



CHARTS OF THE MONTH

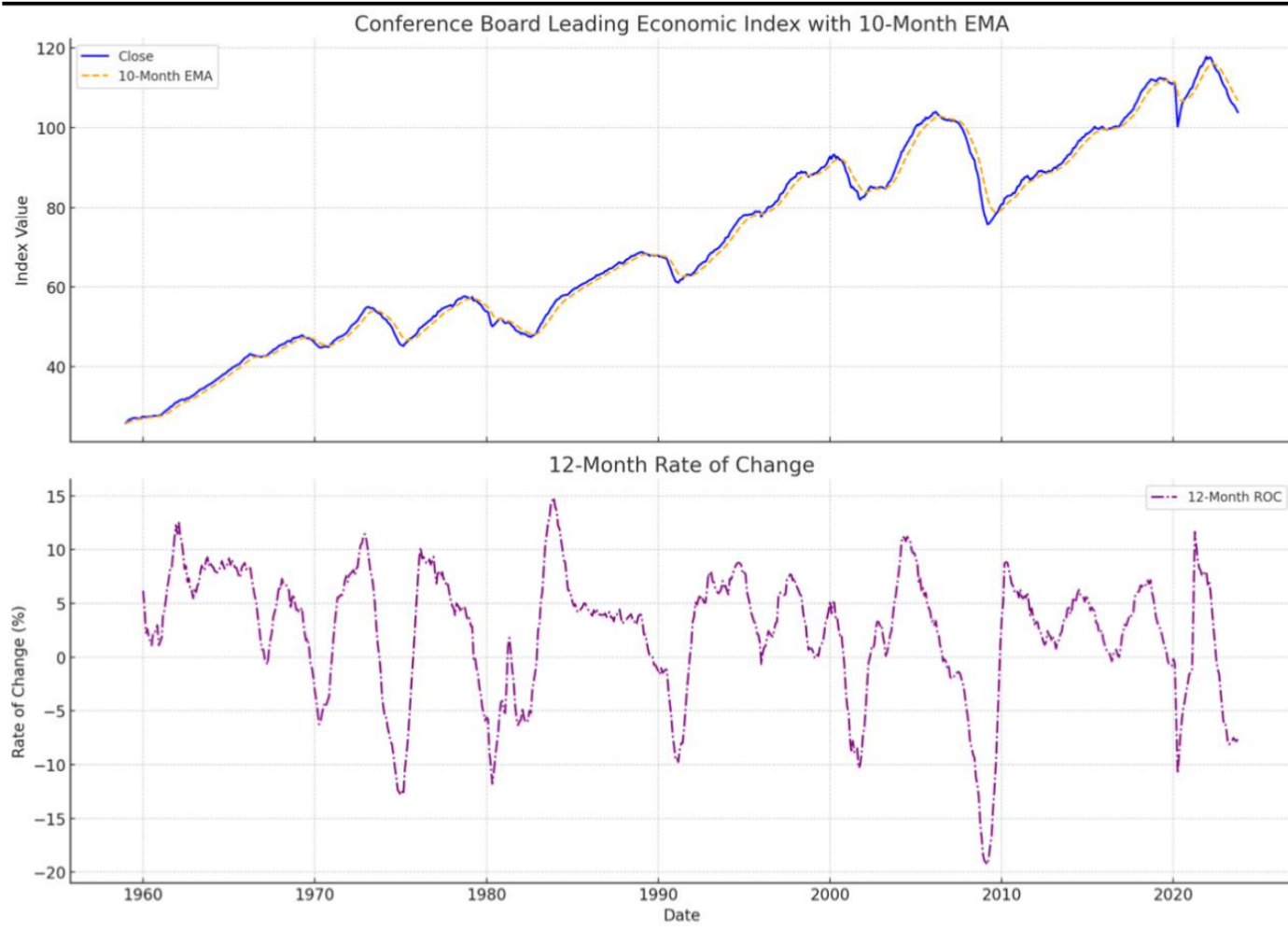
DEC 2023

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CONSUMER

GDP

QUALITY



The Conference Board's Leading Economic Index fell again to a new cycle low of 103.9. Year over year the index is down 7.64% and below the -5% level that has historically suggested a recessionary environment.

The continued deterioration of leading indicators suggests that growth and inflation will continue to slow.

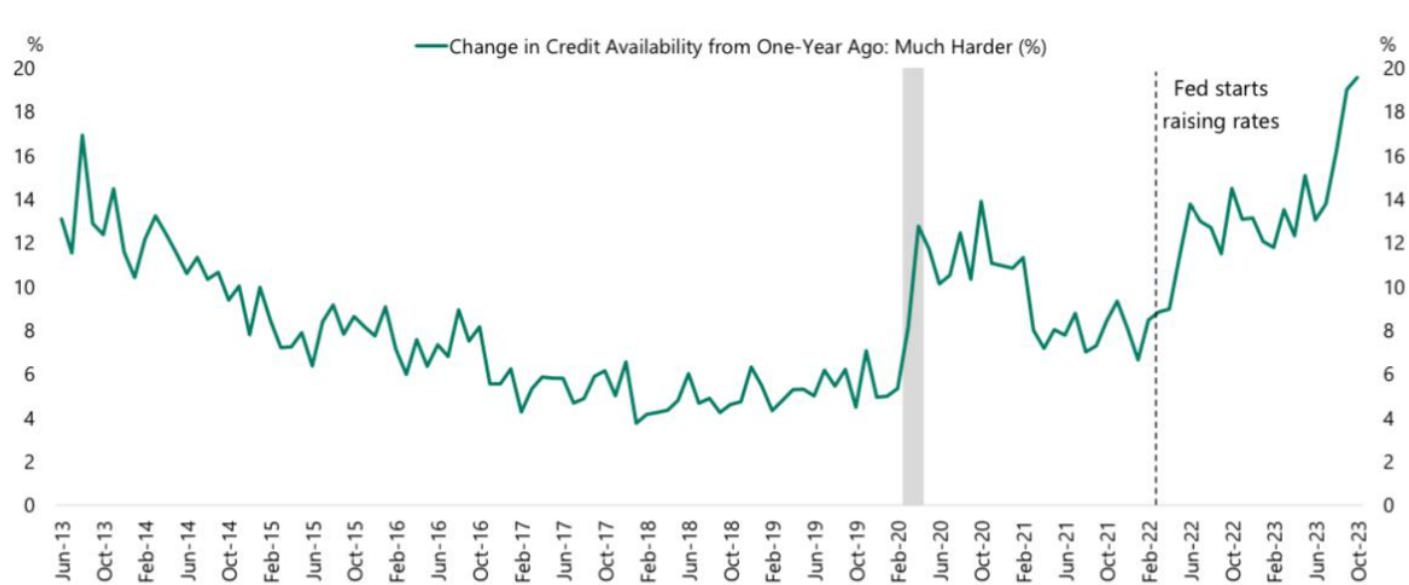
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Record-high share of consumers saying that is it “Much harder” to obtain credit



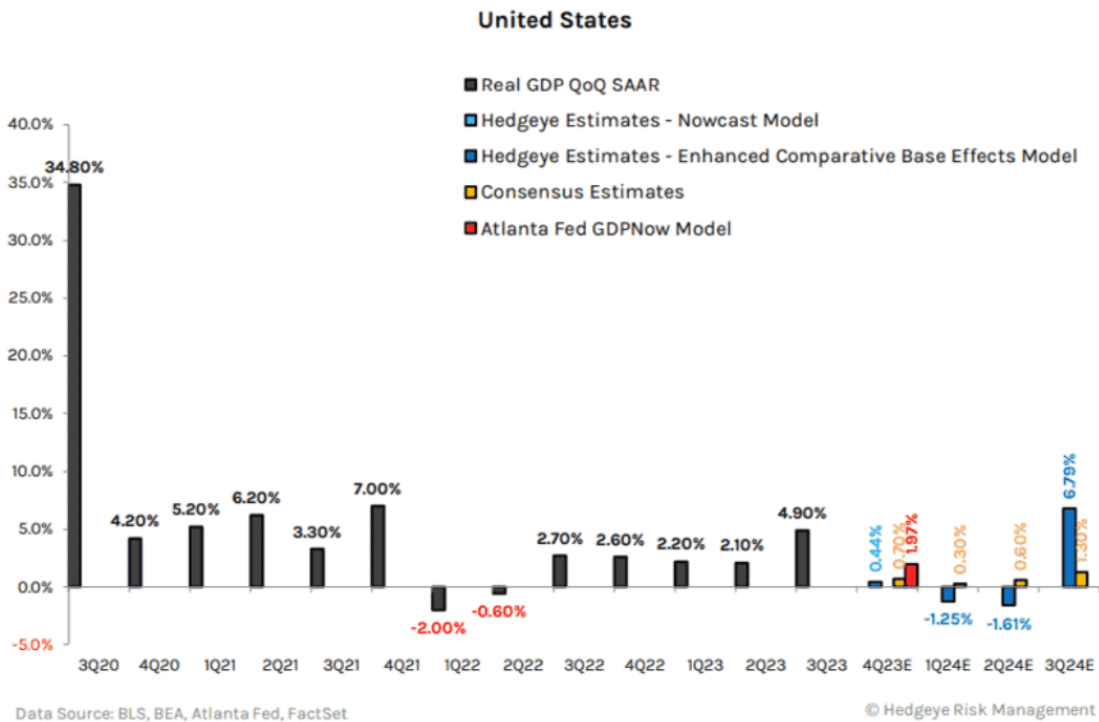
Source: FRBNY, Haver Analytics, Apollo Chief Economist

The consumer is starting to feel the effects of the Fed’s tight monetary policy. The number of consumers surveyed that are saying it is “much harder” to obtain credit is up almost 20% year over year, according to the Federal Reserve Bank of New York.

The consumer has been extremely resilient despite a widespread credit contraction. Has the consumer finally tapped out?



US Real GDP QoQ SAAR Projections



HEDGEYE

One differentiating factor of our forecasting process is that we aim to solve for where the economy is trending on a **Full Investing Cycle** basis, rather than trying to identify super short-term economic momentum.

Our rigorous study of financial market history suggests the latter to be little more than noise in the context of making accurate intermediate-to-long-term investment decisions.

As such, we are comfortable departing from the [perceived] “best” practices of economist consensus by interpolating our QoQ SAAR forecasts from our forecasted YoY growth rates. Macroeconomic Theory ≠ Macro Risk Management.

GDP Expectations are for growth to slow considerably through the first half of next year.

Is the growth slowing trend priced in?

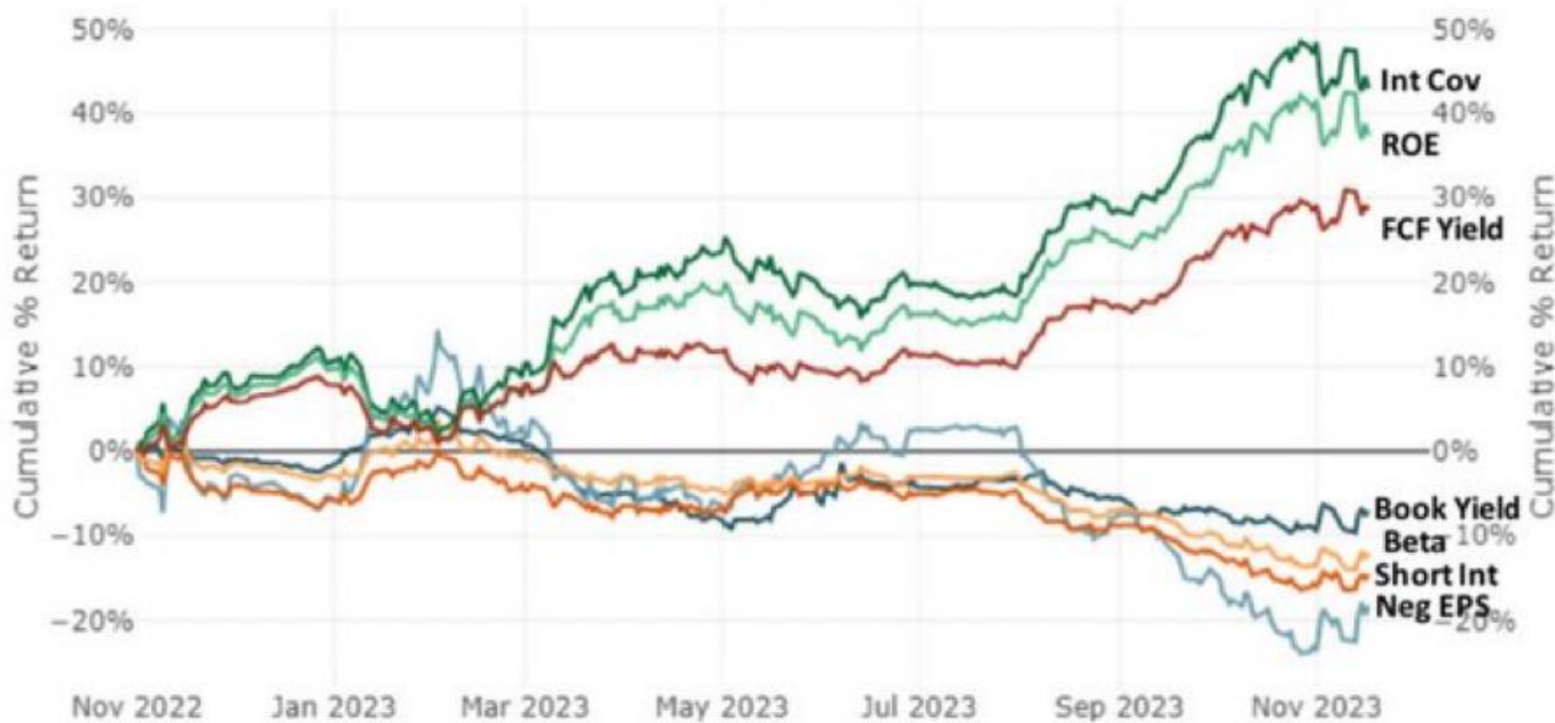
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Factor Performance
Russell 3000 Sector-Neutral



Piper Sandler | Portfolio Strategy

In a growth slowing and inflation slowing environment, the quality factor is one of the top performing exposures historically. This year has been no exception. High quality US stocks have been dominant.

DISCLOSURE

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