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THE ECONOMY AT A GLANCE

ECONOMIC HIGHLIGHTS

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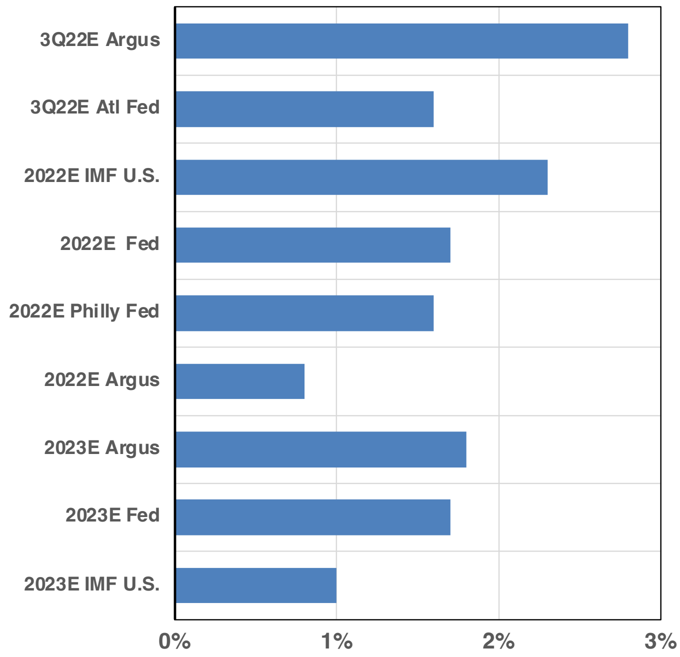
SLOW GDP GROWTH OVER NEXT TWO YEARS

Recent data indicates that key components of U.S. GDP are still expanding, but growth is not consistent across all segments of the economy. After two consecutive quarters of GDP contraction, the economy may be in a recession. Based on our review of the latest economic fundamentals, our forecast for GDP growth in 2022 is 0.8%, up slightly from our prior forecast of 0.7%. Our forecast for 2023 remains 1.8%, 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 near full strength, although consumer confidence trends are mixed. Auto sales have recovered from their pandemic lows, but at an uneven pace. The U.S. housing market has been a positive contributor to the economic recovery, 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 continue at the recent high-teens pace. Government spending trends should smooth out as well. Our estimates differ a bit from consensus. The Fed projects GDP growth of 1.7% in 2022, while the IMF is calling for growth of 2.3%. The Philadelphia Fed's Survey of Professional Forecasters looks for growth of 1.6% this year. The GDPNow forecast from the Federal Reserve Bank of Atlanta is 1.6% for 3Q22.

GDP ESTIMATES



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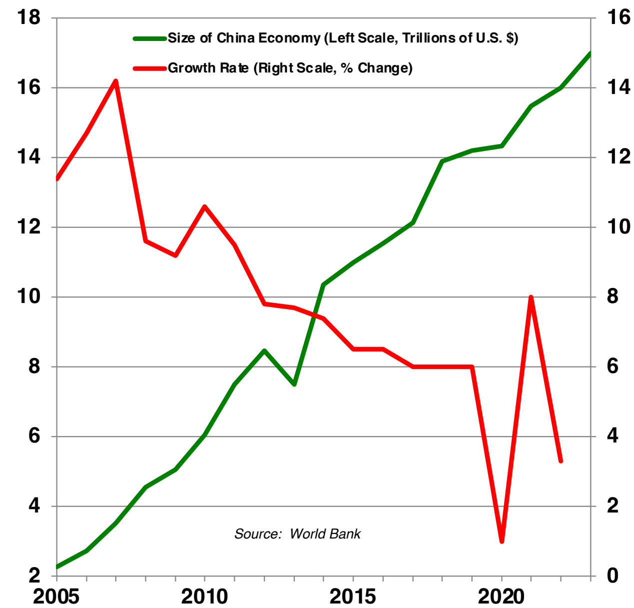
CHINESE ECONOMY HITS SPEED BUMP

China is a $17 trillion economy and represents about 18% of the $94 trillion global economy. As such, China is a critical contributor to global economic growth, even if it "only" grows 5%-6% per year. However, this year, global forecasters are expecting a slowdown to 3.3% -- a rare drop below the emerging-market average. Why? For one thing, the country's zero-COVID policy has shaken consumer confidence; tourism has fallen sharply; and homebuilding has slumped. In the Industrial sector, supply chains have been disrupted even as China's export business continues to expand. Still, there is concern among trade partners that China may borrow a page from Vladimir Putin's playbook and move to take over Taiwan by force. Despite the current tensions, China remains an important growth market over the long term, with an increasingly wealthy population. U.S. companies and investors want access to this market on fair terms. We group China in the International segment of the equity market. In our asset-allocation models, we target 2%-5% exposure to this group, which can be achieved through regional ETFs, as well as through U.S.-based companies that depend on China for growth.

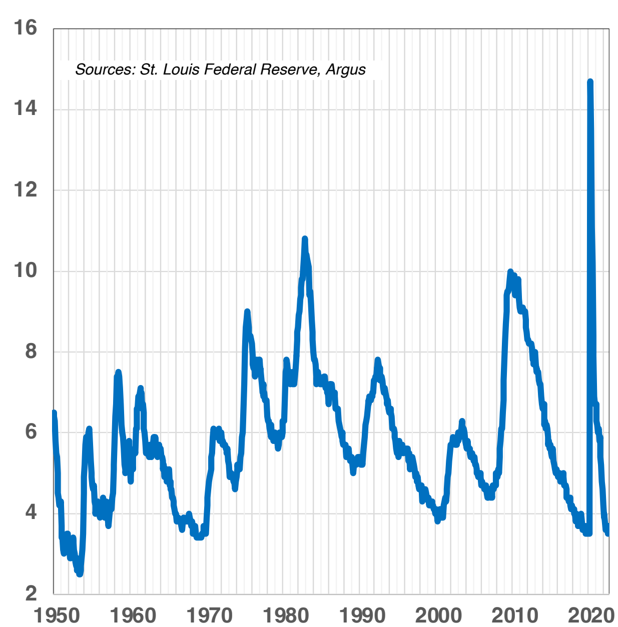
CHINESE ECONOMIC TRENDS



315,000 NEW JOBS IN AUGUST

The U.S. economy generated an impressive 315,000 new jobs in August, ahead of consensus expectations in the 270,000 range and our forecast of 300,000. The unemployment rate ticked higher to 3.7% (the pre-pandemic level) as the labor-force participation rate increased by 30 basis points to 62.4%. Average hourly earnings rose $0.10 from July and 5.2% from the prior year, in line with last month's rate. Revisions to the job totals for the previous two months cut 107,000 jobs from the full-year total. In August, jobs gains occurred in professional and business services, healthcare, government, retail, construction, and manufacturing. The employment report, though down from the prior month, suggests that the consumer sector is likely to remain on a growth track, despite the impact of inflation, Fed rate hikes, and the Russian invasion of Ukraine. The report also gives investors hope that the Fed can engineer a soft landing.

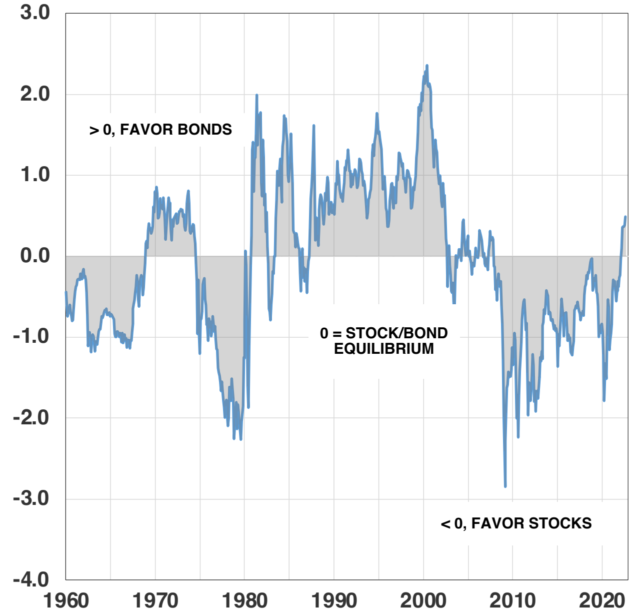
U.S. UNEMPLOYMENT RATE (%)



STOCKS AT A PREMIUM, BUT WITHIN NORMAL RANGE

Our bond/stock asset-allocation model indicates that both stocks and bonds are overvalued, despite selloffs in both asset classes in 2022. The model's output is expressed in terms of standard deviations to the mean, or sigma. The mean reading from the model, going back to 1960, is a modest premium for stocks of 0.15 sigma, with a standard deviation of 1.0. The current valuation level is a 0.5 sigma premium for stocks, well within the normal range. The model has done a good job of highlighting asset class value. For example, stocks were very 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 sharp premium to fair value compared to bonds prior to the "dot-com" crash of 2001 and also at a premium prior to the Great Recession. Starting in 2009, during 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, we expect a recovery in stock prices in 2H22 and have revised our year-end S&P 500 target to 4,300. Our recommended asset allocation for moderate accounts is 70% growth assets, including 65% equities and 5% alternatives; and 30% fixed income, with 200 basis points of the bond allocation in cash.

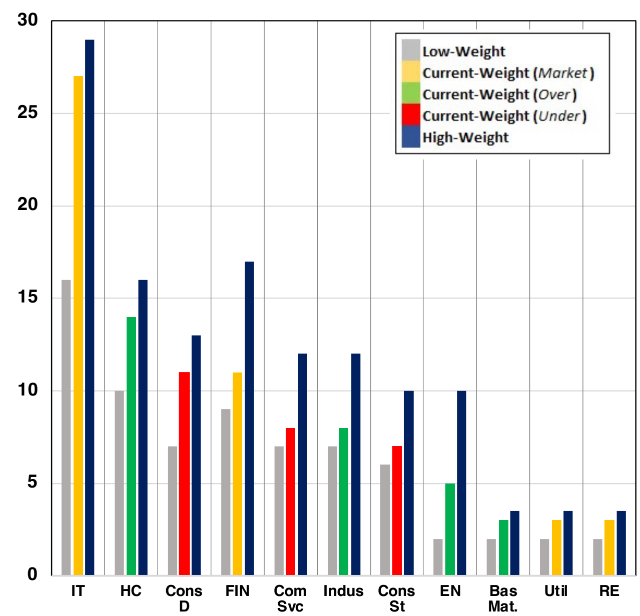
BOND V STOCK BAROMETER (STANDARD DEVIATIONS)



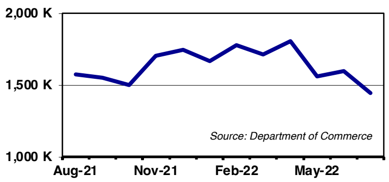
ARGUS ADJUSTS SECTOR RATINGS

We have adjusted our recommended sector allocations this month. The following reflects our guidance for the calendar fourth quarter of 2022. We have lowered our rating on the Financial Services sector to Market-Weight from Over-Weight. In a period of rising interest rates, banks should benefit from rising net interest margins, and insurers should see higher income in their bond portfolios. Rising mortgage rates, however, have reduced home affordability and contributed to the downturn in the housing market. With inflation running hot, companies may also cut back on hiring and investments, which could weigh on business loans. Finally, stock market weakness has completely shut down IPO activity and hurt investment banking and fee income businesses. Our current Over-Weight sectors are Basic Materials, Energy, Healthcare, and Industrials. Our Market-Weight sectors are Technology, Real Estate, Financial Services, and Utilities. Our Under-Weight sectors are Consumer Discretionary, Communication Services, and Consumer Staples.

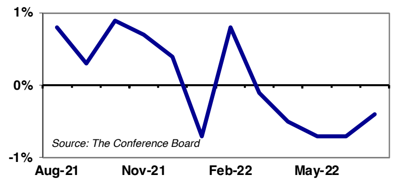
GLOBAL EQUITY VALUATION METRICS



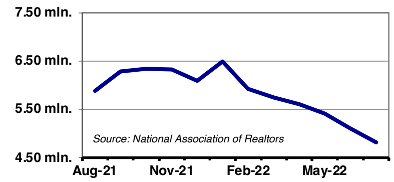
Release:	**Housing Starts**
Date:	9/20/2022
Month:	August
Previous Report:	1,446 K
Argus Estimate:	1,350 K
Street Estimate:	1,459 K



Release:	**Leading Index**
Date:	9/22/2022
Month:	August
Previous Report:	-0.4%
Argus Estimate:	-0.2%
Street Estimate:	0.1%



Release:	**Existing Home Sales**
Date:	9/21/2022
Month:	August
Previous Report:	4.81 mln.
Argus Estimate:	4.60 mln.
Street Estimate:	4.73 mln.



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

ECONOMIC TRADING CALENDAR

Previous Week's Releases

Date	Release	Month	Previous Report	Argus Estimate	Street Estimate	Actual
13-Sep	Consumer Price Index	August	8.5%	8.1%	8.0%	NA
	CPI ex-Food & Energy	August	5.9%	5.7%	6.1%	NA
14-Sep	PPI Final Demand	August	9.8%	8.5%	8.9%	NA
	PPI ex-Food & Energy	August	7.6%	7.2%	7.1%	NA
15-Sep	Retail Sales	August	10.3%	9.0%	NA	NA
	Retail Sales; ex-autos	August	12.3%	10.0%	NA	NA
	Business Inventories	July	18.5%	15.0%	NA	NA
	Import Price Index	August	8.8%	8.0%	7.7%	NA
	Industrial Production	August	3.9%	3.5%	NA	NA
	Capacity Utilization	August	80.3%	80.0%	80.2%	NA
16-Sep	U. of Michigan Sentiment	September	58.2	55.0	59.1	NA

Next Week's Releases

Date	Release	Month	Previous Report	Argus Estimate	Street Estimate	Actual
27-Sep	Durable Goods Orders	August	9.3%	NA	NA	NA
	New Home Sales	August	511000	NA	NA	NA
	Consumer Confidence	September	103.2	NA	NA	NA
28-Sep	Wholesale Inventories	August	25.4%	NA	NA	NA
29-Sep	GDP Annualized QoQ	2Q	-0.6%	NA	NA	NA
	GDP Price Index	2Q	8.9%	NA	NA	NA
30-Sep	Personal Income	August	4.6%	NA	NA	NA
	Personal Spending	August	8.7%	NA	NA	NA
	PCE Deflator	August	6.3%	NA	NA	NA
	PCE Core Deflator	August	4.6%	NA	NA	NA