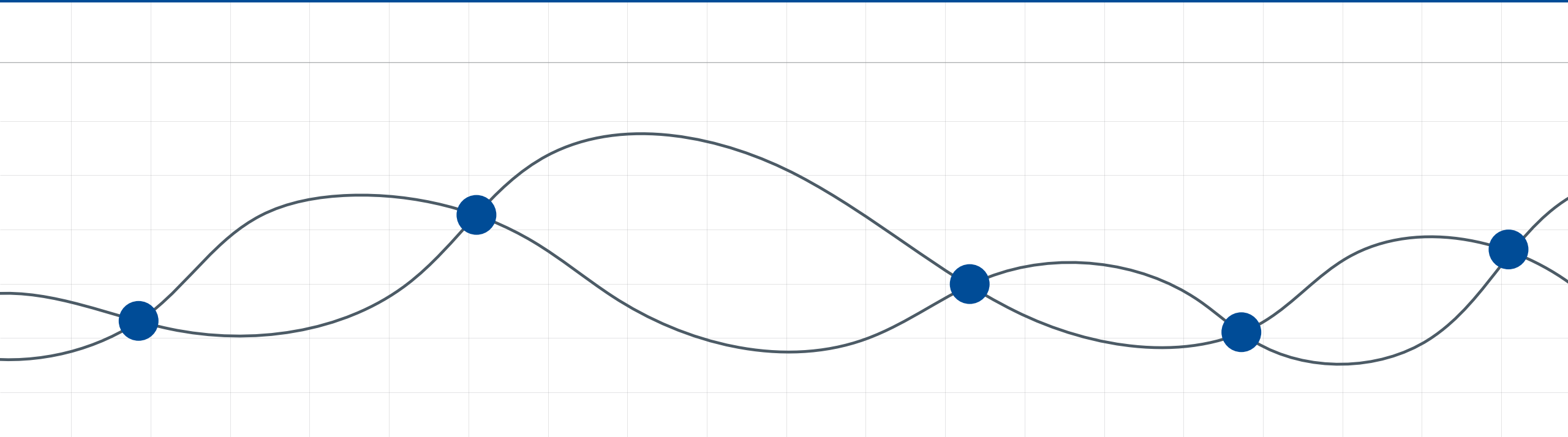


February 2024

Charts Of The Month



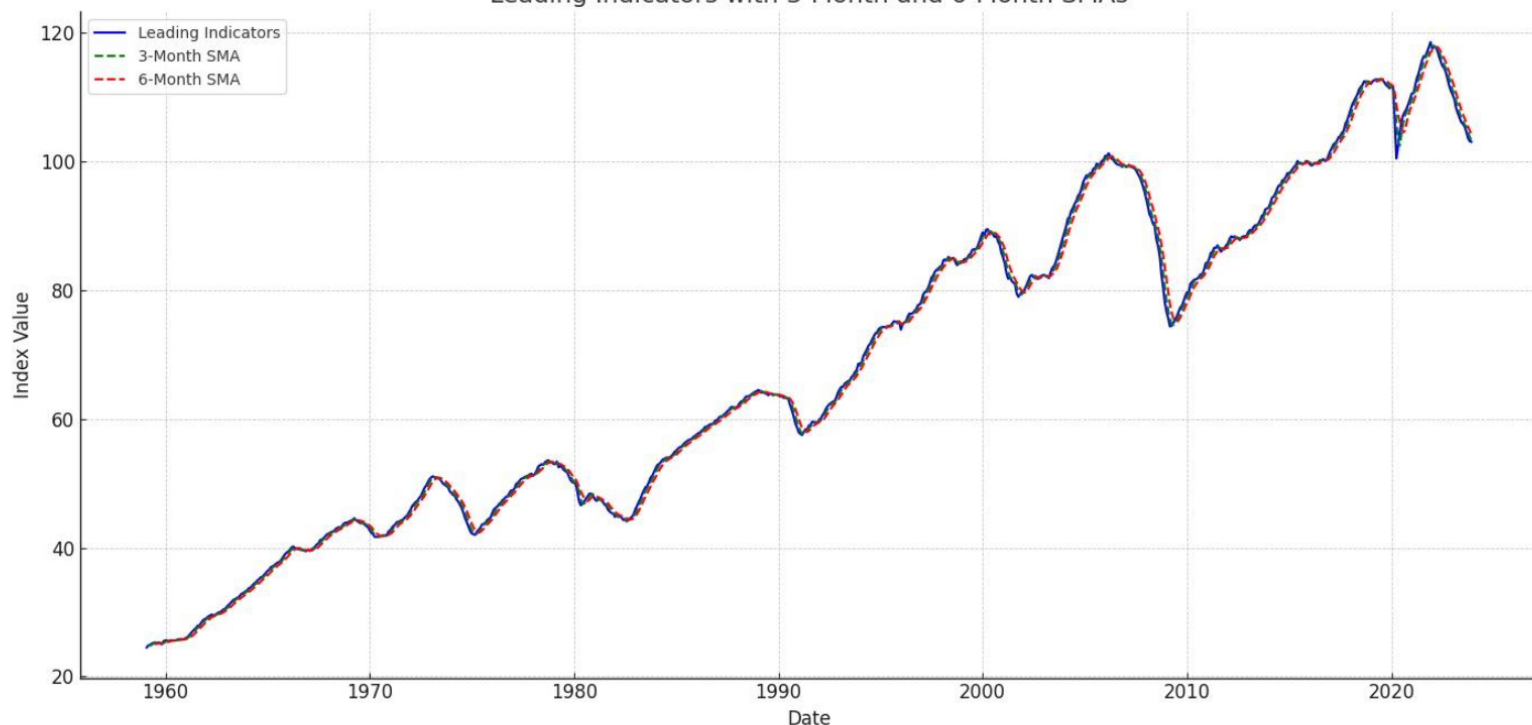
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LEI vs. CE

GOVERNMENT

CHINA

Leading Indicators with 3-Month and 6-Month SMAs



The Conference Board Leading Index dropped from 103.2 to 103.1 registering another monthly decline. The index remains below its 3 month and 6 month moving averages suggesting that economic growth continues to deteriorate in the U.S.

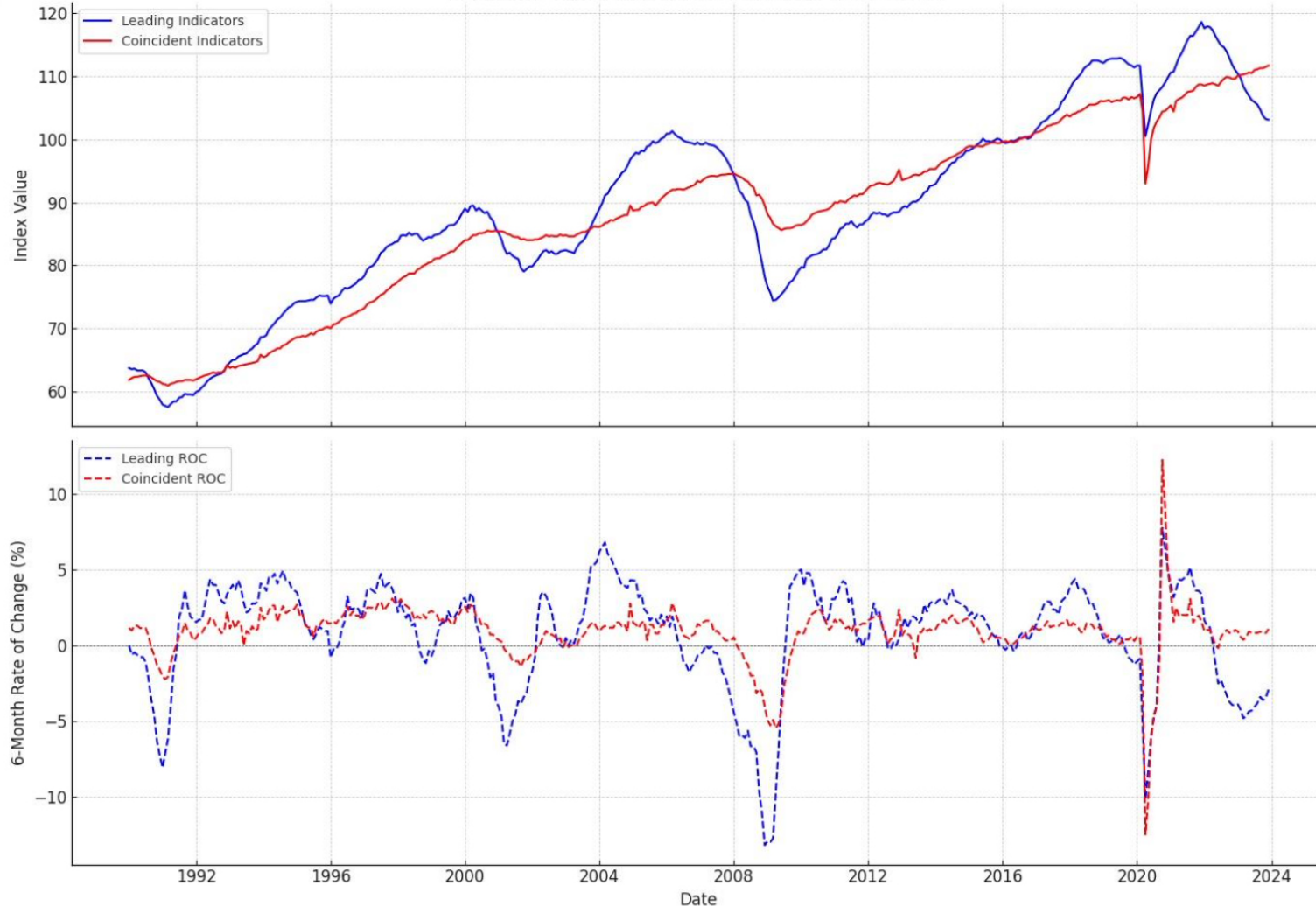
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LEI vs. CE

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Business Cycle Indicators (Starting from 1990)



Coincident indicators (Conference Board) continues to severely lag leading indicators. Leading indicators are negative over the last 6 months while coincident indicators remain positive, although they have slowed considerably from the peak.

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LEI vs. CE

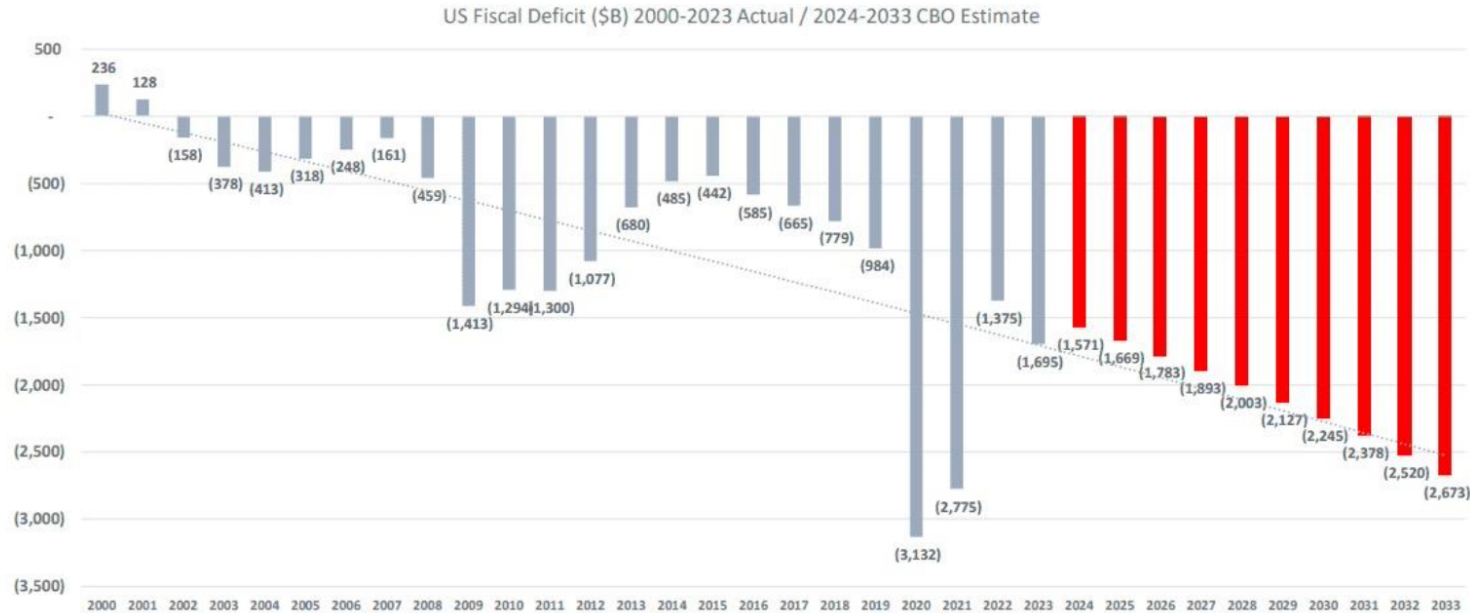
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US Fiscal Deficit: \$1.7 Trillion in 2023

HEDGEYE

The deficit is projected by CBO to grow every year over the coming decade, exceeding >\$2.5T annually in just 8yrs.



Data Source: Federal Reserve, CBO

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One potential reason why the US economy seems resilient has to do with the amazing fiscal deficits. The deficit is projected to grow every year over the coming decade.

Government spending equated to approximately 30% of GDP in 2023. This is likely a major contributor to why coincident indicators remain positive.

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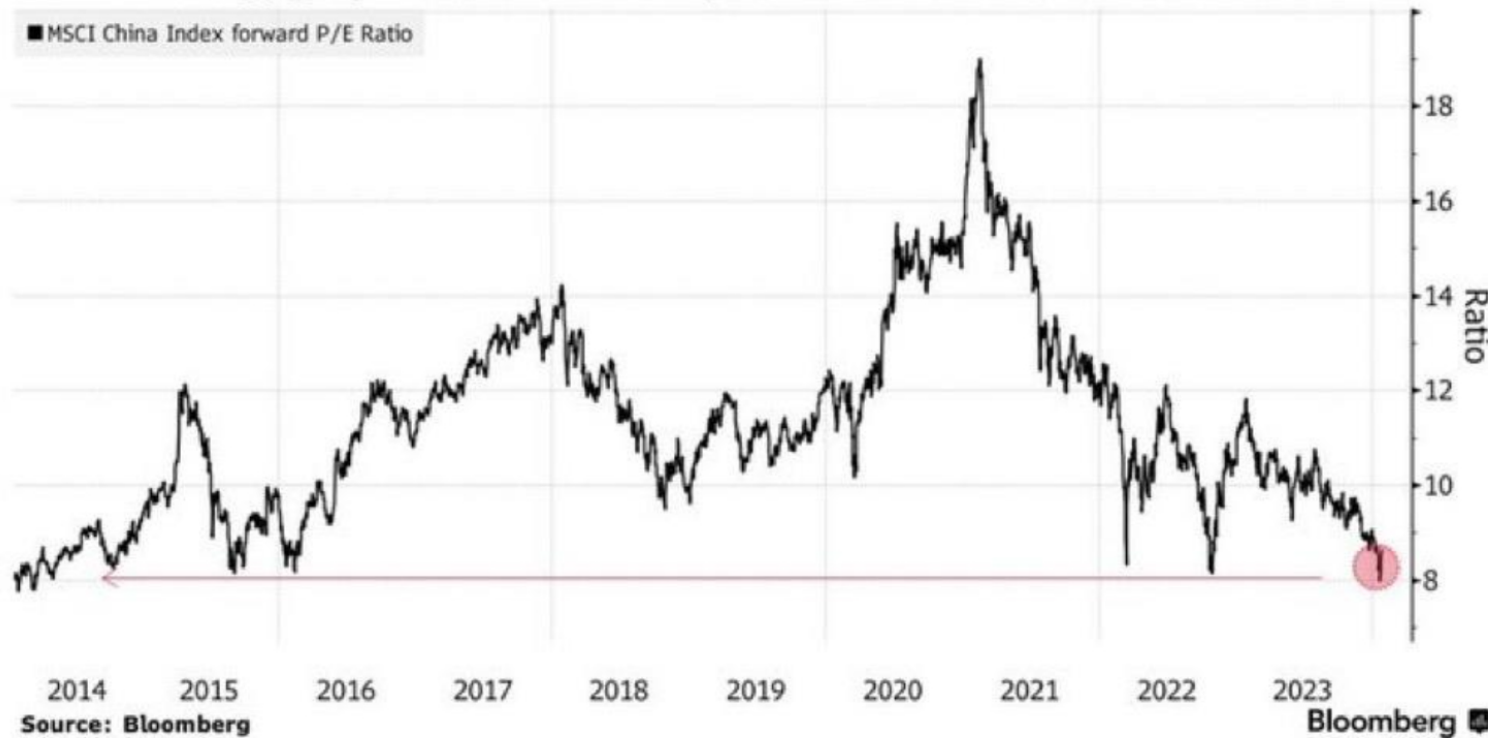
LEI vs. CE

GOVERNMENT

CHINA

China Stocks Valuation Slips to Lowest in Decade

Weak economy, geopolitical risks are key concerns amid a relentless fall



China stocks are trading at historically low valuations. The forward price to earnings ratio of the MSCI China Index is now at 8x, the same level we saw during the 2015-2016 bear market.

Long-term valuations favor higher expected returns for international equities over domestic equities.

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