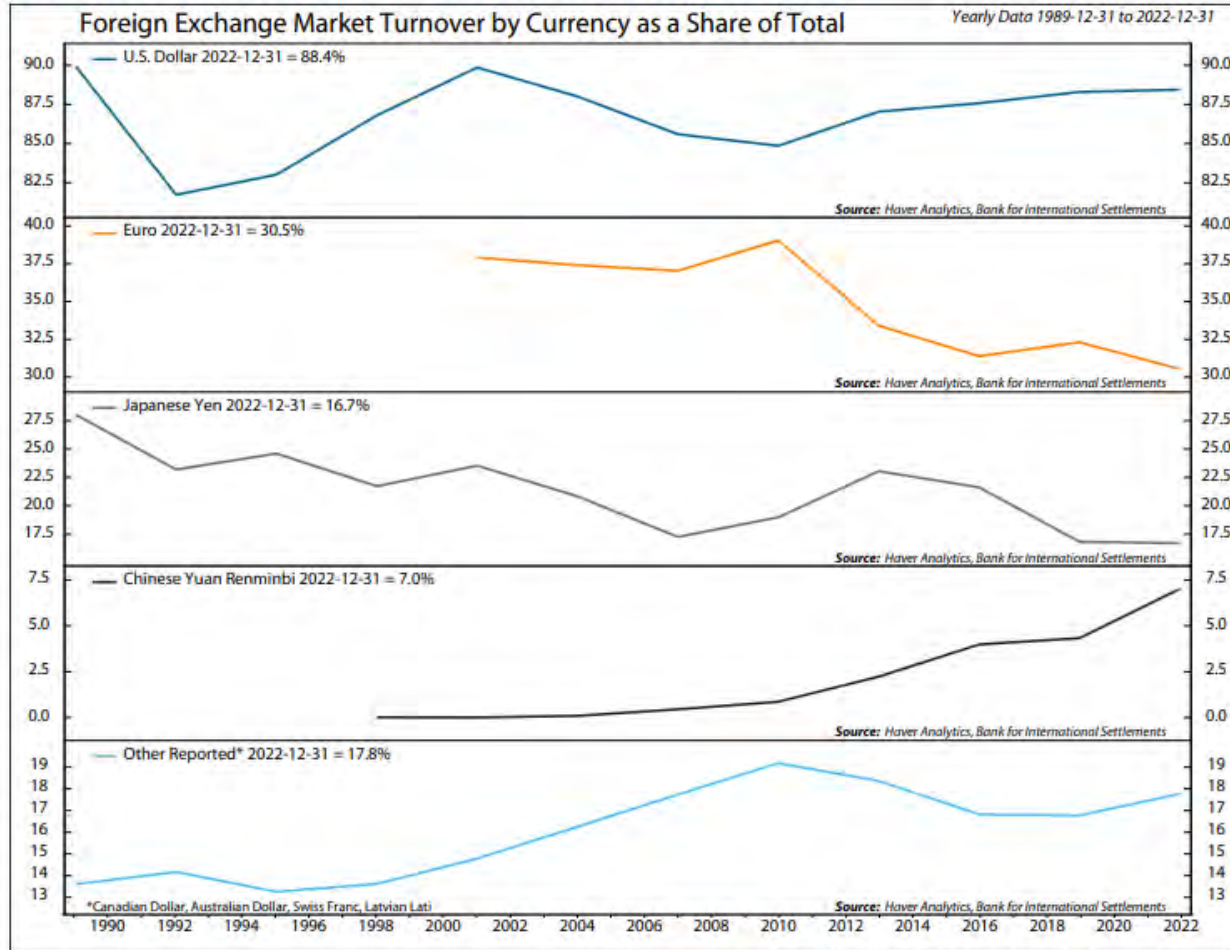
Averages are calculated on the bottom left.

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

U.S. Dollar



USD still involved in most forex transactions



Questions have come up recently due to media attention on the prospects that the U.S. Dollar could lose its global currency reserve status.

This seems unlikely given that 88.4% of all forex transactions occur in U.S. Dollars.

Most countries do not have a relatively stable currency, freedom, democracy, transparent stock and bond markets, rule of law and enforced property rights like the U.S.

The best hedge long-term to fiat currencies, and government mismanagement might turn out to be Bitcoin (next slide).

GO202304271B_C



© Copyright 2023 NDR, Inc. Further distribution prohibited without prior permission. All Rights Reserved. See NDR Disclaimer at www.ndr.com/copyright.html For data vendor disclaimers refer to www.ndr.com/vendorinfo/

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.

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 acook@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."

Email: mrstuccia@argentwm.com

Disclosures



IMPORTANT DISCLOSURE INFORMATION

Argent Wealth Management is a group of investment professionals registered with HighTower Securities, LLC, member FINRA and SIPC, and with HighTower Advisors, LLC, a registered investment advisor with the SEC. Securities are offered through HighTower Securities, LLC; advisory services are offered through HighTower Advisors, LLC.

This is not an offer to buy or sell securities. No investment process is free of risk, and there is no guarantee that the investment process or the investment opportunities referenced herein will be profitable. Past performance is not indicative of current or future performance and is not a guarantee. The investment opportunities referenced herein may not be suitable for all investors.

All data and information reference herein are from sources believed to be reliable. Any opinions, news, research, analyses, prices, or other information contained in this research is provided as general market commentary, it does not constitute investment advice. Argent and HighTower shall not in any way be liable for claims, and make no expressed or implied representations or warranties as to the accuracy or completeness of the data and other information, or for statements or errors contained in or omissions from the obtained data and information referenced herein. The data and information are provided as of the date referenced. Such data and information are subject to change without notice.

This document was created for informational purposes only; the opinions expressed are solely those of Argent Wealth management and do not represent those of HighTower Advisors, LLC, or any of its affiliates.

HighTower Advisors do not provide tax or legal advice. This material was not intended or written to be used or presented to any entity as tax advice or tax information. Tax laws vary based on the client's individual circumstances and can change at any time without notice. Clients are urged to consult their tax or legal advisor before establishing a retirement plan.

The Ned Davis Research in the presentation is being provided with their permission.