



# QUARTERLY COORDINATES Q3 2023

## MOVING TO THE NEXT STAGE

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Chief Investment Officer

RAYMOND JAMES

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## 3Q23 MARKET OUTLOOK: LA GRAND DEPARTURE FOR 2H23

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- 1** Introduction | Moving to the Next Stage
- 2** Economy | Fiscal & Monetary ‘Doping’ Is Wearing Off
- 3** Monetary Policy | Fed Trying To Avoid Pile-Up
- 4** Fixed Income | Downhills Can Be Dangerous
- 5** Equities | Can Tech Sustain Its Breakaway?
- 6** Asset Allocation | Are You Ready For The Next Stage?



# 1

## Introduction

Moving to the Next Stage

### INSIGHT:

No two routes of the Tour de France are alike, and the same can be said for market cycles. The current cycle has seen an historic pandemic, inflation, political tensions, and unprecedented policy activity.

**BOTTOM LINE:** We believe we are near the end of the Federal Reserve's (Fed) tightening cycle, with upside in a soft landing but the nagging risk of a mild recession. Investors should be ready to adjust and maintain a long-term perspective.

# NO TWO TOURS ARE ALIKE, JUST LIKE THE MARKETS AND THE ECONOMY

THE TOUR DE FRANCE COURSE CHANGES EVERY YEAR; EVEN THE STARTING POINT IS IN DIFFERENT COUNTRIES

2021 Tour de France Map



2022 Tour de France Map



2023 Tour de France Map

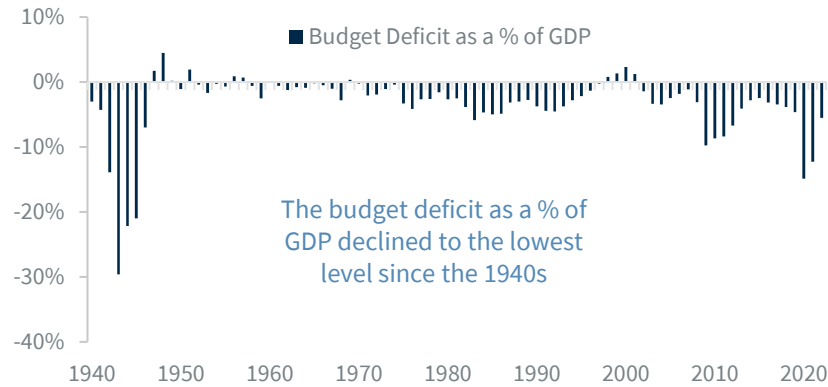


Source: Tour de France website: <http://www.letour.com>

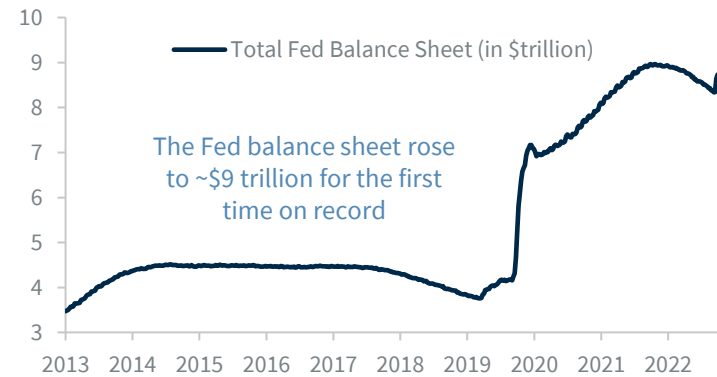
# NO TWO RECESSIONS ARE ALIKE

THIS WOULD BE AN UNUSUAL RECESSION BY HISTORICAL STANDARDS

## 1 Record Amount of Fiscal Stimulus



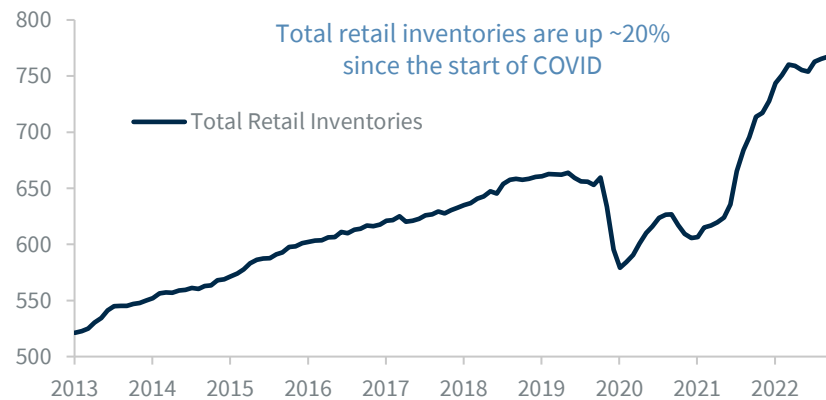
## 2 Largest Balance Sheet on Record



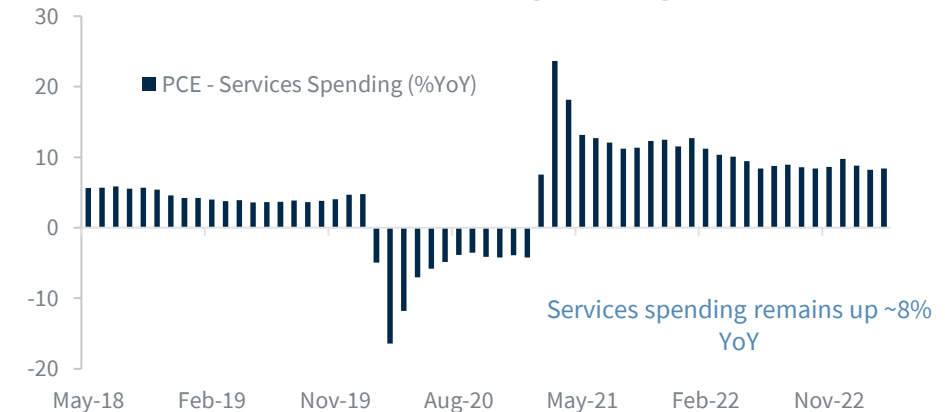
## 3 Record Job Openings



## 4 Record Swings in Inventories



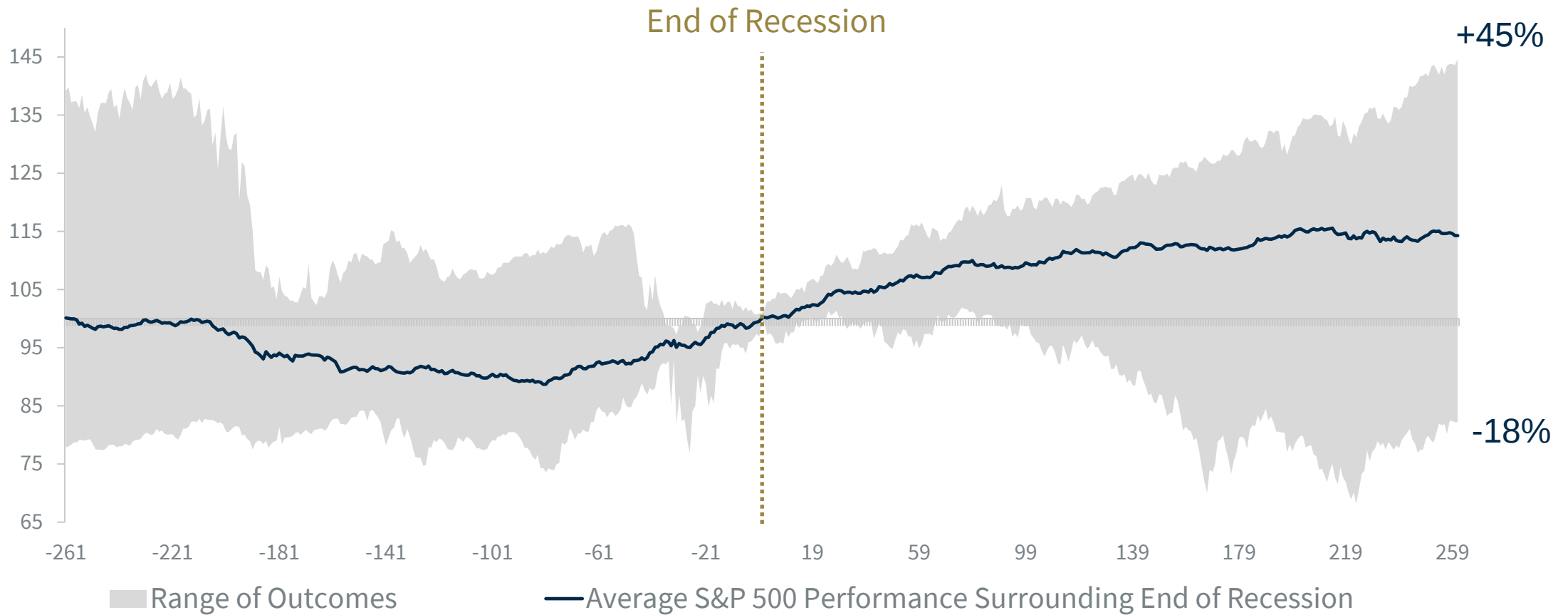
## 5 Services Spending Strong



Source: FactSet, Data as of 6/30/2023.

## NO TWO TOURS ARE ALIKE, JUST LIKE THE MARKETS AND THE ECONOMY

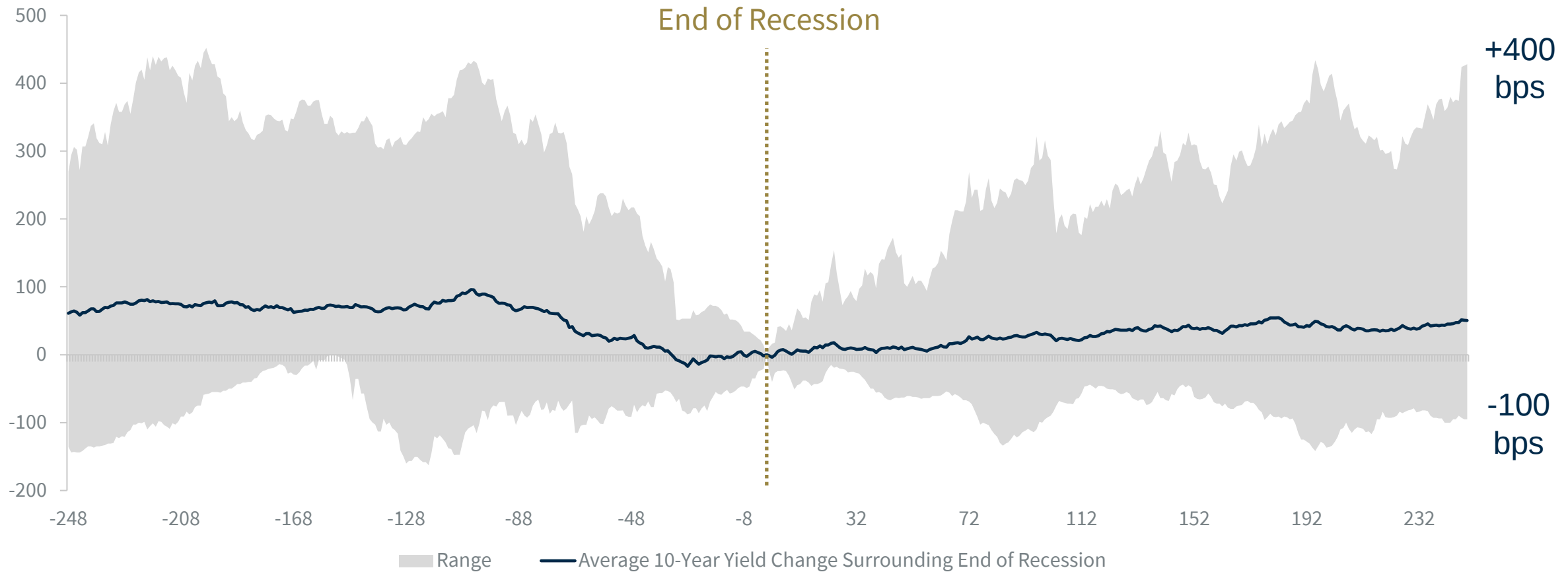
EQUITY MARKET PERFORMANCE AROUND RECESSIONS HAS SIGNIFICANT DISPERSION



Source: FactSet, Data as of 6/30/2023.

## NO TWO TOURS ARE ALIKE, JUST LIKE THE MARKETS AND THE ECONOMY

### 10-YEAR YIELD CHANGE AROUND RECESSIONS HAS SIGNIFICANT DISPERSION



Source: FactSet, Data as of 6/30/2023.



# 2

## ECONOMY

### Fiscal & Monetary ‘Doping’ Is Wearing Off

#### INSIGHT:

The US economy has avoided a recession, thanks in part to the ‘doping’ effects of unparalleled fiscal and monetary stimulus—but that boost is now abating.

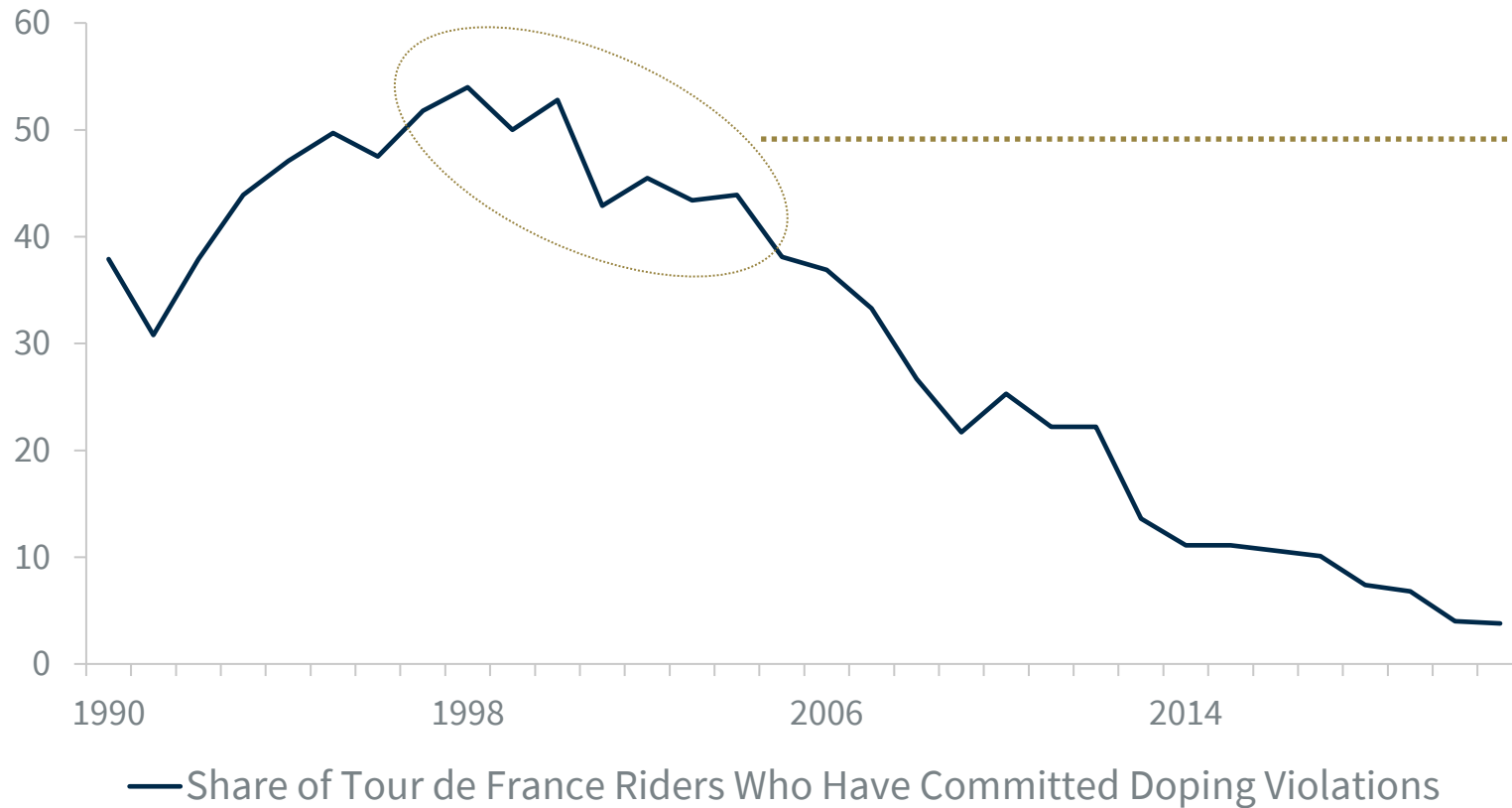
#### BOTTOM LINE:

Dwindling excess savings, combined with credit tightening and job growth slowing, suggests the economy will slide into a mild recession beginning in the fourth quarter. Despite the slowdown, we expect 2023 GDP to be 1.3%.

## ECONOMY SET TO NORMALIZE AS STIMULUS WANES

‘DOPING’ LIKELY ENHANCED THE PERFORMANCE OF RIDERS ON THE TOUR

Number of Doping Cases Falling Dramatically



**5:40**

Average Tour de France Win by Lance Armstrong

**2:27**

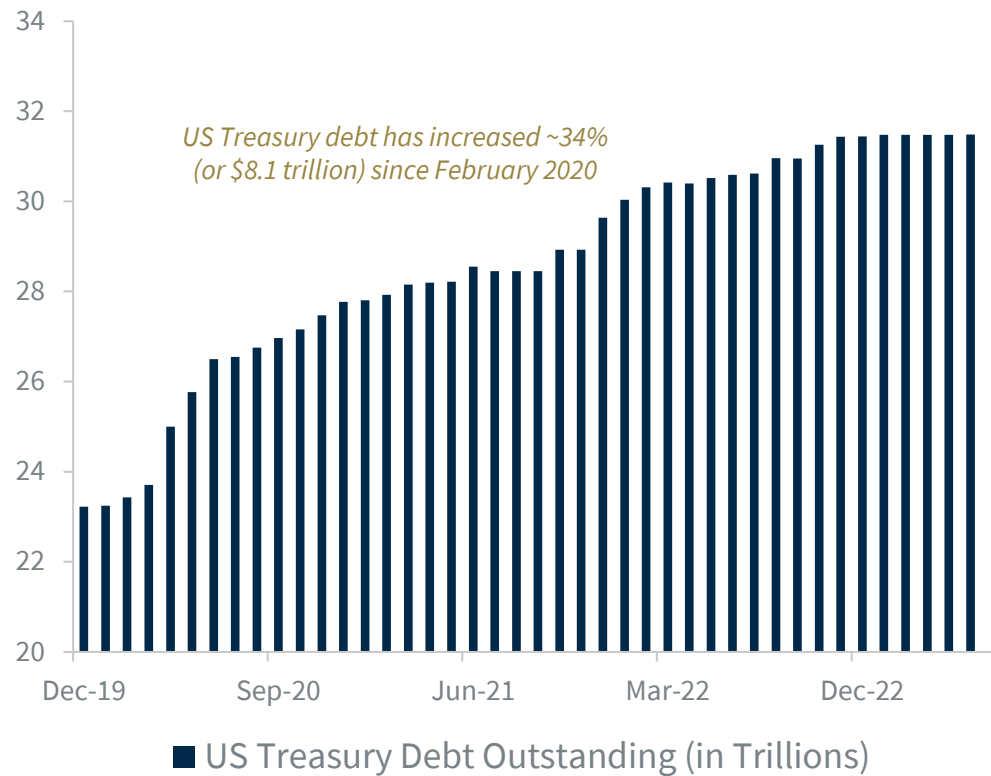
Average Tour de France Win Since Lance Armstrong

Source: FactSet, Data as of 6/30/2023.

## ECONOMY SET TO NORMALIZE AS STIMULUS WANES

FISCAL AND MONETARY 'DOPING' WANING; ECONOMY WILL HAVE TO GROW ON ITS OWN MERITS

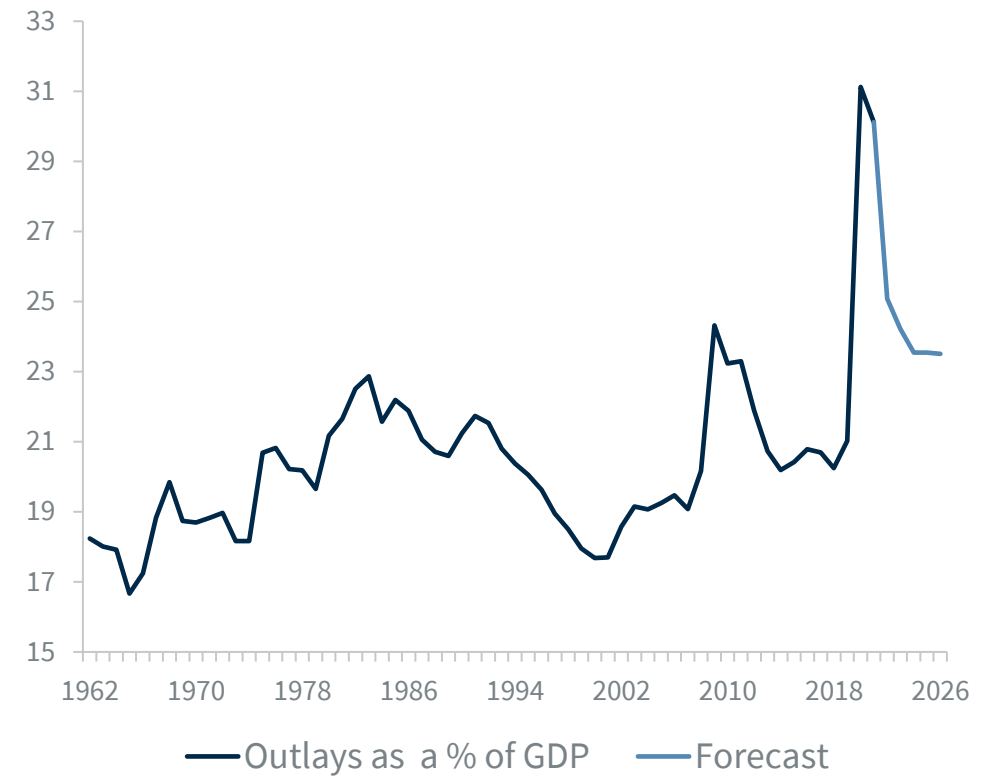
Increase in National Debt



### 4Q23

Excess Consumer Savings Expected to Decline in 4Q23

Government Spending as a % of GDP Falling

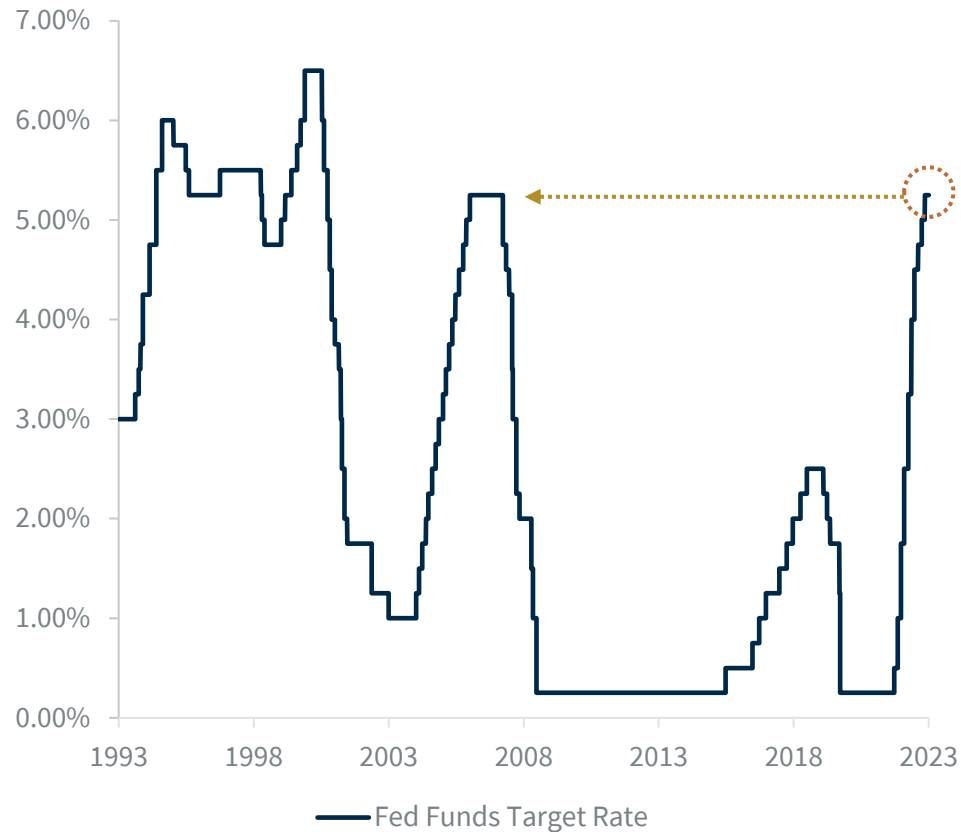


Source: FactSet, Data as of 6/27/2023.

## ECONOMY SET TO NORMALIZE AS STIMULUS WANES

FISCAL AND MONETARY ‘DOPING’ WANING; ECONOMY WILL HAVE TO GROW ON ITS OWN MERITS

Fed Funds Rate Chart



**20.1%**

Average Credit Card  
Rate—Highest  
Since At Least 1995

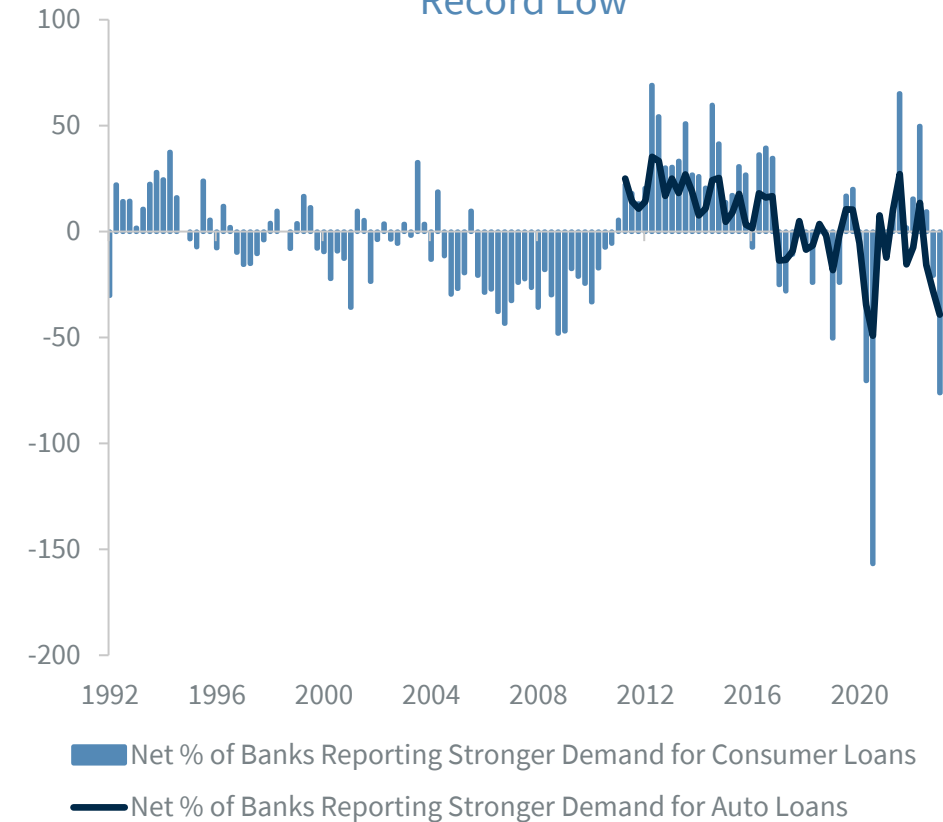
**7.5%**

Average Auto Loan  
Rate—Highest  
Since 2008

**7.1%**

Average Mortgage  
Rate—Highest  
Since 2001

Demand For Consumer and Auto Loans Near  
Record Low



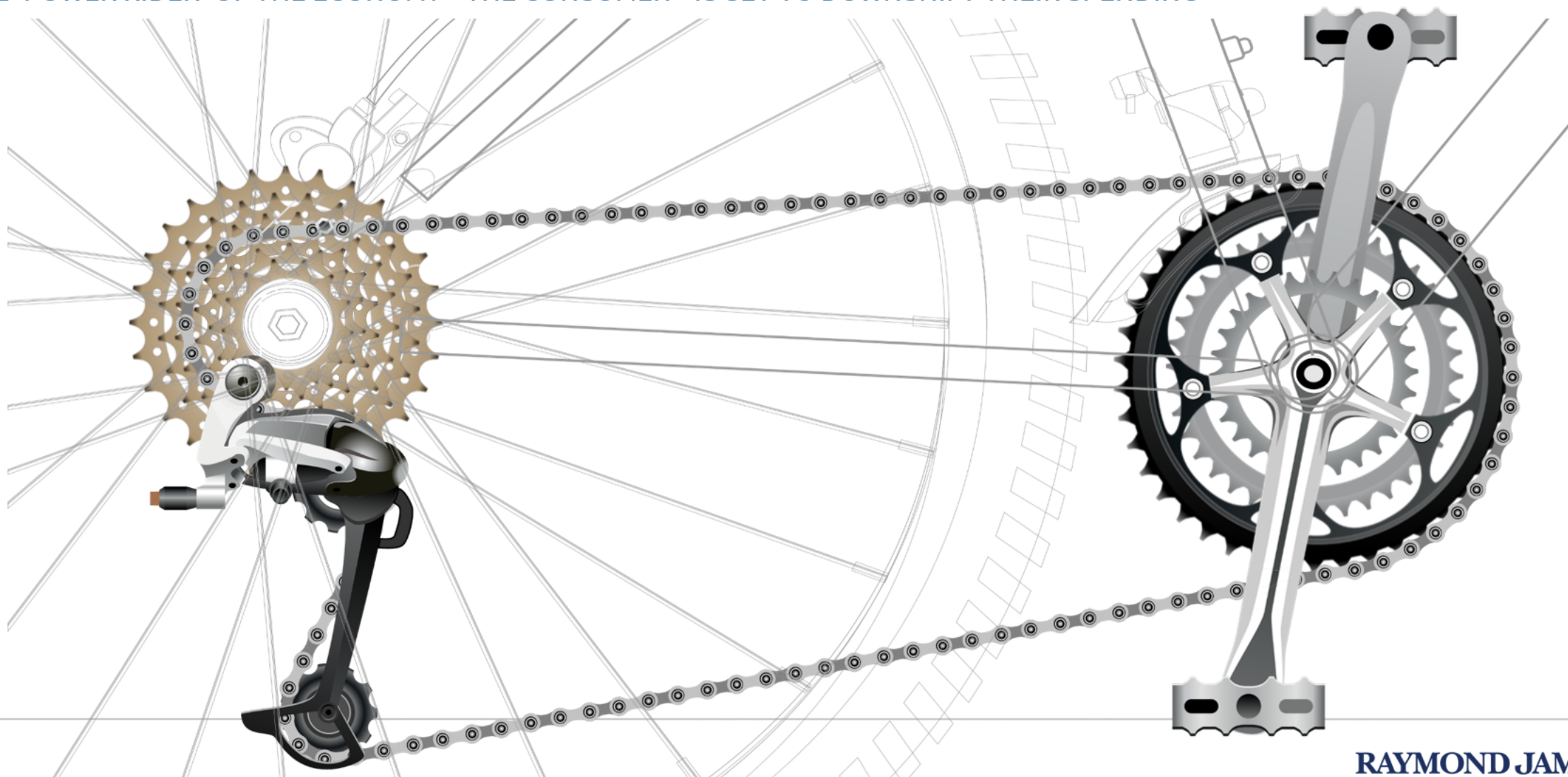
Source: FactSet, Data as of 6/27/2023.

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## ECONOMY SET TO NORMALIZE AS STIMULUS WANES

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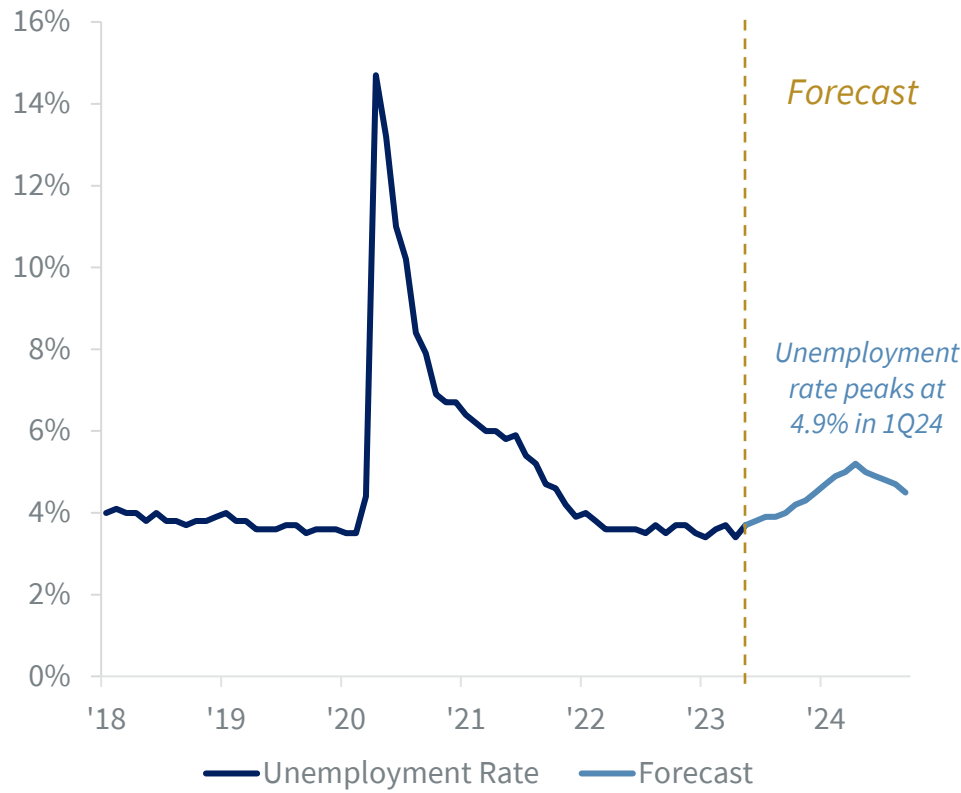
THE 'POWER RIDER' OF THE ECONOMY—THE CONSUMER—IS SET TO DOWNSHIFT THEIR SPENDING



# EXPECTATIONS FOR A MILD RECESSION REMAINS BASE CASE

A MILD RECESSION IN THE SECOND HALF OF THE YEAR REMAINS LIKELY

RJ Unemployment Rate Forecast



Source: FactSet, Data as of 6/30/2023.

10

Monthly Duration  
of Average  
Recession

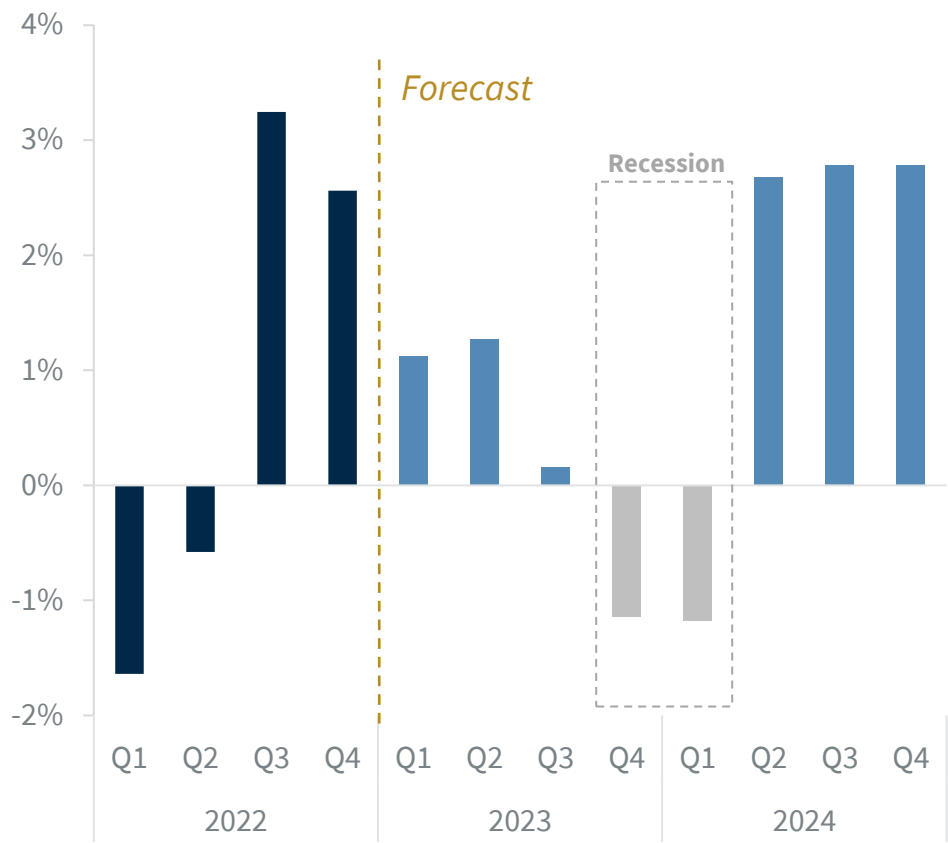
1.3%

RJ 2023  
GDP Forecast

0.6%

RJ 2024  
GDP Forecast

RJ GDP Forecasts





# 3 Monetary Policy

## Fed Trying to Avoid Pile-Up

### INSIGHT:

Every cyclist's nightmare is a chain-reaction crash, and the Fed is trying to avoid a pile-up after its interest rate hikes.

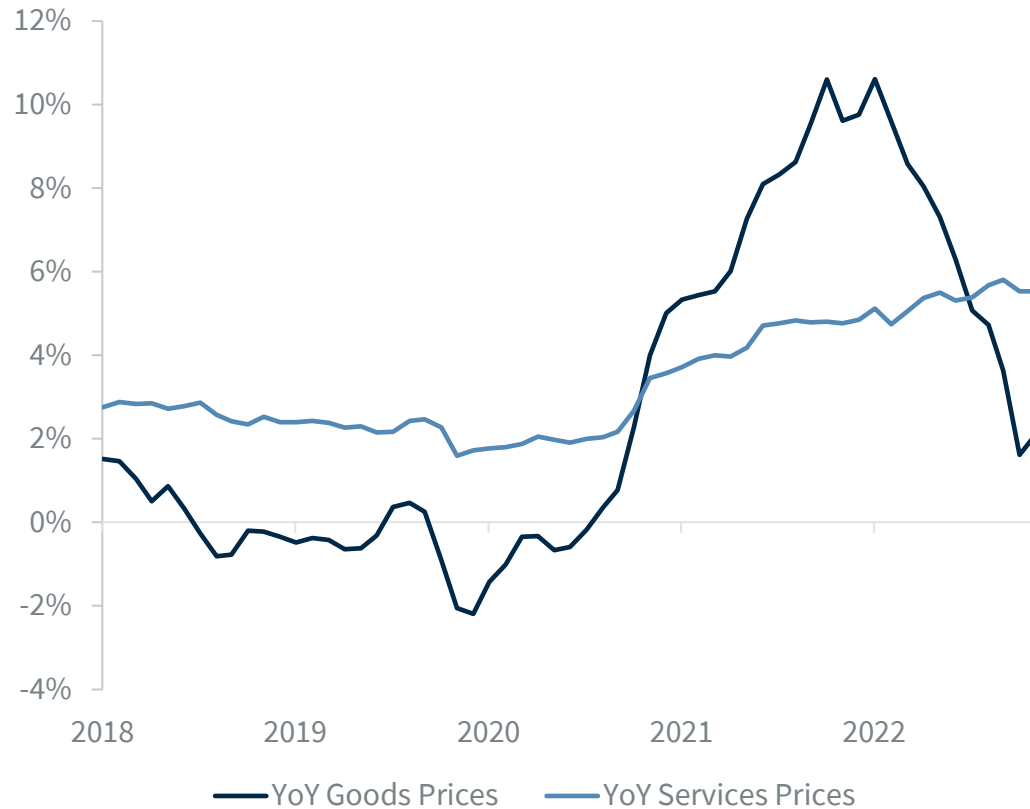
### BOTTOM LINE:

The big question is how much patience the Fed must have to allow the disinflationary trend to continue before tightening further. Ultimately, we believe the Fed is in the latter stages of its tightening cycle.

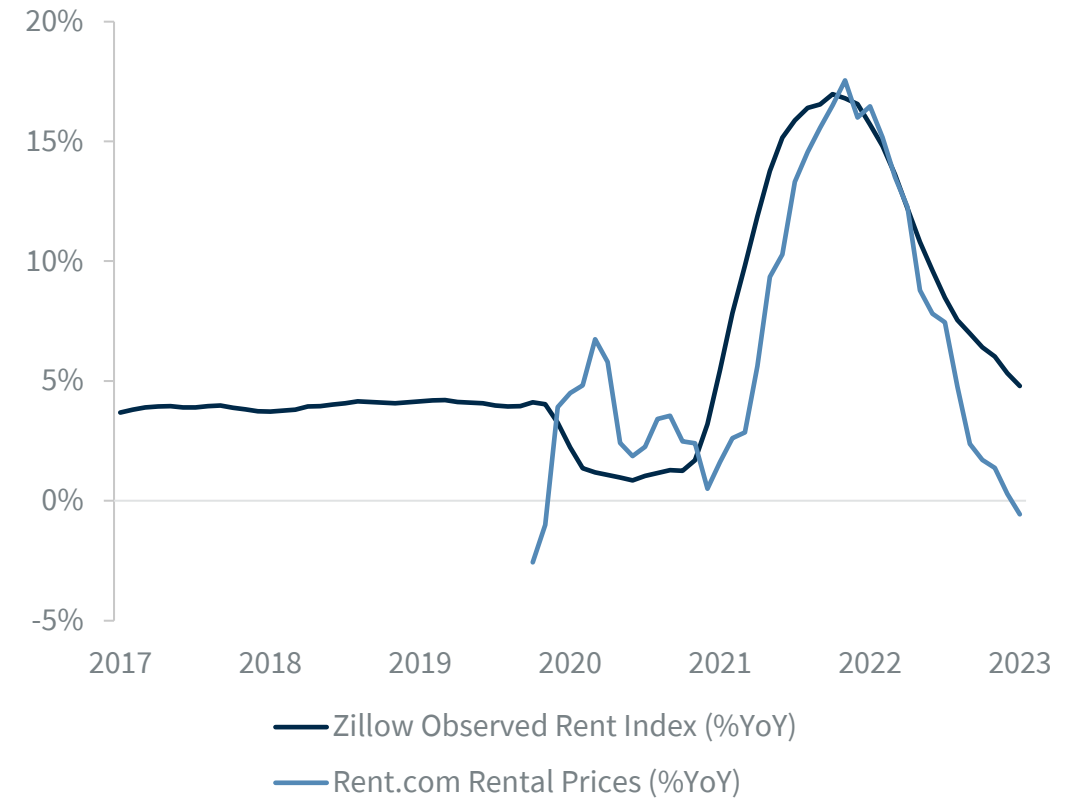
## THE FED IS NEARING THE TIGHTENING CYCLE FINISH LINE

THE FED IS LIKELY AT, OR NEAR THE END OF THIS TIGHTENING CYCLE; THE FED SHOULD SHIFT FOCUS FROM INFLATION TO GROWTH

### Inflationary Pressures Coming Down Rapidly



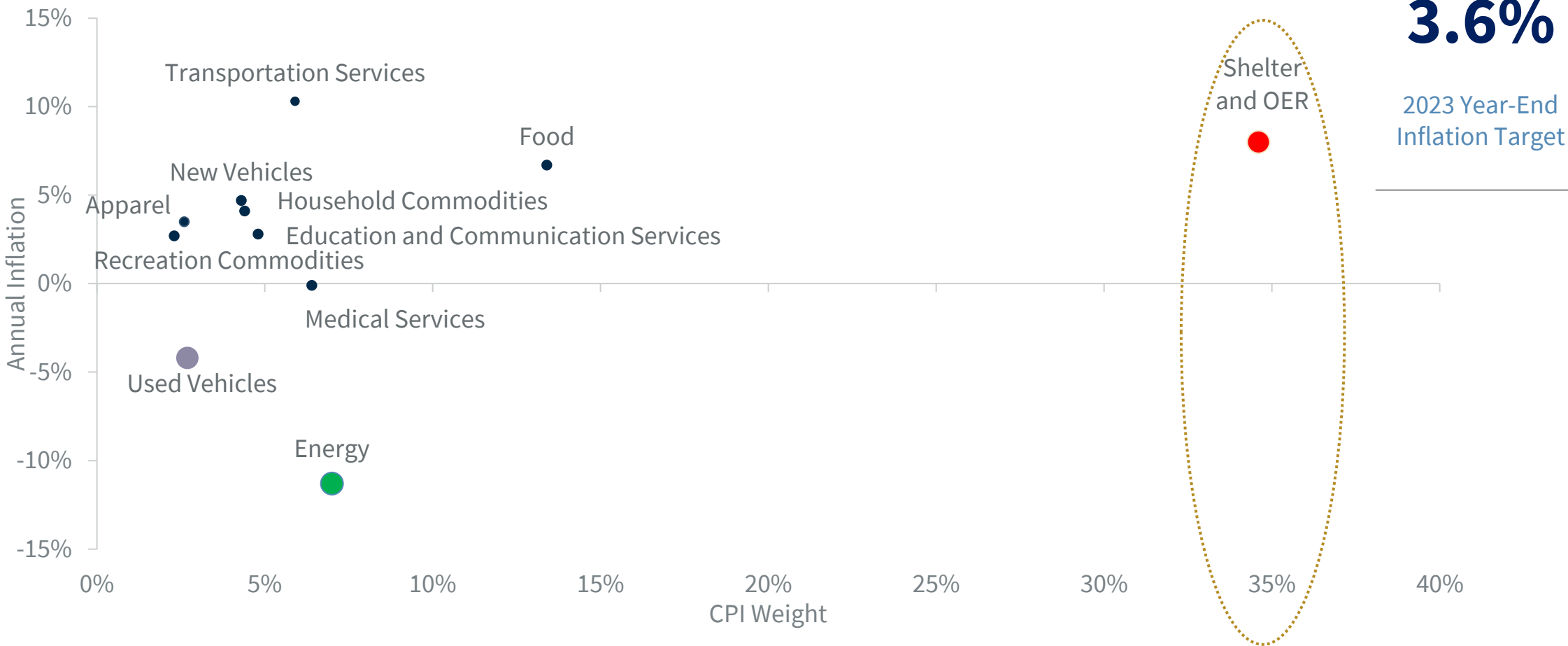
### Service Prices Deceleration Supplement



Source: FactSet, Data as of 6/27/2023.

# THE FED IS NEARING THE TIGHTENING CYCLE FINISH LINE

LARGER COMPONENTS ARE THOSE KEEPING INFLATION AFLOAT

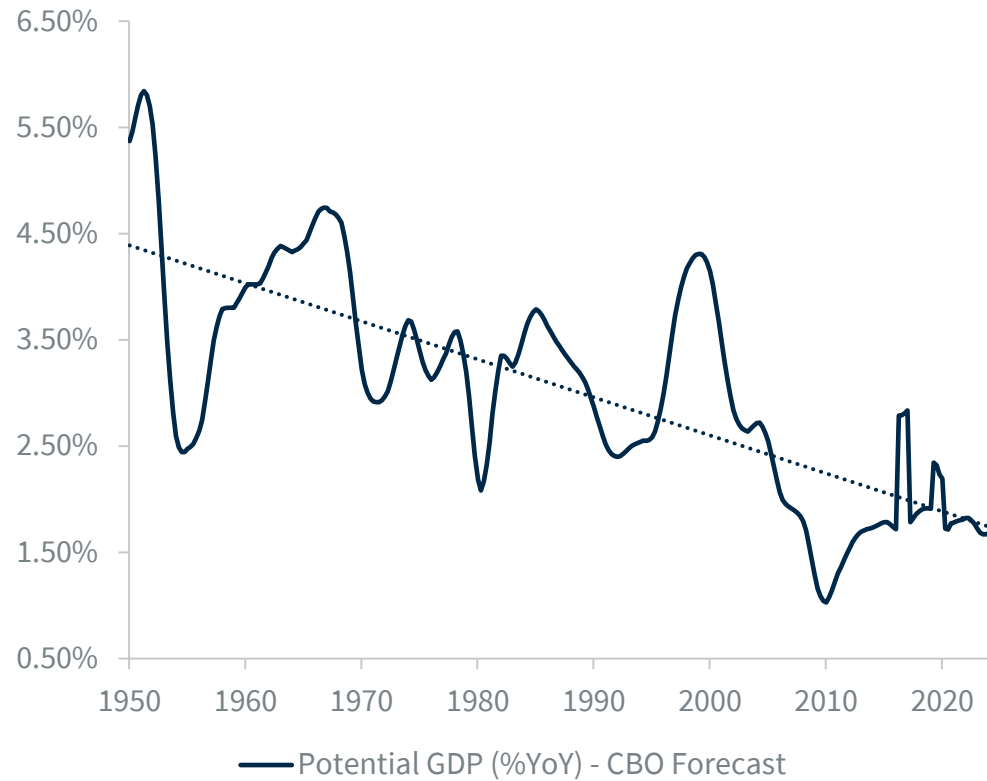


Source: FactSet, Data as of 6/27/2023.

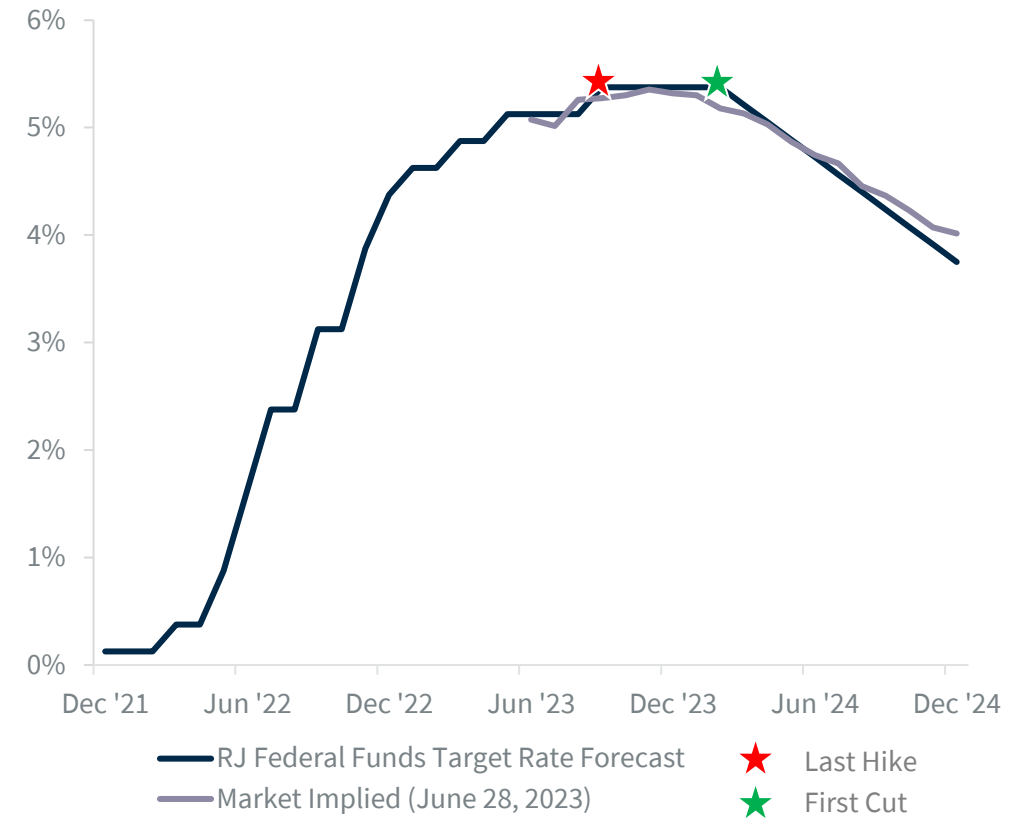
## THE FED IS NEARING THE TIGHTENING CYCLE FINISH LINE

THE FED IS LIKELY AT, OR NEAR THE END OF THIS TIGHTENING CYCLE; THE FED SHOULD SHIFT FOCUS FROM INFLATION TO GROWTH

Potential GDP Growth—Little Room for Error



Fed Funds Forecast



Source: FactSet, Data as of 6/27/2023.



# 4 Fixed Income

## Downhills Can Be Dangerous

### INSIGHT:

With Fed tightening nearing the end, inflation gearing down, and the economy no longer 'pumped up' by stimulus, Treasury yields are poised for a downhill glide.

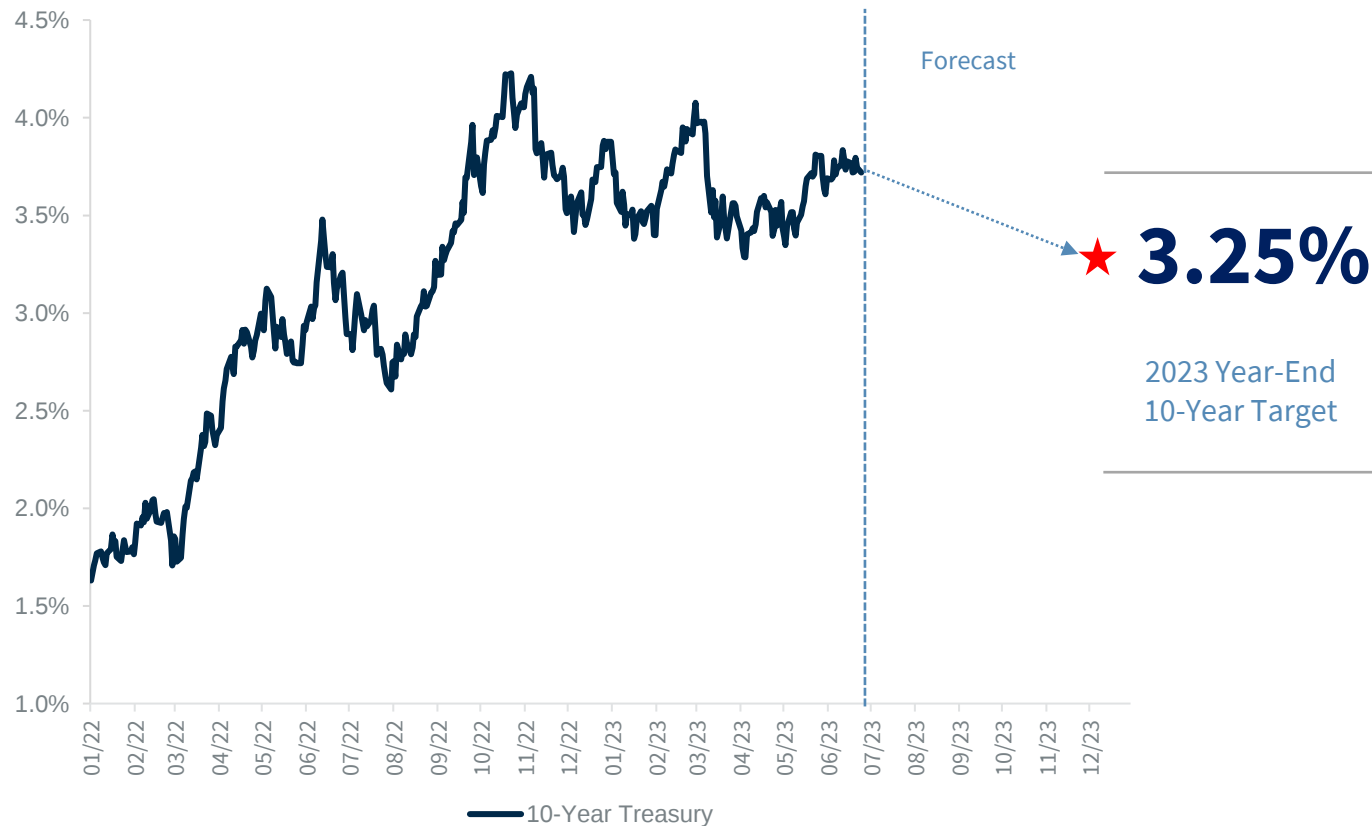
### BOTTOM LINE:

In an environment where growth will be dicey, we prefer to play it safe and focus on high quality bonds, such as Treasuries, investment grade corporates and municipal bonds.

## INTEREST RATES EXPECTED TO HAVE DOWNHILL GLIDE

INTEREST RATES ARE LIKELY TO MOVE LOWER OVER THE NEXT TWELVE MONTHS

### 10-Year Yields Have Been Range Bound This Year



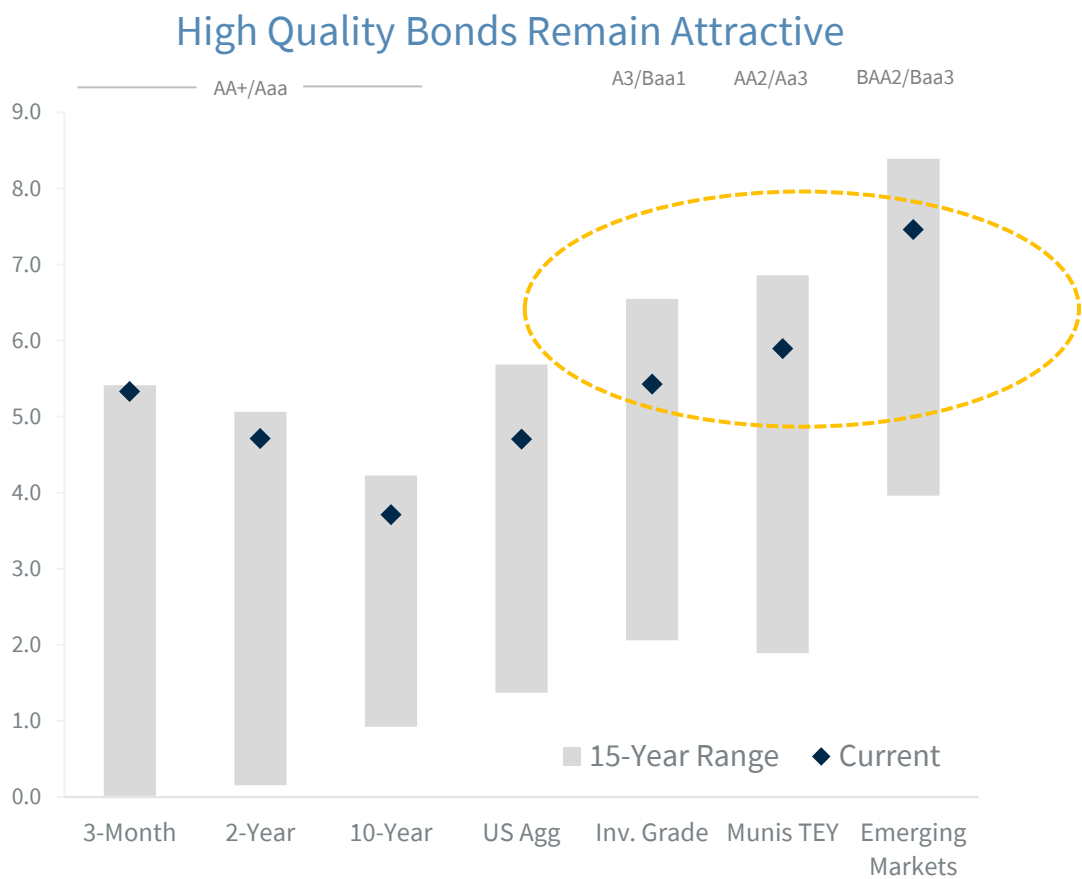
Source: FactSet, Data as of 6/27/2023.

### Five Reasons Interest Rates Will Move Lower

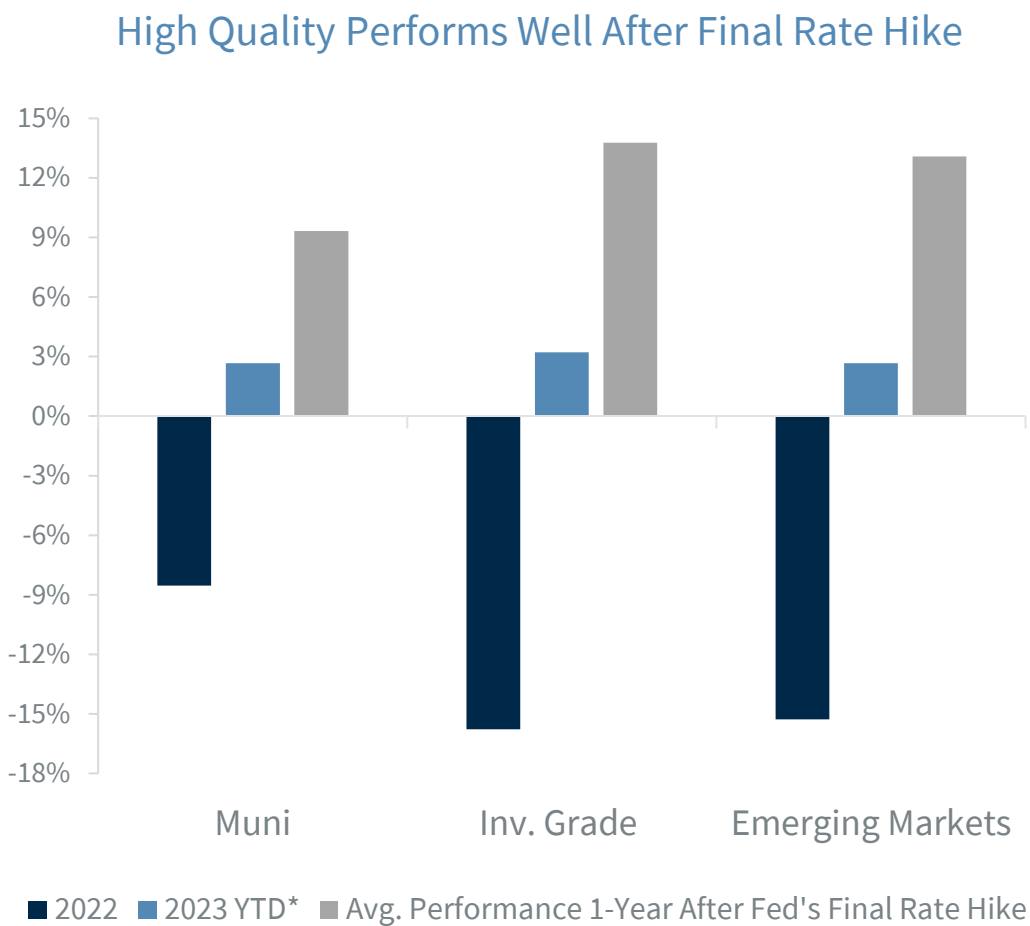
- 1 Long And Variable Lags In Monetary Tightening Will Lead To A Prolonged Period Of **Below Trend Growth**
- 2 Fed's **Tightening Cycle** Is Coming To An End
- 3 **Inflation** Has Peaked And Continues To Trend Lower
- 4 **Tighter Lending Conditions** Will Act As A Drag On Businesses And Consumers
- 5 Positive **Fund Flows** For Investors Seeking Income

# FOCUS ON QUALITY BONDS

## FOCUS ON HIGH QUALITY BONDS; HIGH YIELD BOND RISKS EMERGING

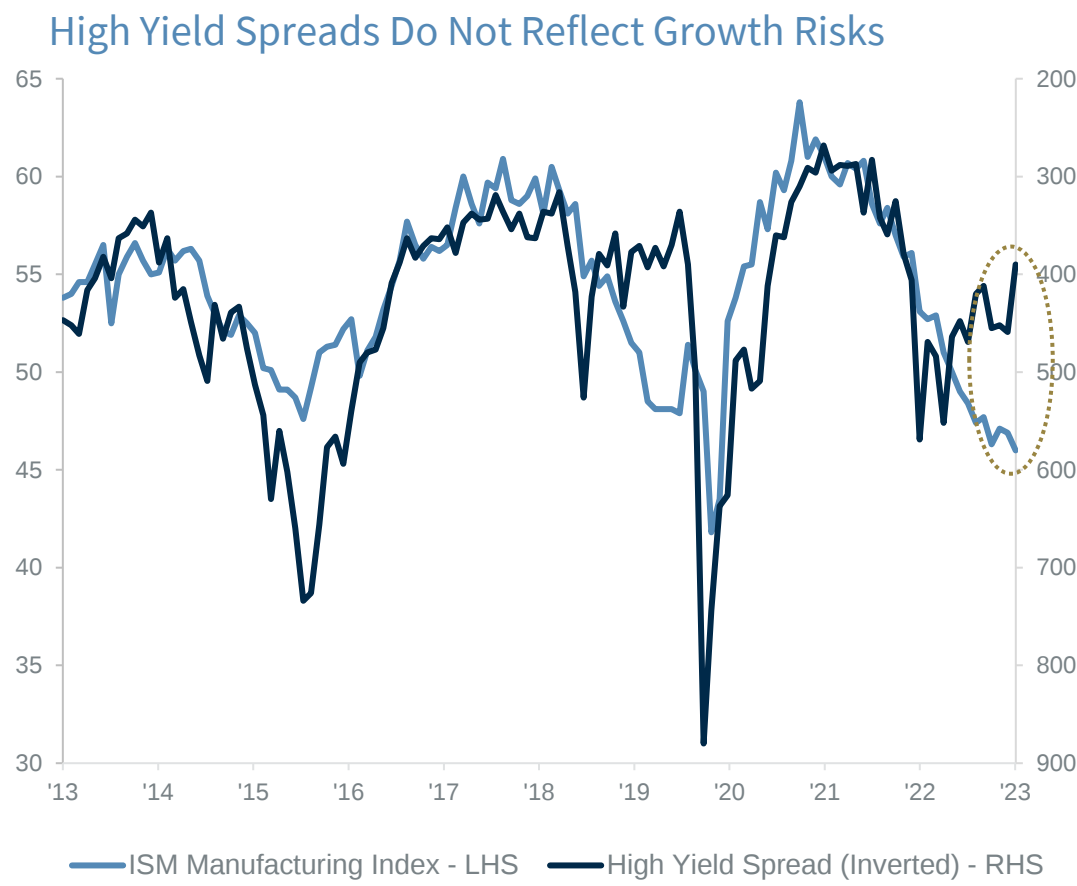


Muni TEY calculated using the 40.8% Tax Rate  
 Source: FactSet, Data as of 6/30/2023.

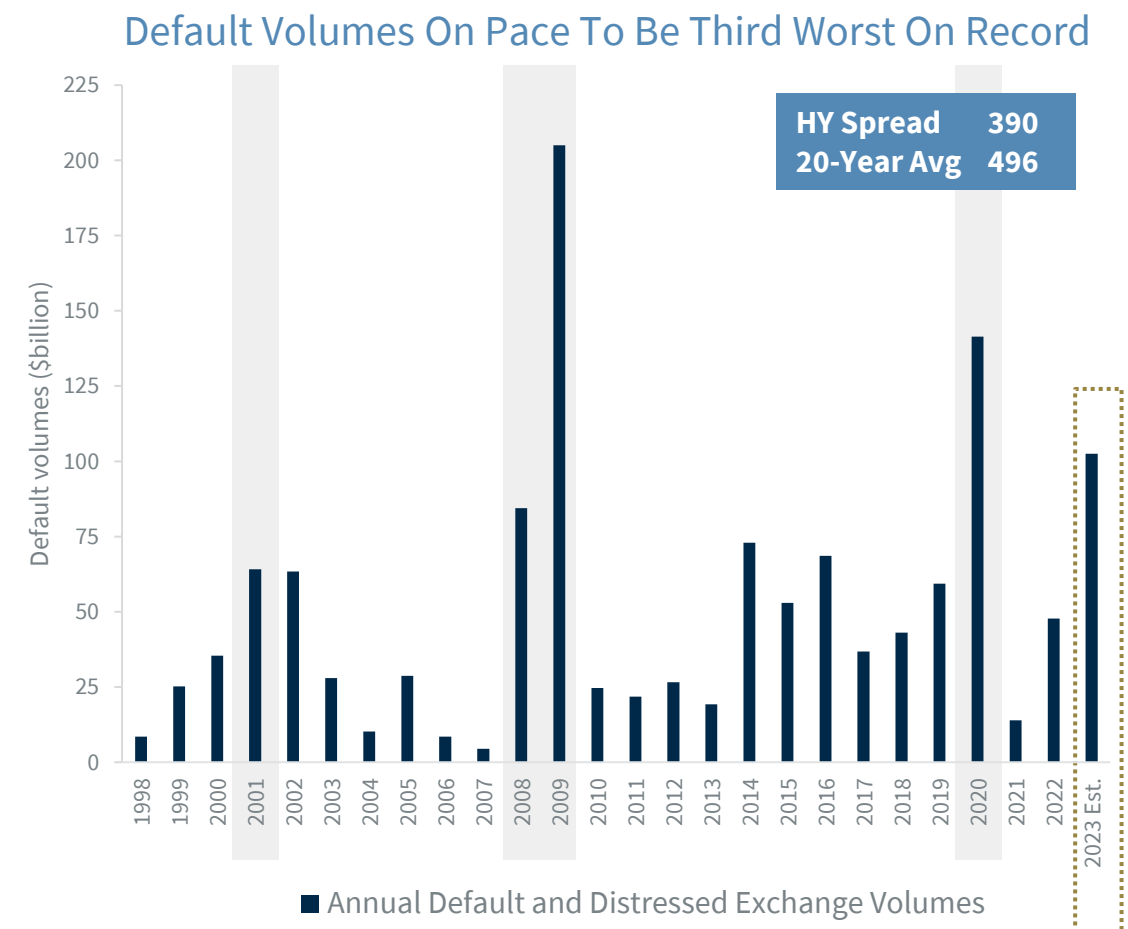


# FOCUS ON QUALITY BONDS

## HIGH YIELD BOND SPREADS NOT PRICING IN EMERGING RISKS

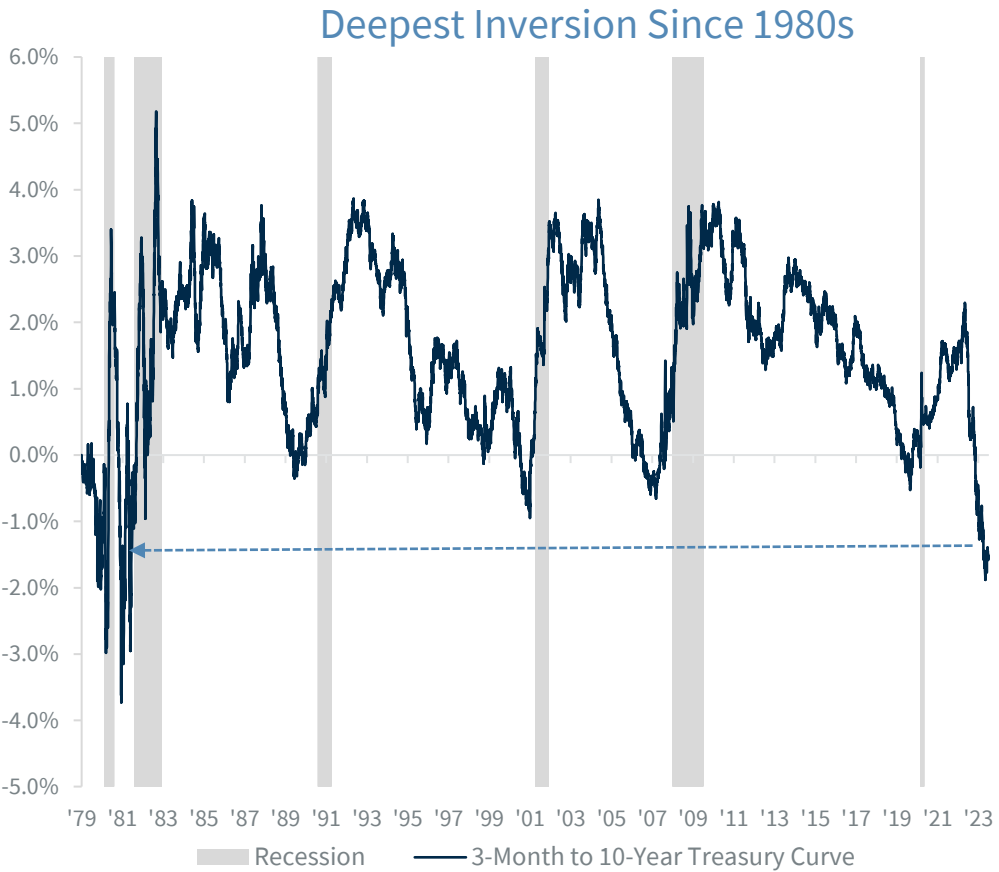


Source: FactSet, Data as of 6/30/2023.



# DIVERSIFY YOUR MATURITY SPECTRUM

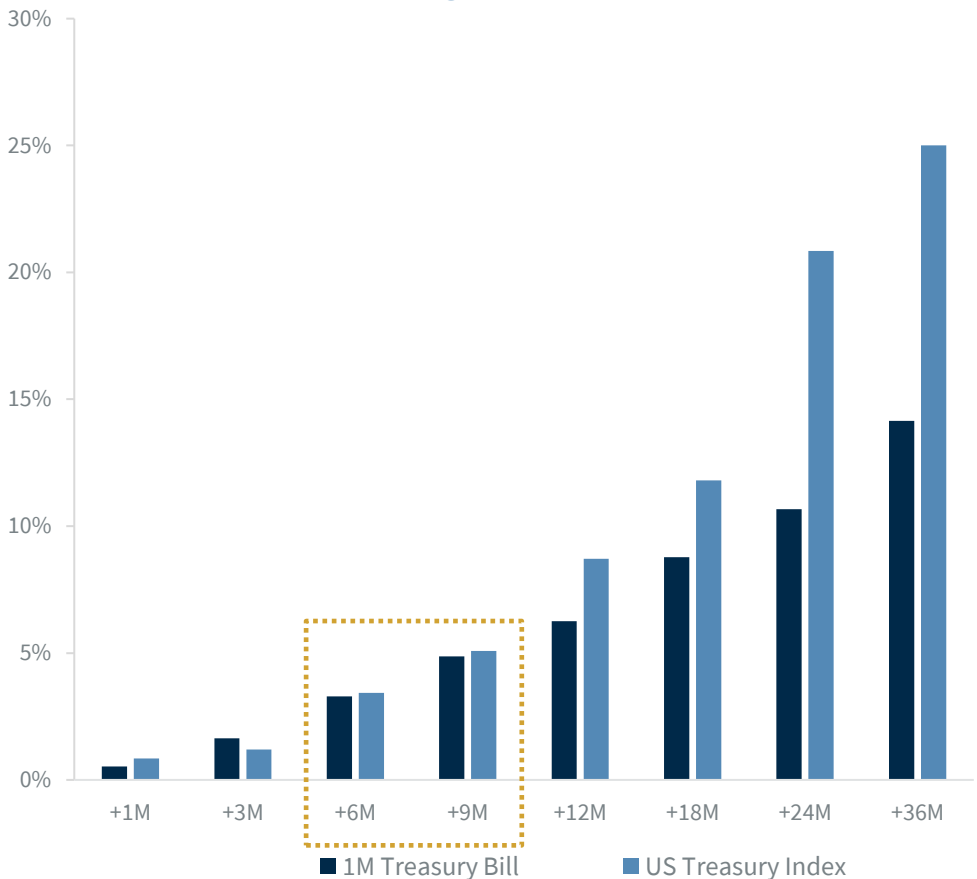
FOCUS ON HIGH QUALITY BONDS; DIVERSIFY YOUR MATURITY STRUCTURE



**4.07%**  
10-Year Yield

**5.37%**  
3-Month Yield

## Performance Following Max Yield Curve Inversion



Source: FactSet, Data as of 6/26/2023.



# 5 Equities

Can Tech Sustain its Breakaway?

## INSIGHT:

The leader of the equity pack has been the Technology sector, with a boost from AI. But can its dominance keep pace?

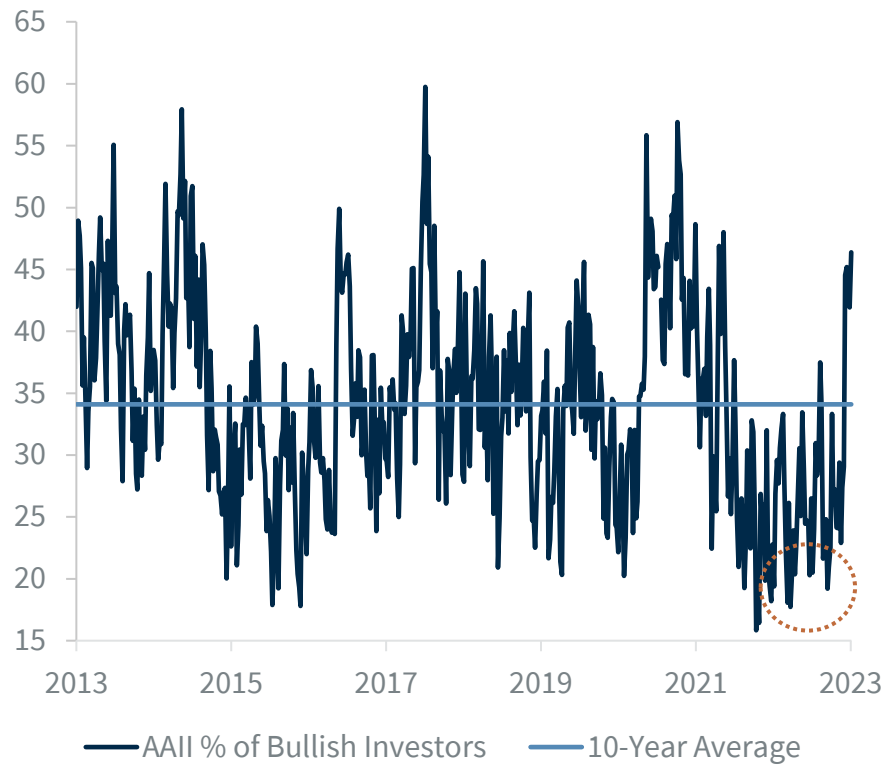
## BOTTOM LINE:

The hoped for end of the Fed's tightening cycle will provide a tailwind for equities broadly, with more defensive sectors (Health Care, Energy, Financials) poised to close the gap.

## A SHARP SHIFT IN SENTIMENT TO BEGIN THE YEAR

### FROM PESSIMISM TO OPTIMISM FOR EQUITY INVESTORS

#### Investor Sentiment Turns Sharply Positive



#### Reasons for Pessimism Coming into 2022

- ✓ Elevated Inflation
- ✓ Fed Tightening
- ✓ Recession Concerns
- ✓ Earnings Fallout
- ✓ Political Risks
- ✓ Russia/Ukraine
- ✓ Supply Chain Issues

#### P/E Expands on More Positive News



Source: FactSet, Data as of 7/6/2023.

# THE NEW STAGE—EARNINGS GROWTH TO LEAD THE WAY

## SHIFTING FROM P/E EXPANSION TO EARNINGS GROWTH AS THE DRIVER OF THE MARKET

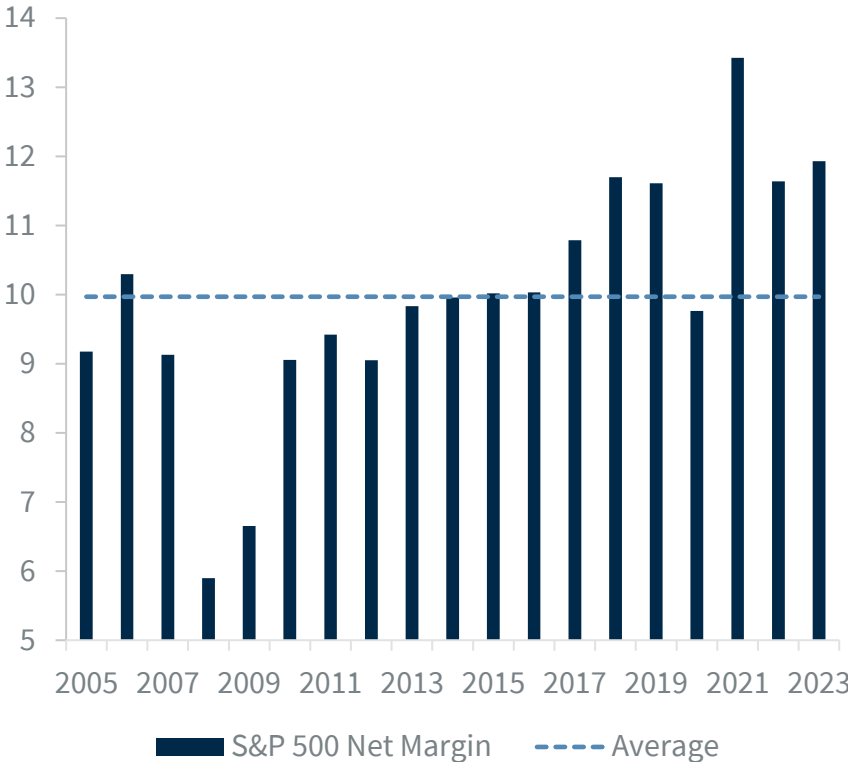
Earnings Stabilize—But Slow to Move Higher



**\$215**

2023 S&P 500 Earnings  
Forecast

Resilient Margins—Shifting from Top Line to Bottom Line Growth

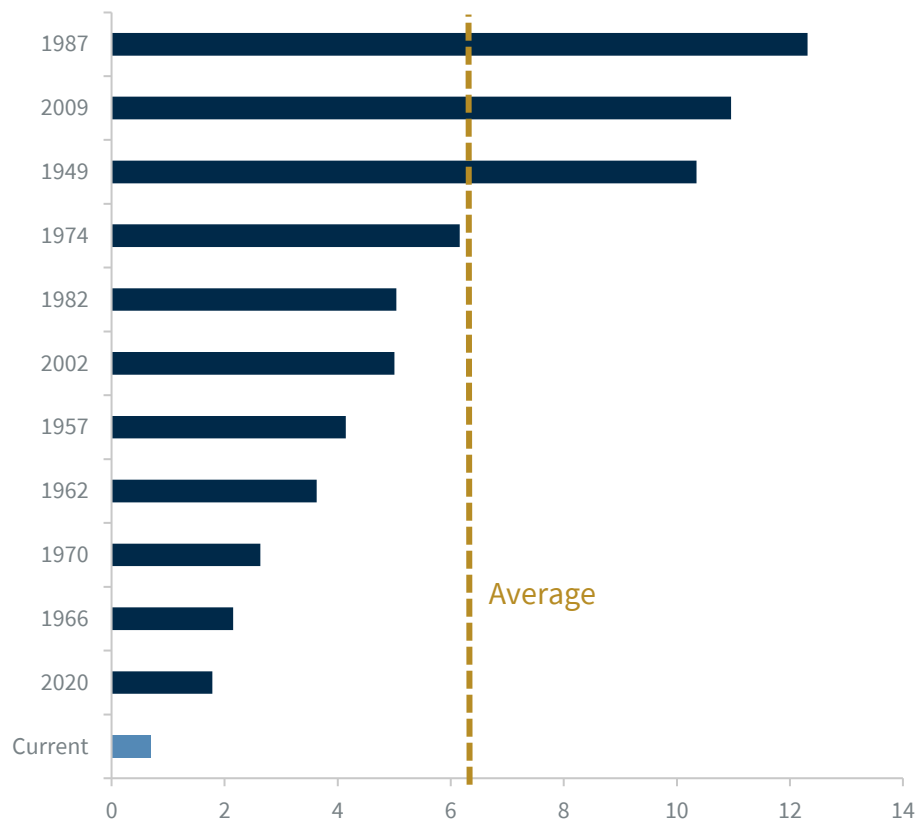


Source: FactSet, Data as of 7/6/2023.

## IS THIS RALLY A HEAD FAKE—OR THE START OF A NEW BULL MARKET?

WE REMAIN OPTIMISTIC ON THE MARKET LONGER TERM

### Bull Markets Typically Exhibit Endurance



Source: FactSet, Data as of 6/26/2023.

**4,400**

Year-End 2023  
S&P 500 Target

**4,600**

12-Month  
S&P 500 Target

### Five Reasons We Remain Optimistic on the Equity Market Longer Term

1

Macro Factors (Final Fed Rate Hike, Falling Interest Rates) Supportive

2

Margins To Remain Resilient Throughout 2023 (Falling Input Prices)

3

Favorable Historical Trends (e.g., Third Year Of Presidential Cycle)

4

Record Amount of Cash On Sidelines

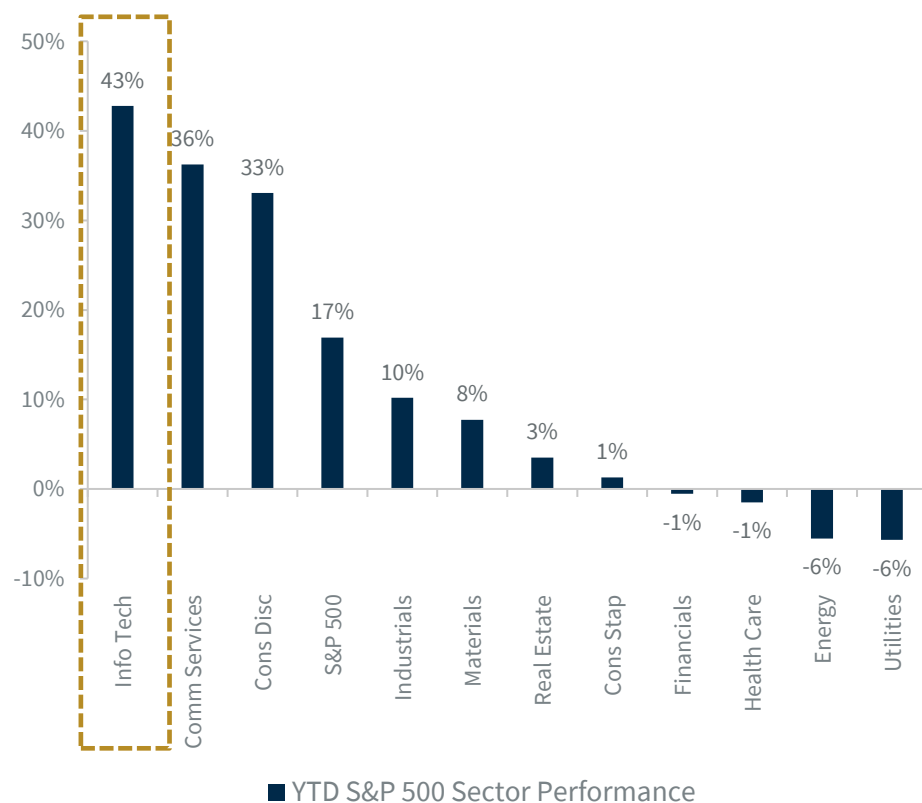
5

Resilient Corporate Activity (Elevated Buybacks/M&A Picking Up)

# TECH HAS BROKEN AWAY FROM THE PELOTON OF SECTORS

WILL TECH REMAIN THE LEADER OR LOSE ITS DOMINANCE?

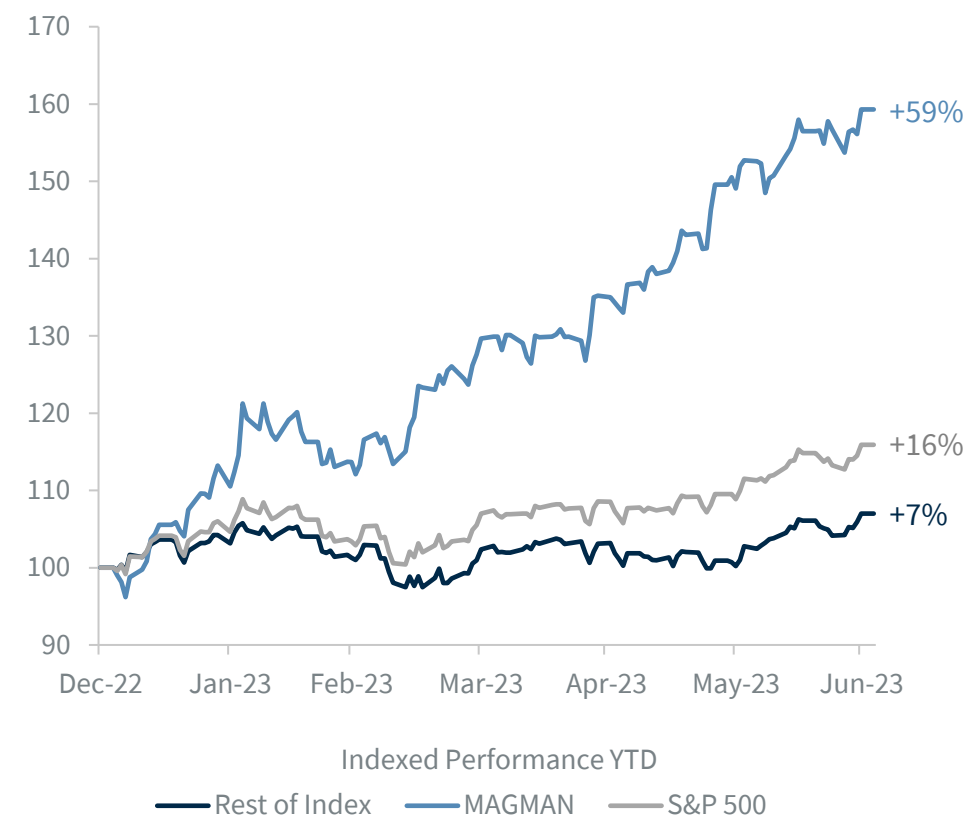
Year-to-Date Performance (by Sector)



**+43%**

Technology Sector's  
Best Performance in  
First Six Months on  
Record

Market's Performance Top Heavy



Source: FactSet, MAGMAN is made up of MSFT, AAPL, GOOGL, META, AMZN, NVDA. Returns are market-cap weighted. Data as of July 3, 2023.

Source: FactSet, Data as of 7/3/2023.

## SECTOR SPOTLIGHT

### MATCHING SECTORS TO JERSEYS

#### Info Tech



- Will benefit from long-term trend in AI
- Highest margins of any sector
- Consistently beat earnings estimates
- Well-diversified business strategy of mega-cap companies

#### Health Care



- Trading at discount to historical average
- Trades well in sprints and climbs
- Aging demographics
- Historically strong earnings and revenue growth (good visibility)

#### Financials



- Loan growth stabilizing
- Healthy EPS and revenue growth
- Corporate activity picking up
- Oversold sentiment a positive
- Healthy stress tests = increased dividends and buybacks

#### Energy



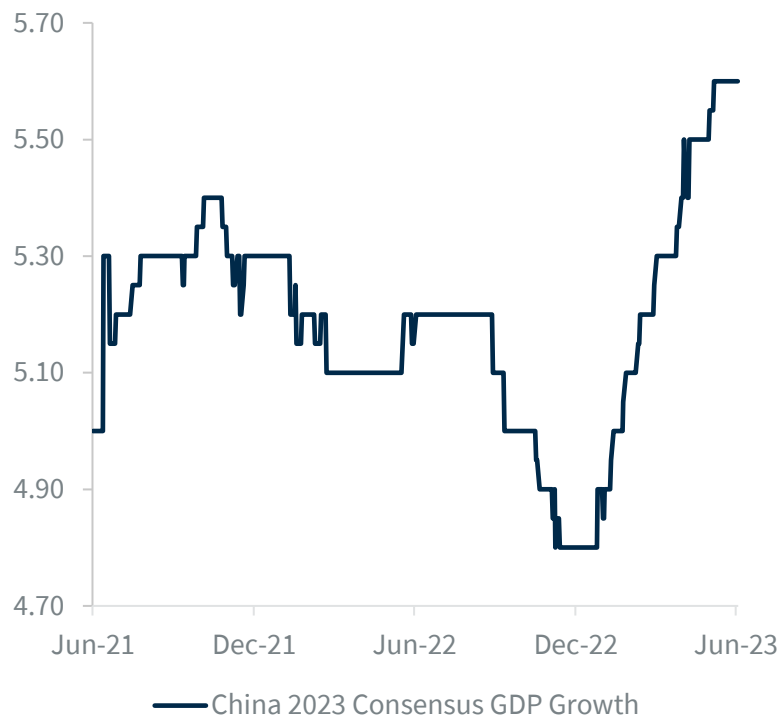
- Highest dividend + buyback yield of any sector
- Upside in oil prices to \$85/bbl
- Continued investment in green energy
- Increased capital discipline



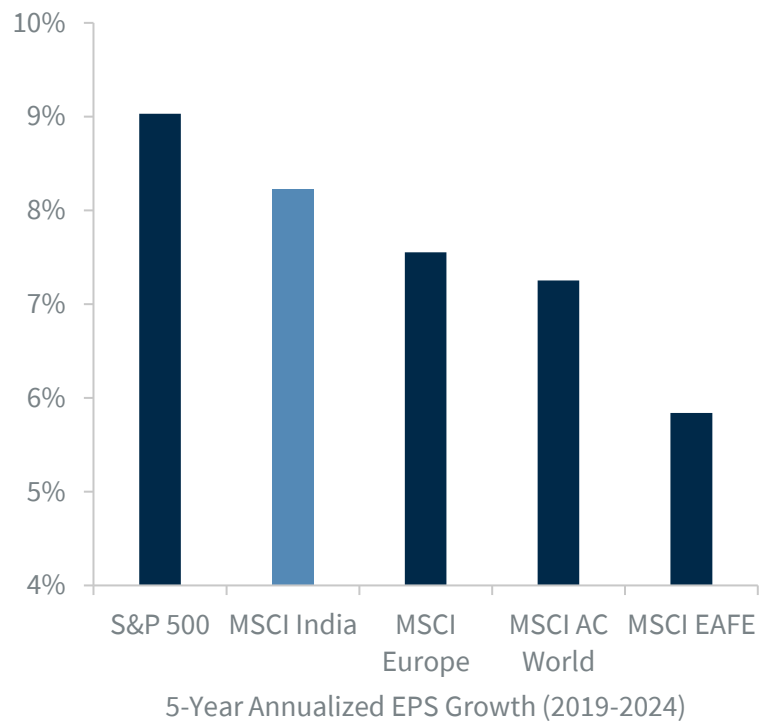
## EMERGING MARKETS TAKE THE WHITE JERSEY

THE WHITE JERSEY GOES TO THE BEST YOUNG RIDER—IN THIS CASE EMERGING MARKETS

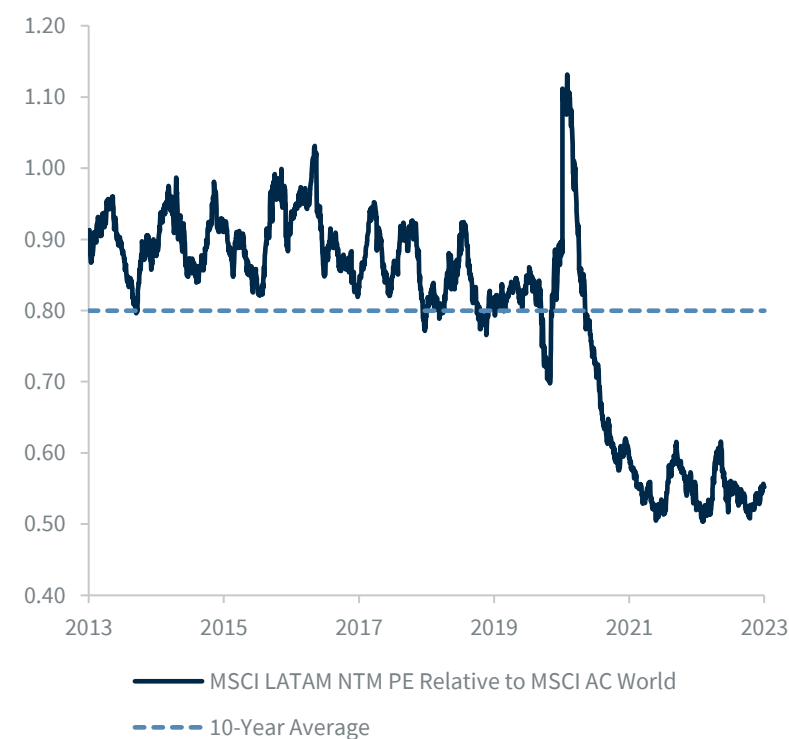
### China Shifting Policy to Boost Economic Growth



### India to Benefit from Friendshoring and Favorable Demographics



### LATAM Trading at a Discount



Source: FactSet, Data as of 6/26/2023.



# 6 Asset Allocation

Are You Ready For The Next Stage?

## INSIGHT:

This market cycle has been exhausting for many investors. However, we feel we are entering the next stage of opportunity.

## BOTTOM LINE:

A balanced, well-rounded, and consistent long-term-focused strategy is essential. Focus on diversification and asset allocation to help get you across your finish line.

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## BALANCED PORTFOLIO HAS NEVER WON A LEG...

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### LESSONS LEARNED FROM 3-TIME US TOUR DE FRANCE WINNER GREG LEMOND

Lesson From the Greatest US Cyclist in History



1

**Won by Closest Margin Ever on Last Day**

*Try Not to Wait Until Last Minute to Achieve Financial Goals*

2

**First Non-European Rider to Win the Tour de France**

*Globalization Matters for the Global Economy and Portfolio Management*

3

**Came Back from Being Shot Accidentally With Shotgun**

*Do Not Panic Sell or Give Up in Periods of Volatility; Stay Focused*

4

**Championed Several Technological Advancements**

*Always Look to Evolve Your Portfolio*

5

**Introduced Tools to Take Advantage of Aerodynamics**

*Look for Ways to Reduce the 'Friction' Within Your Portfolio*

6

**Won the Tour de France Without Winning a Single Leg**

*Diversification Matters More than Chasing Momentum*

## BALANCED PORTFOLIO HAS NEVER WON A LEG...

THE REBALANCED PORTFOLIO NEVER FINISHES 1<sup>ST</sup> OR 5<sup>TH</sup>...

Individual Asset Classes and Portfolios: Annual Performance (%)

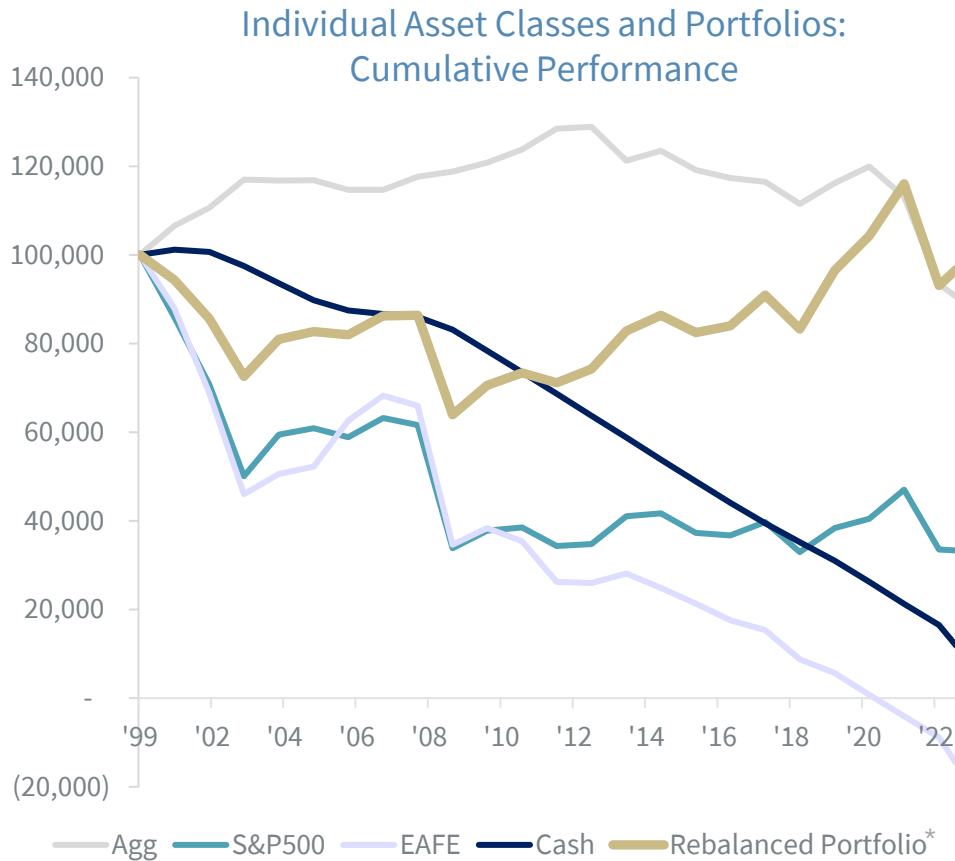
| '00  | '01   | '02   | '03  | '04  | '05  | '06  | '07 | '08   | '09  | '10  | '11   | '12  | '13  | '14  | '15 | '16  | '17  | '18   | '19  | '20  | '21  | '22   | YTD  |
|------|-------|-------|------|------|------|------|-----|-------|------|------|-------|------|------|------|-----|------|------|-------|------|------|------|-------|------|
| 11.6 | 8.4   | 10.3  | 28.7 | 13.1 | 29.5 | 16.9 | 7.0 | 5.2   | 26.5 | 15.1 | 7.8   | 17.9 | 32.4 | 13.7 | 5.8 | 12.0 | 21.8 | 0.0   | 31.5 | 18.4 | 28.7 | 1.3   | 14.2 |
| 6.2  | 4.4   | 1.8   | 20.8 | 10.9 | 5.2  | 15.8 | 6.0 | 2.4   | 25.4 | 11.2 | 3.7   | 16.0 | 27.5 | 10.2 | 1.4 | 7.9  | 15.8 | 1.9   | 22.3 | 13.2 | 19.2 | -6.5  | 10.7 |
| -0.7 | -4.0  | -9.3  | 18.5 | 8.4  | 4.9  | 11.3 | 5.5 | -20.2 | 18.2 | 6.5  | 2.1   | 11.4 | 18.4 | 6.4  | 1.3 | 5.9  | 14.2 | -2.9  | 21.9 | 7.5  | 16.1 | -13.0 | 9.3  |
| -7.1 | -11.9 | -22.1 | 4.1  | 4.3  | 3.1  | 4.8  | 5.0 | -37.0 | 5.9  | 5.3  | 0.2   | 4.2  | 0.1  | 6.0  | 0.5 | 2.6  | 3.5  | -4.4  | 8.7  | 1.3  | 0.0  | -15.5 | 2.4  |
| -9.1 | -16.0 | -25.8 | 1.1  | 1.2  | 2.4  | 4.3  | 4.0 | -39.9 | 0.3  | 0.3  | -11.7 | 0.1  | -2.0 | 0.1  | 0.1 | 0.4  | 0.8  | -10.5 | 2.3  | 0.7  | -1.5 | -18.1 | 1.8  |

S&P500
  MSCI EAFE
  Bloomberg Agg
  Cash
  Portfolio\* (Rebalanced Annually)

\*Portfolio: S&P 500 (55%), Bloomberg Agg (40%), MSCI EAFE (5%).

## BUT IT HAS WON THE RACE

...BUT ITS CONSISTENCY OVER TIME WINS THE RACE



Despite  
Withdrawing  
\$5,000/year or  
\$110,000 Over  
22 Years, the  
Rebalanced  
Portfolio Still Has

**97%**

of the Original  
\$100,000  
Investment

Most Victories



Cumulative Winner



\*Portfolio: S&P 500 (55%), Bloomberg Agg (40%), MSCI EAFE (5%). Annual Withdrawals of \$5,000

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## UPCOMING WEBINARS

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**SEP 11 | 4:00 PM**

Market Outlook and Timely Investment Topics

*This presentation will discuss recent market and economic trends and impacts.*

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## SOCIAL MEDIA

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ON TWITTER

**@LARRYADAMRJ**



FOLLOW OUR CIO  
ON LINKEDIN

**Larry Adam**



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**INTERNATIONAL INVESTING** | International investing involves additional risks such as currency fluctuations, differing financial accounting standards, and possible political and economic instability. These risks are greater in emerging markets. Investing in emerging markets can be riskier than investing in well-established foreign markets.

**SECTORS** | Sector investments are companies engaged in business related to a specific economic sector and are presented herein for illustrative purposes only and should not be considered as the sole basis for an investment decision. Sectors are subject to fierce competition and their products and services may be subject to rapid obsolescence. There are additional risks associated with investing in an individual sector, including limited diversification.

**OIL** | Investing in oil involves special risks, including the potential adverse effects of state and federal regulation and may not be suitable for all investors.

**WEST TEXAS INTERMEDIATE** | West Texas Intermediate can refer to a grade or a mix of crude oil, and/or the spot price, the futures price, or the assessed price for that oil; colloquially WTI usually refers to the price of the New York Mercantile Exchange WTI Crude Oil futures contract or the contract itself.

**CURRENCIES** | Currencies investing are generally considered speculative because of the significant potential for investment loss. Their markets are likely to be volatile and there may be sharp price fluctuations even during periods when prices overall are rising.

**GOLD** | Gold is subject to the special risks associated with investing in precious metals, including but not limited to: price may be subject to wide fluctuation; the market is relatively limited; the sources are concentrated in countries that have the potential for instability; and the market is unregulated.

**FIXED INCOME** | Fixed-income securities (or “bonds”) are exposed to various risks including but not limited to credit (risk of default of principal and interest payments), market and liquidity, interest rate, reinvestment, legislative (changes to the tax code), and call risks. There is an inverse relationship between interest rate movements and fixed income prices. Generally, when interest rates rise, fixed income prices fall and when interest rates fall, fixed income prices generally rise.

**US TREASURIES** | US Treasury securities are guaranteed by the US government and, if held to maturity, generally offer a fixed rate of return and guaranteed principal value.

**US TREASURY INDEX** | An index based on recent auctions of US Treasury bills and is commonly used as a benchmark when determining interest rates, such as mortgage rates.

**CAPEX** | CAPEX Capital Expenditures are funds used by a company to acquire, upgrade, and maintain physical assets such as property, plants, buildings, technology, or equipment. CapEx is often used to undertake new projects or investments by a company.

### FIXED INCOME DEFINITION

**AGGREGATE BOND** | **Bloomberg US Agg Bond Total Return Index:** The index is a measure of the investment grade, fixed-rate, taxable bond market of roughly 6,000 SEC-registered securities with intermediate maturities averaging approximately 10 years. The index includes bonds from the Treasury, Government-Related, Corporate, MBS, ABS, and CMBS sectors.

**HIGH YIELD** | **Bloomberg US Corporate High Yield Total Return Index:** The index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below.

**CREDIT** | **Bloomberg US Credit Total Return Index:** The index measures the investment grade, US dollar-denominated, fixed-rate, taxable corporate and government related bond markets. It is composed of the US Corporate Index and a non-corporate component that includes foreign agencies, sovereigns, supranationals and local authorities.

**US DOLLAR** | The U.S. Dollar Index is an index (or measure) of the value of the United States dollar relative to a basket of foreign currencies, often referred to as a basket of U.S. trade partners' currencies. The Index goes up when the U.S. dollar gains "strength" (value) when compared to other currencies.

**200 DAY MOVING AVERAGE** | The 200-day moving average is a popular technical indicator which investors use to analyze price trends. It is simply a security's average closing price over the last 200 days.

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## US INDEXES AND EQUITY SECTORS DEFINITION

**S&P 500** | The **S&P 500 Total Return Index**: The index is widely regarded as the best single gauge of large-cap U.S. equities. There is over USD 7.8 trillion benchmarked to the index, with index assets comprising approximately USD 2.2 trillion of this total. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

**RUSSELL 2000** | **Russell 2000 Total Return Index**: This index covers 2000 of the smallest companies in the Russell 3000 Index, which ranks the 3000 largest US companies by market capitalization. The Russell 2000 represents approximately 10% of the Russell 3000 total market capitalization. This index includes the effects of reinvested dividends.

## INTERNATIONAL EQUITY DEFINITION

**EMERGING MARKETS EASTERN EUROPE** | **MSCI EM Eastern Europe Net Return Index**: The index captures large- and mid-cap representation across four Emerging Markets (EM) countries in Eastern Europe. With 50 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

**EMERGING MARKETS** | **MSCI Emerging Markets Net Return Index**: This index consists of 23 countries representing 10% of world market capitalization. The index is available for a number of regions, market segments/sizes and covers approximately 85% of the free float-adjusted market capitalization in each of the 23 countries.

**MSCI EAFE** | The **MSCI EAFE** (Europe, Australasia, and Far East) is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the United States & Canada. The EAFE consists of the country indices of 22 developed nations.

**GERMAN BUND** | A bund is a debt security issued by Germany's federal government, and it is the German equivalent of a U.S. Treasury bond.

**SMALL CAP** | Investing in small-cap stocks generally involves greater risks, and therefore, may not be appropriate for every investor. The prices of small company stocks may be subject to more volatility than those of large company stocks.

**LARGE-CAP STOCK** | also known as big caps are shares that trade for corporations with a market capitalization of \$10 billion or more. Large-cap stocks tend to be less volatile during rough markets as investors fly to quality and stability and become more risk-averse

**MSCI AC WORLD EX-US** | **The MSCI AC ex USA** Index captures large and mid cap representation across 22 of 23 Developed Markets (DM) countries (excluding the US) and 26 Emerging Markets (EM) countries\*. With 2,215 constituents, the index covers approximately 85% of the global equity opportunity set outside the US.

**LATAM** | **MSCI EM Latin America Net Return Index**: The index captures large- and mid-cap representation across five Emerging Markets (EM) countries in Latin America. With 116 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

**ASIA EX-JAPAN** | **MSCI Pacific Ex Japan Net Return Index**: The index captures large- and mid-cap representation across four of 5 Developed Markets (DM) countries in the Pacific region (excluding Japan). With 150 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

**JAPAN** | **MSCI Japan Net Return Index**: The index is designed to measure the performance of the large and mid cap segments of the Japanese market. With 319 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in Japan.

## COMMODITIES DEFINITION

**BLOOMBERG COMMODITY INDEX** | Bloomberg Commodity Index is a commodity group sub index of the Bloomberg CITR. The index is composed of futures contracts on crude oil, heating oil, unleaded gasoline and natural gas. It reflects the return on fully collateralized futures positions and is quoted in USD.

**WTI** | West Texas Intermediate can refer to a grade or a mix of crude oil, and/or the spot price, the futures price, or the assessed price for that oil; colloquially WTI usually refers to the price of the New York Mercantile Exchange WTI Crude Oil futures contract or the contract itself.

**BLOOMBERG EMERGING MARKETS AGGREGATE BOND INDEX** | The Bloomberg s Emerging Markets Aggregate Bond Index is a flagship hard currency Emerging Markets debt benchmark that includes USD-denominated debt from sovereign, quasi-sovereign, and corporate EM issuers.

**ZILLOW OBSERVED RENT INDEX** | A measure of the typical home value and market changes across a given region and housing type. It reflects the typical value for homes in the 35th to 65th percentile range. Available as a smoothed, seasonally adjusted measure and as a raw measure.

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