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THE ECONOMY AT A GLANCE

ECONOMIC HIGHLIGHTS

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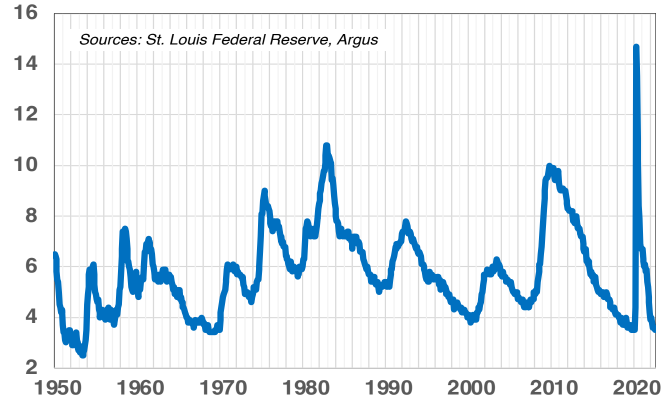
528,000 NEW JOBS IN JULY

Recession? The U.S. economy generated an impressive 528,000 new jobs in July and the unemployment rate dropped to 3.5%. Jobs gains occurred in leisure and hospitality, professional and business services, healthcare, government, construction, and manufacturing. The retail industry was relatively steady. The robust employment report suggests that the consumer segment of the economy is likely to remain on a growth track, despite interest rate hikes, the Russian invasion of Ukraine, and the price of gas. The report also signals that the Federal Reserve is likely to stay aggressive in its fight against inflation.

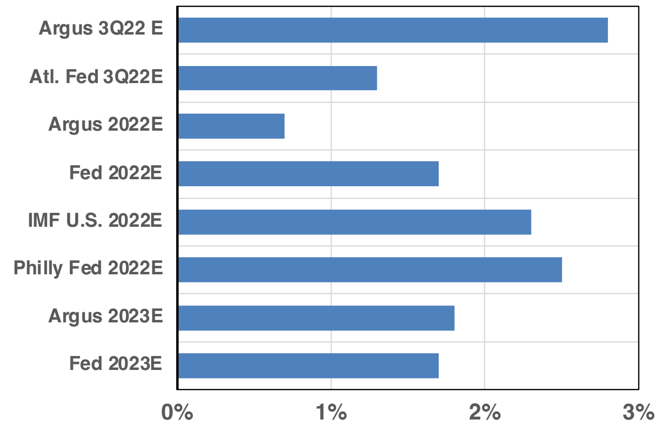
U.S. UNEMPLOYMENT RATE (%)



LOWERING GDP ESTIMATE (AGAIN) FOR 2022

Our forecast for GDP growth in 2022 is now 0.7%, down from our prior forecast of 1.4%. Our preliminary forecast for 2023 is now 1.8%, down from 1.9%, assuming economic trends start to recover later next year. Our forecasts do not call for a recession, despite the negative 1H22 results. But they do call for below-trend GDP growth due largely to the impact of higher interest rates. The domestic employment environment is nearing full strength, although consumer confidence trends are mixed. Auto sales have recovered from pandemic lows, but at an uneven pace. The U.S. housing market has contributed to the economic recovery from the pandemic, but high prices are cooling the market. Businesses are expanding, but growth is slowing. Exports are under pressure from geopolitical tensions and the rising dollar. But import growth will not proceed at the recent high-teens pace. And government spending trends should smooth out as well.

GDP ESTIMATES



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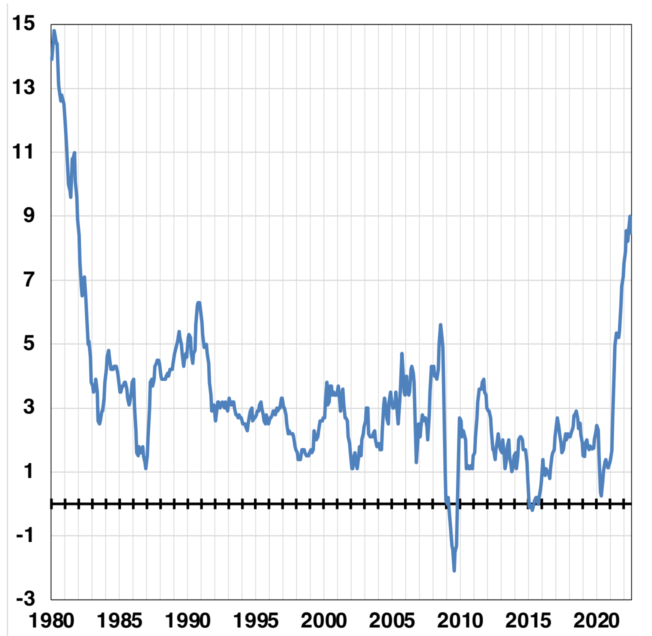
INFLATION INFLECTION POINT

The Bureau of Labor Statistics reported an 8.5% year-over-year increase in overall inflation in July, compared to 9.1% in June. The overall rate was lifted by high food prices (+10.9% year-over-year), energy prices (+32.9%), and new vehicle prices (+10.4%). Energy prices fell month-over-month, however, as gasoline prices dropped 7.7% during the period. Taking out volatile food and energy components, the core all-items index rose at a 5.9% pace over the past year through July, flat with the rate in June. Prices for used cars, apparel, and transportation services all declined month-over-month. Medical care commodities and services inflation remains muted. We think the 9.1% CPI rate in July will prove to be the peak reading for 2022, as gas prices slide and the housing market cools. Even so, the Fed has a lot of work ahead to bring core inflation down to its target of 2.0%. We look for a 50-basis-point rate hike at the September meeting and additional hikes at subsequent meetings.

CPI TREND (% CHANGE, Y/Y)



DOLLAR BACK AT HIGHS

The dollar is up 8% year-to-date and back at cycle highs. The greenback spiked early in the pandemic as global investors flocked to the security of assets denominated in U.S. currency. Indeed, the dollar in 2020 surpassed the cycle highs set initially in 2001-2002 and then again in late 2016. But after peaking in April 2020, the greenback declined in 2021. In 2022 -- in the wake of the Russian invasion of Ukraine, spiking inflation, and rising global interest rates – the dollar has surpassed previous cycle highs. Currently, on a real trade-weighted basis, the dollar is 20% above the average valuation over the past 20 years. The fully valued U.S. currency reflects several factors, but primarily the relative strength of the U.S. economy and global investor confidence in the U.S. We anticipate a trading range near current levels for the greenback for the balance of this year. That's because we think U.S. GDP will start to cool as the Fed has raised interest rates to tame inflation. What's more, with Treasury prices likely headed lower as the Fed addresses inflation, investors may be selling T-bills and bonds. Lastly, the lofty current valuation of the greenback implies that other currencies -- even gold or other commodities -- are possibly undervalued, and we would expect traders to bid up those values over time.

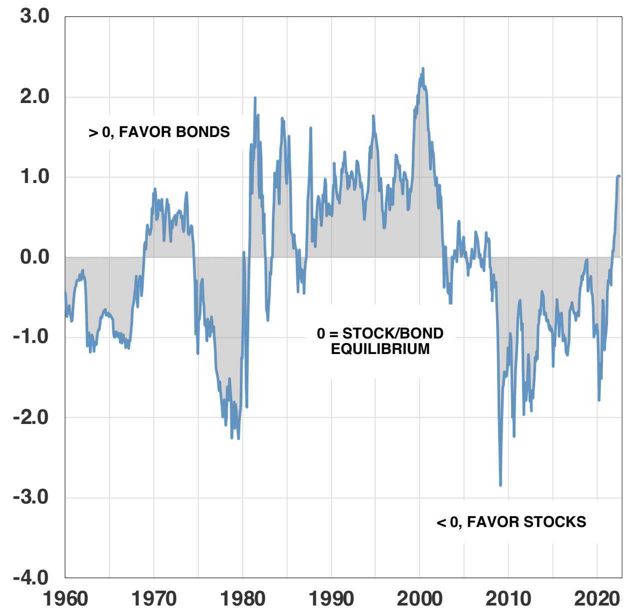
U.S. DOLLAR TREND:
REAL TRADE-WEIGHTED U.S. DOLLAR INDEX

FINANCIAL MARKET HIGHLIGHTS

STOCK VALUATIONS WITHIN NORMAL RANGE

Our bond/stock asset-allocation model indicates that both stocks and bonds are overvalued, despite selloffs in 2022. The output of the model is expressed in terms of standard deviations to the mean, or sigma. The mean reading, going back to 1960, is a modest premium for stocks of 0.15 sigma, with a standard deviation of 1.0. The current valuation is a 1.0 sigma premium for stocks, within the normal range. Generally, the model has done a good job highlighting asset-class value. Stocks were attractive compared to bonds in the late 1970s, when benchmark Treasury rates were in the high teens before heading consistently lower. The model indicated that stocks were at a premium to fair value compared to bonds prior to the "dot-com" crash of 2001 and also prior to the Great Recession in 2007-2009. Starting in 2009, at the depths of the financial crisis, the model indicated that stocks were deeply oversold -- another good call. Markets can manage with premiums and discounts for extended periods. Based on the current model inputs, we expect a continued recovery in stock prices from bear-market lows and have raised our year-end S&P 500 target to 4,300 from 4,100.

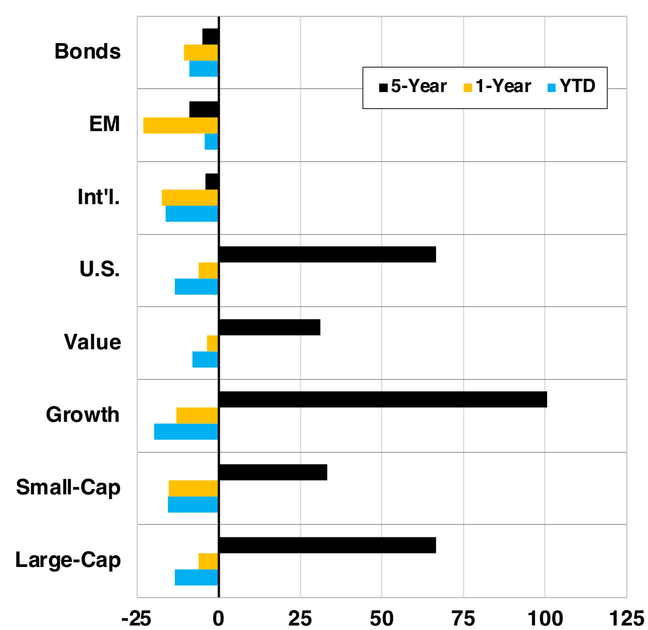
BOND V STOCK BAROMETER
(STANDARD DEVIATIONS)



ARGUS'S FAVORED CLASSES, SEGMENTS

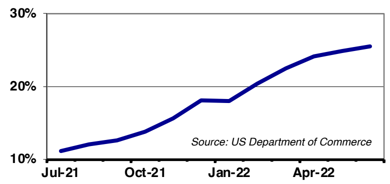
Our Stock-Bond Barometer slightly favors bonds over stocks for long-term portfolios. In other words, these asset classes should be near their target weights in diversified portfolios, with a modest tilt toward fixed income. We are now balanced on large- and small-caps. We favor large-caps for growth exposure and financial strength, while small-caps are selling at historical discounts relative to large caps and offer value. Our recommended exposure to small- and mid-caps is now 15%-17% of equity allocation, in line with the benchmark weighting. U.S. stocks have outperformed global stocks over the trailing one- and five-year periods. We expect this long-term trend to continue given volatile global economic, geopolitical, and currency conditions. That said, international stocks offer favorable near-term valuations, and we target 5%-10% of equity exposure to the group. Value stocks have taken an early lead in 2022 due to the negative impact of rising interest rates on growth stock valuations. Over the long term, we expect growth, led by Tech and Healthcare, to continue to top returns from value, led by Energy and Materials, due to favorable secular and demographic trends.

MARKET SEGMENT RETURNS 2022
(% THROUGH 7/29/22)

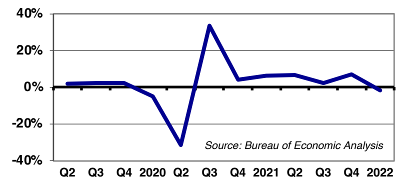


ECONOMIC TRADING CALENDAR

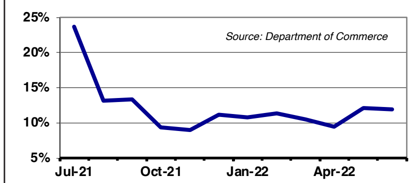
Release:	**Wholesale Inventories**
Date:	8/26/2022
Month:	July
Previous Report:	25.5%
Argus Estimate:	22.0%
Street Estimate:	NA



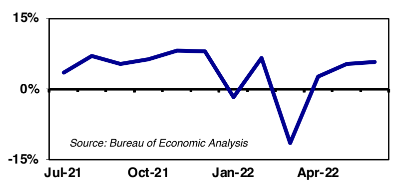
Release:	**GDP Annualized QoQ**
Date:	8/25/2022
Month:	2Q
Previous Report:	-0.9%
Argus Estimate:	-0.9%
Street Estimate:	-0.9%



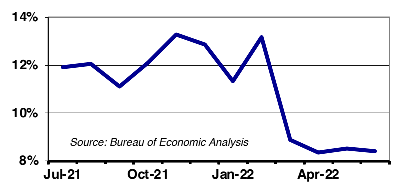
Release:	**Durable Goods Orders**
Date:	8/24/2022
Month:	July
Previous Report:	11.9%
Argus Estimate:	10.0%
Street Estimate:	NA



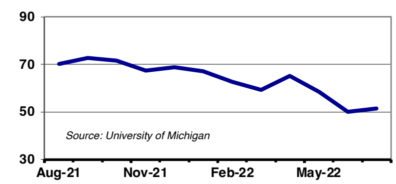
Release:	**Personal Income**
Date:	8/26/2022
Month:	July
Previous Report:	5.7%
Argus Estimate:	5.0%
Street Estimate:	NA



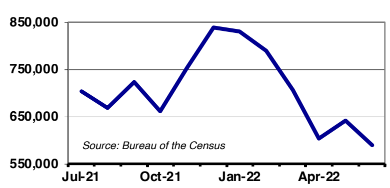
Release:	**Personal Spending**
Date:	8/26/2022
Month:	July
Previous Report:	8.4%
Argus Estimate:	8.0%
Street Estimate:	NA



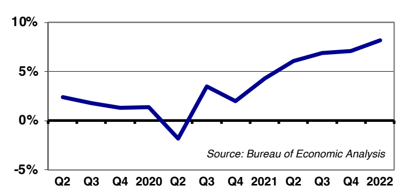
Release:	**U. of Michigan Sentiment**
Date:	8/26/2022
Month:	August
Previous Report:	55.1
Argus Estimate:	52.0
Street Estimate:	NA



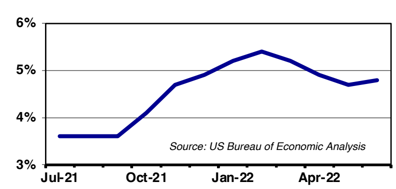
Release:	**New Home Sales**
Date:	8/23/2022
Month:	July
Previous Report:	590000
Argus Estimate:	575000
Street Estimate:	590000



Release:	**GDP Price Index**
Date:	8/25/22
Month:	2Q
Previous Report:	8.7%
Argus Estimate:	8.7%
Street Estimate:	NA



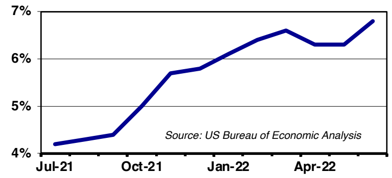
Release:	**PCE Core Deflator**
Date:	8/26/2022
Month:	July
Previous Report:	4.8%
Argus Estimate:	4.6%
Street Estimate:	NA



Previous Week's Releases and Next Week's Releases on next page.

ECONOMIC TRADING CALENDAR

Release:	**PCE Deflator**
Date:	8/26/2022
Month:	July
Previous Report:	6.8%
Argus Estimate:	6.5%
Street Estimate:	NA



Previous Week's Releases

Date	Release	Month	Previous Report	Argus Estimate	Street Estimate	Actual
16-Aug	Industrial Production	July	4.2%	4.0%	NA	NA
	Capacity Utilization	July	80.0%	80.0%	80.1%	NA
	Housing Starts	July	1559 K	1550 K	1548 K	NA
17-Aug	Retail Sales	July	8.4%	8.5%	NA	NA
	Retail Sales; ex-autos	July	10.6%	10.0%	NA	NA
	Business Inventories	June	17.7%	15.0%	NA	NA
18-Aug	Leading Index	July	-0.8%	-0.5%	-0.5%	NA
	Existing Home Sales	July	5.12 Mil.	4.70 Mil.	4.85 Mil.	NA

Next Week's Releases

Date	Release	Month	Previous Report	Argus Estimate	Street Estimate	Actual
30-Aug	Consumer Confidence	August	95.7	NA	NA	NA
1-Sep	ISM Manufacturing	August	52.8	NA	NA	NA
	Construction Spending	July	8.3%	NA	NA	NA
	Nonfarm Productivity	2Q	-4.6%	NA	NA	NA
	Unit Labor Costs	2Q	10.8%	NA	NA	NA
	Total Vehicle Sales	August	13.35 Mil.	NA	NA	NA
	ISM New Orders	August	48.0	NA	NA	NA
2-Sep	Factory Orders	July	14.2	NA	NA	NA
	Nonfarm Payrolls	August	528 K	NA	NA	NA
	Average Weekly Hours	August	34.6	NA	NA	NA
	Average Hourly Earnings	August	5.2%	NA	NA	NA
	Unemployment Rate	August	3.5%	NA	NA	NA