



Presentation to Kovach Financial National Conference

CAPITAL MARKETS UPDATE

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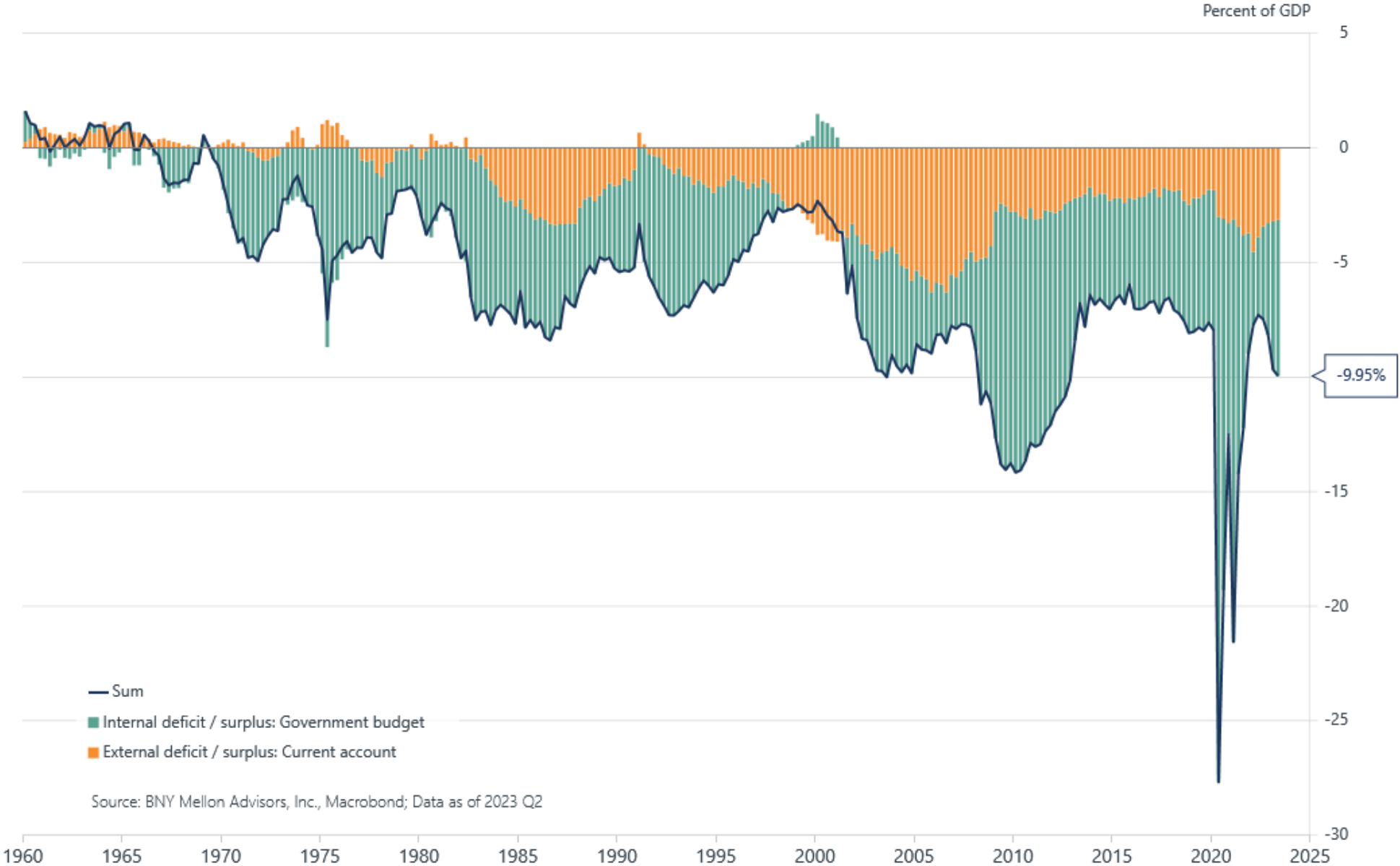


A Penny Saved is Tuppence Clear



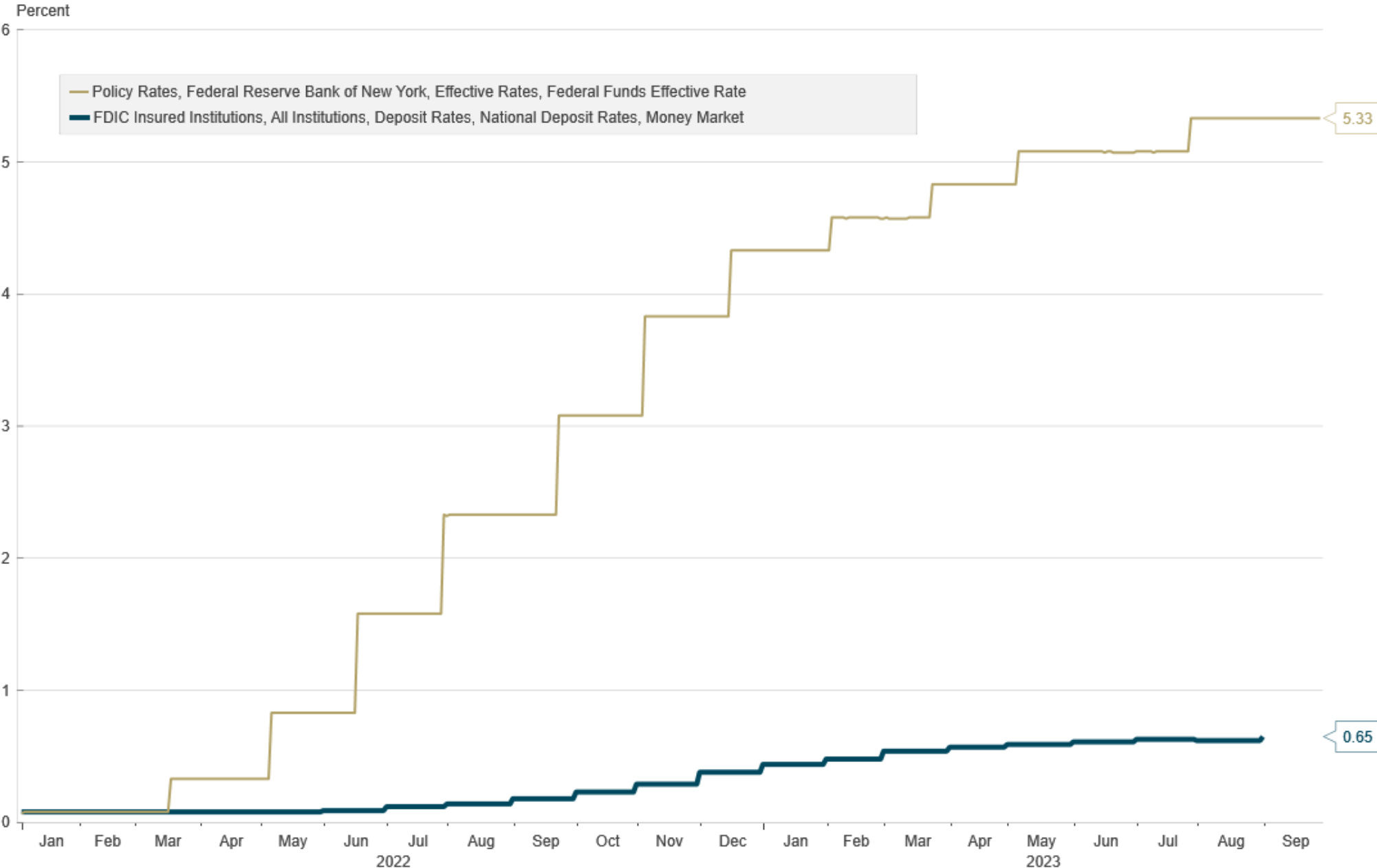
United States twin deficit

Source: U.S. Bureau of Economic Analysis (BEA)



Source: BNY Mellon Advisors, Inc., Macrobond; Data as of 2023 Q2

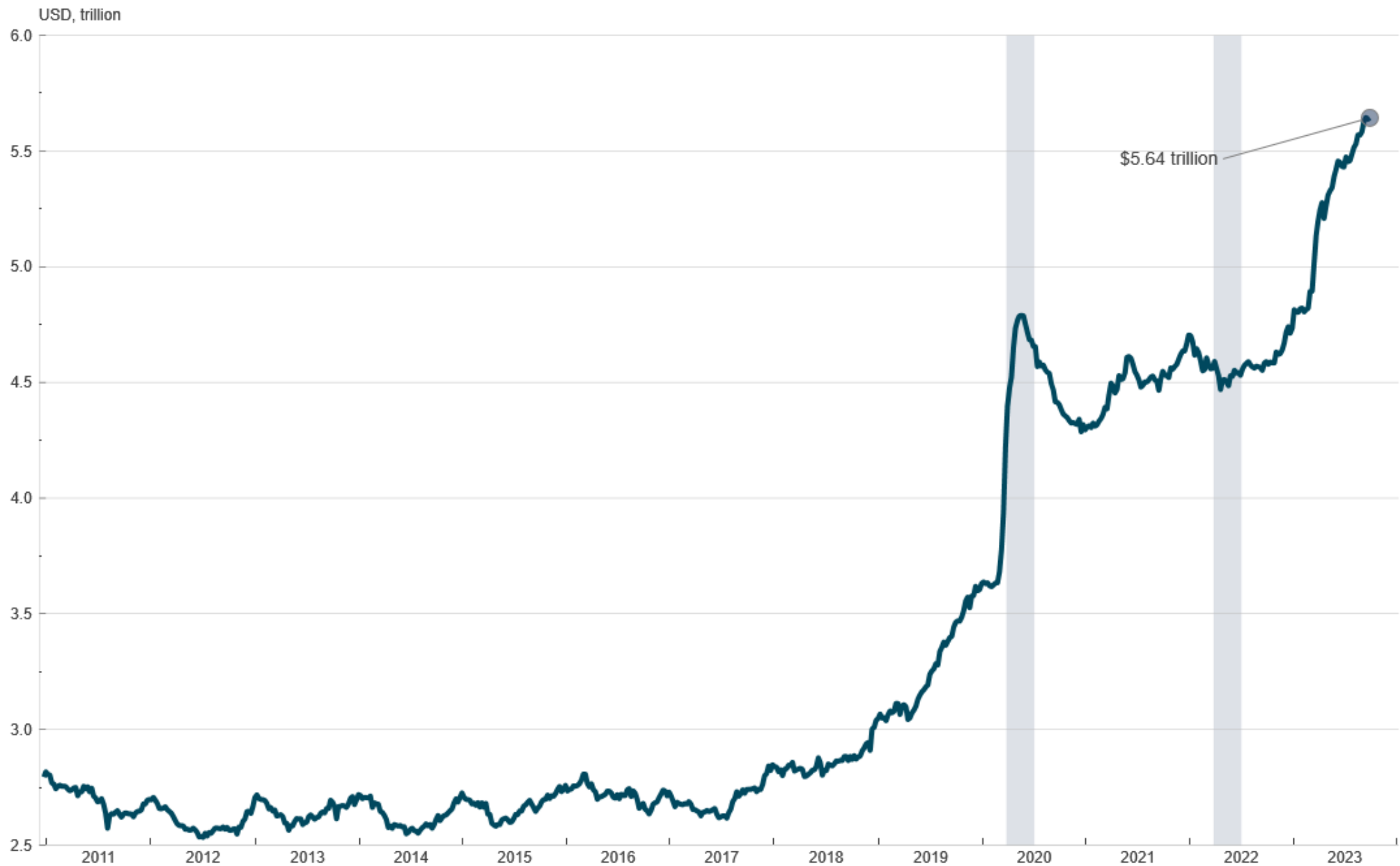
Banks offering low deposit rates



Source: Lockwood Advisors, Inc., Macrobond, FDIC, Federal Reserve Bank of New York. FDIC data as of 8/31/2023; Policy rate data as of 9/28/2023.

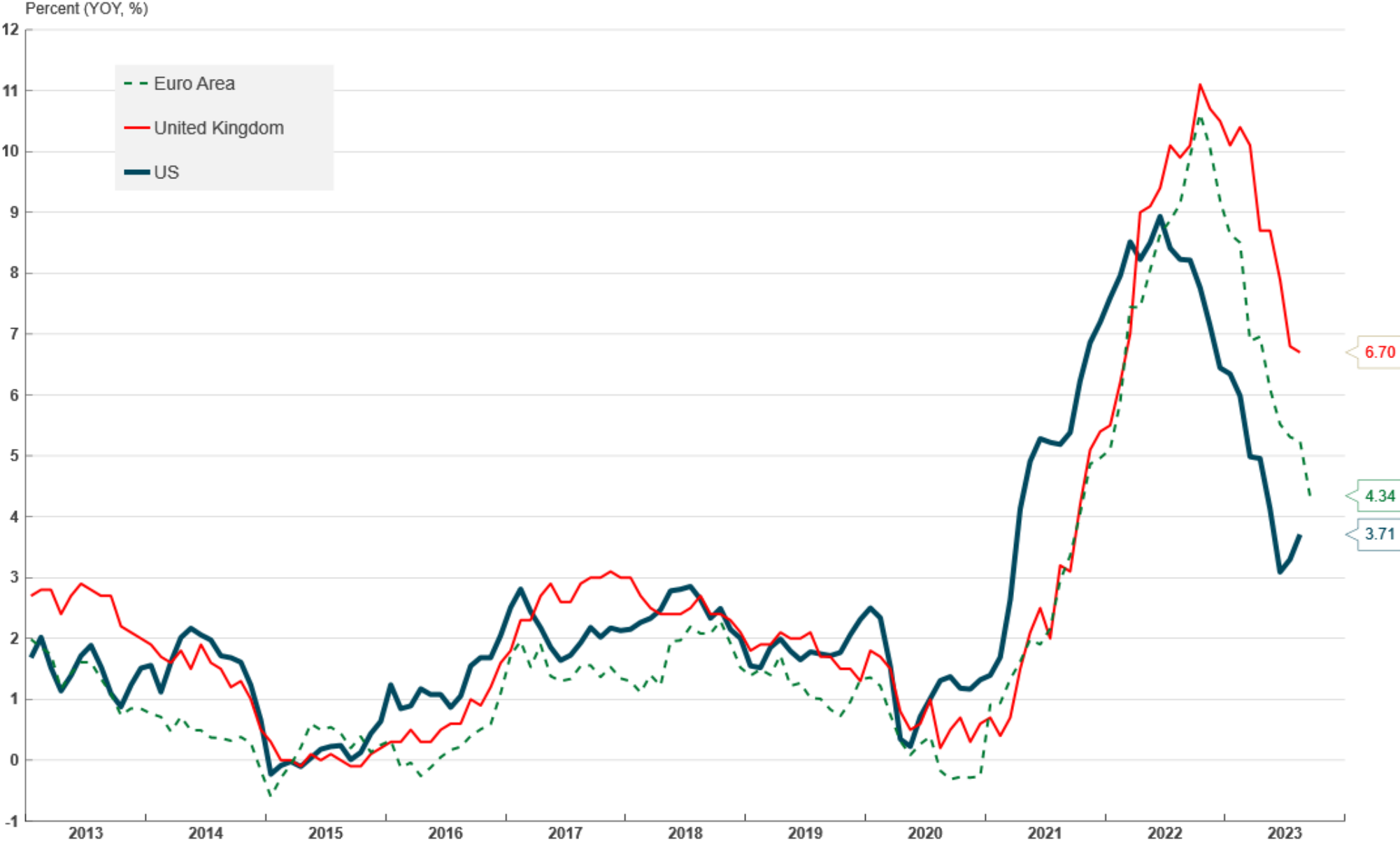
Money markets gaining assets

Weekly U.S. money market fund assets



Source: Lockwood Advisors, Inc., Macrobond, Investment Company Institute (ICI). Weekly data; data as of March 29, 2023. Gray band indicates recession. <https://www.ici.org/research/stats/mmf>

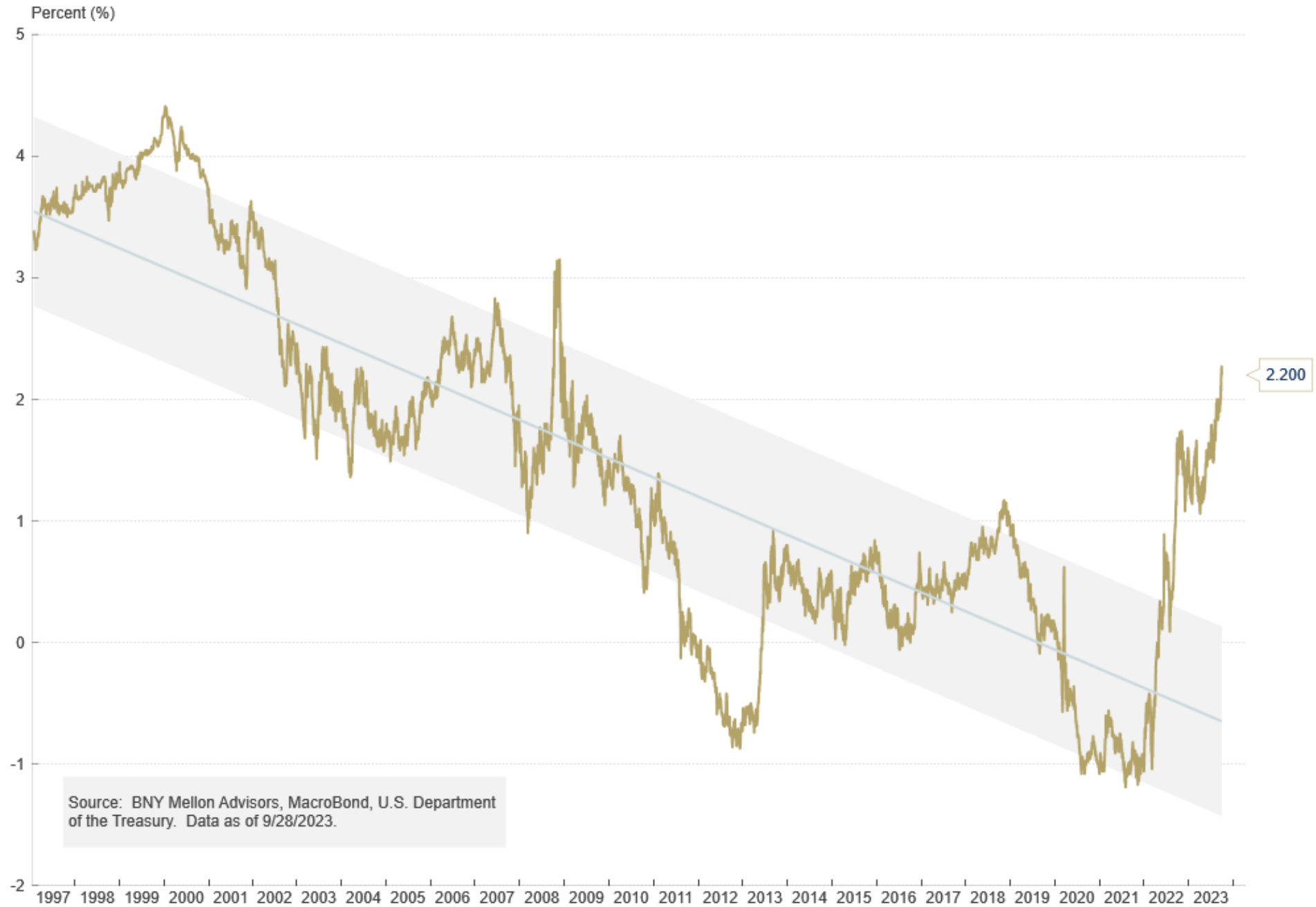
Global inflation rates easing but above historical levels



Source: BNY Mellon Advisors, Inc., Macrobond, U.S. Bureau of Labor Statistics (BLS), U.K. Office for National Statistics (ONS), Eurostat; U.S. data as of August 2023; U.K. data as of August 2023; Euro data as of September 2023.

U.S. TIPS 10 Year Real Yield (%)

Real Yield (%) with Trend Line and Standard Deviation Band

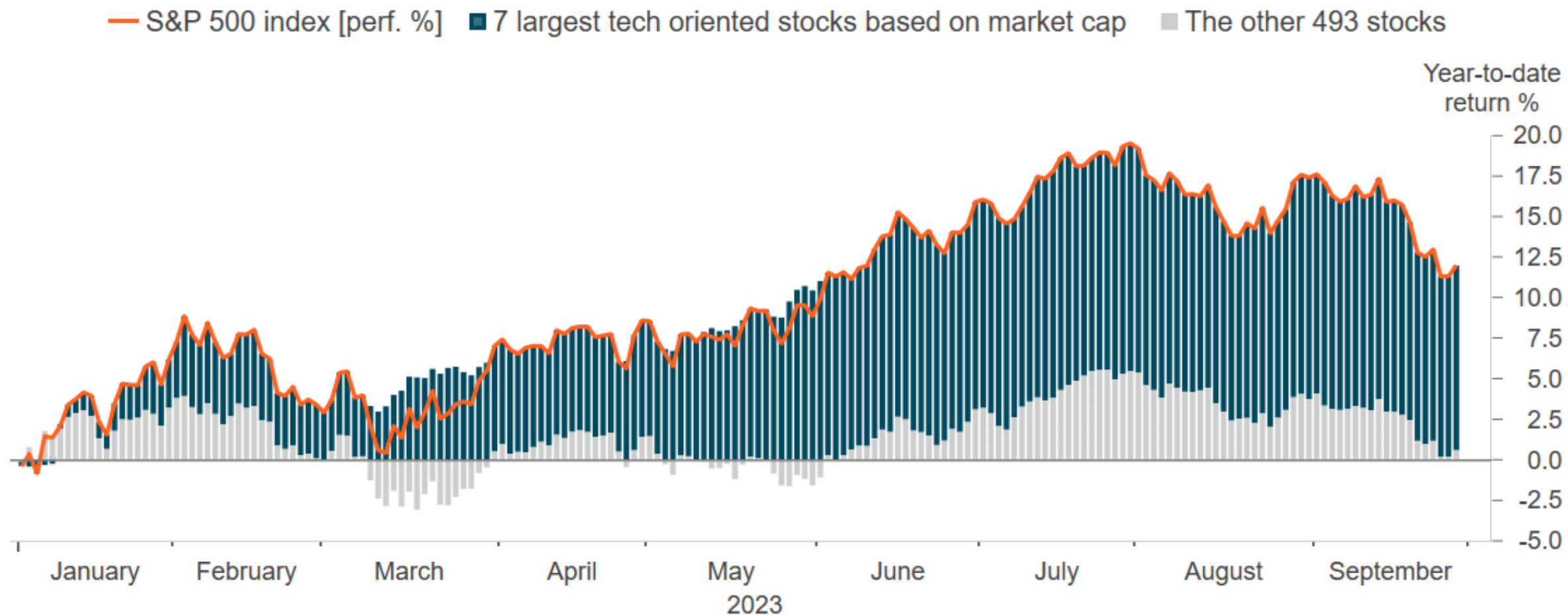




Global Equities

US equity market: mega cap tech stocks have continued to dominate

US equity market as measured by the S&P 500 Index

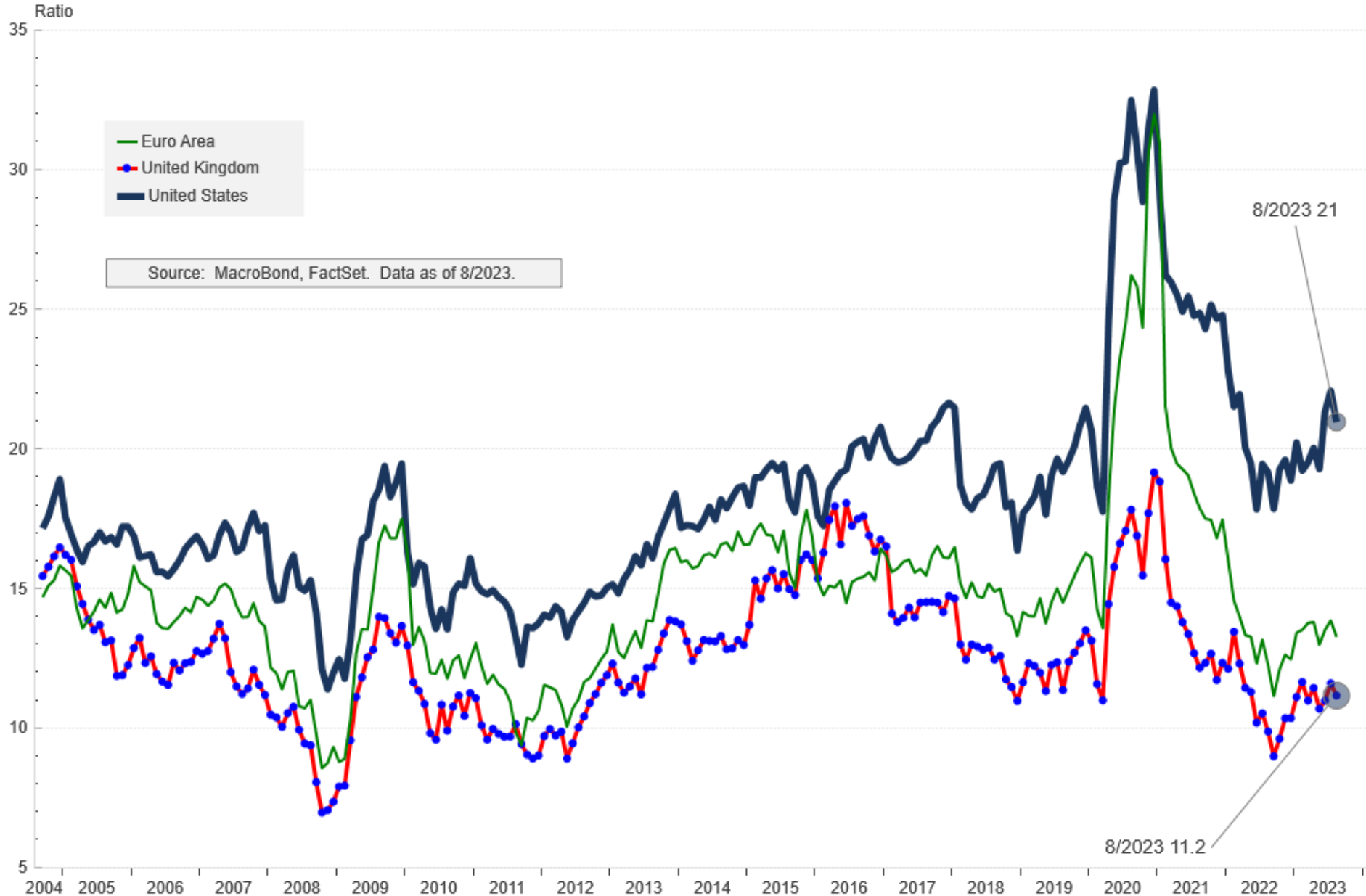


Source: BNY Mellon Advisors, Inc., Macrobond, S&P Global; Data as of 09/28/2023

Past performance is not a guarantee of future results. Indexes are unmanaged and are not available for direct investment.

Equity Valuations: Lower but still above typical Recession Lows

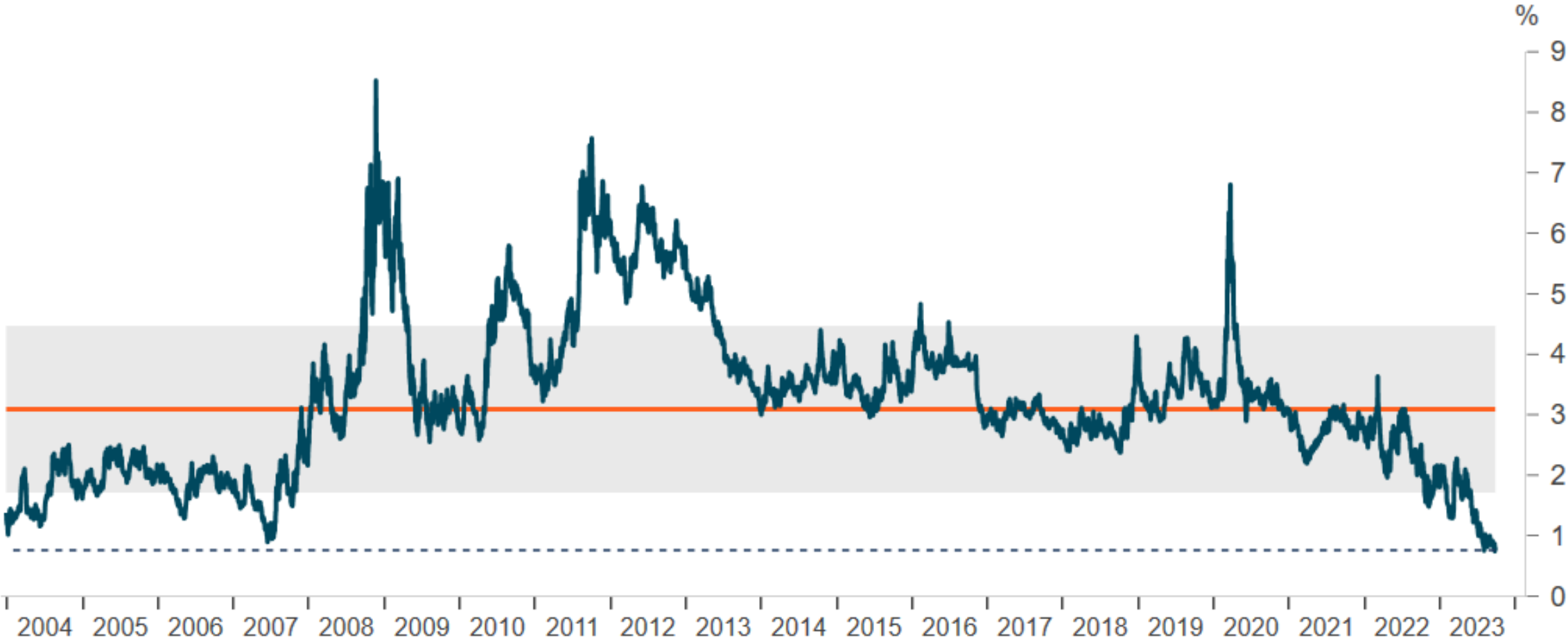
FactSet, forecast year 1 index



US: the eroding case for stocks over bonds

Equity risk premium is the S&P 500 Index earnings yield minus the 10-year US Treasury bond yield

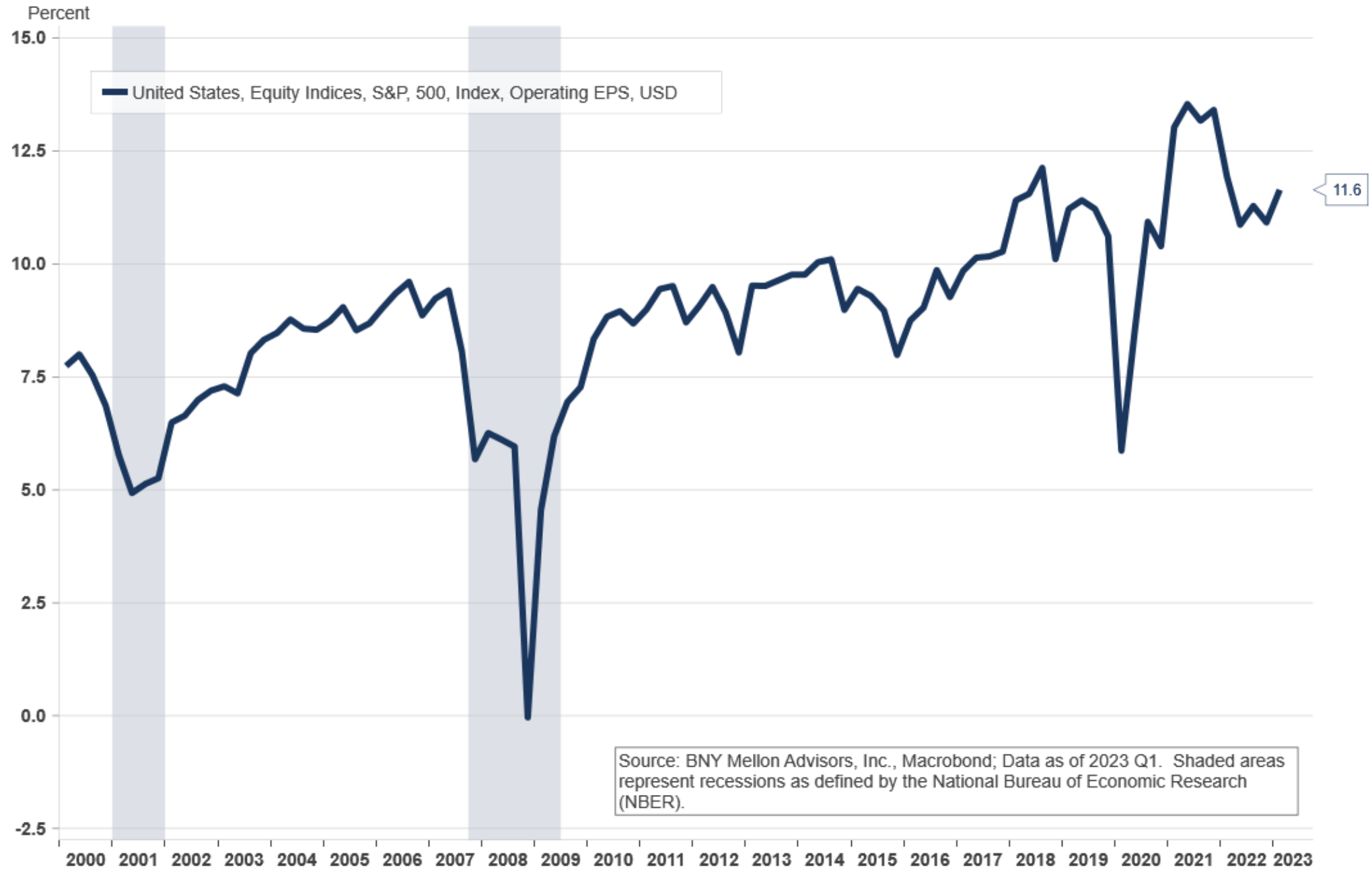
— Equity risk premium — Average since 2002 ■ +1 /-1 Standard deviation



Source: BNY Mellon Advisors, Inc., Macrobond, FactSet; Data as of 09/27/2023

S&P 500 Profit Margins: Sustainable?

EPS divided by sales per share





Near Term Risks

Student loan repayment worries by household income

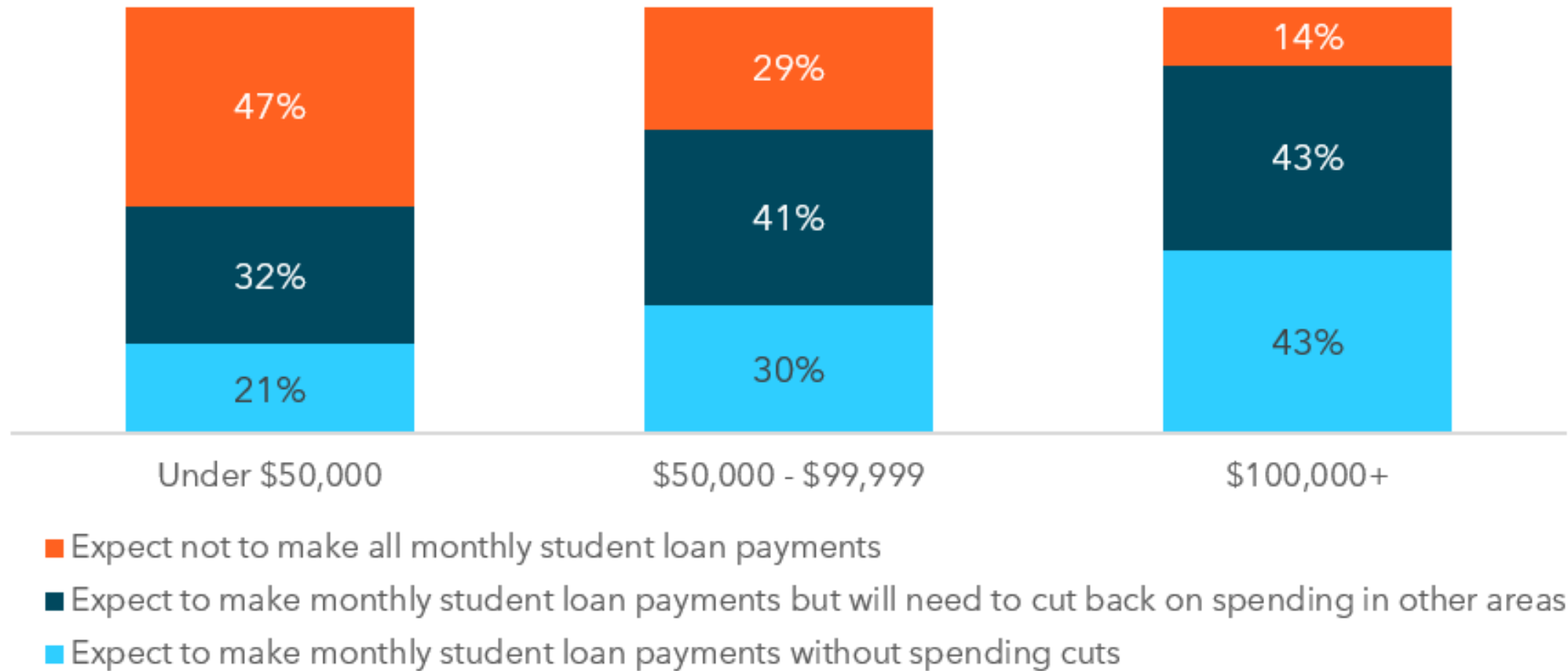
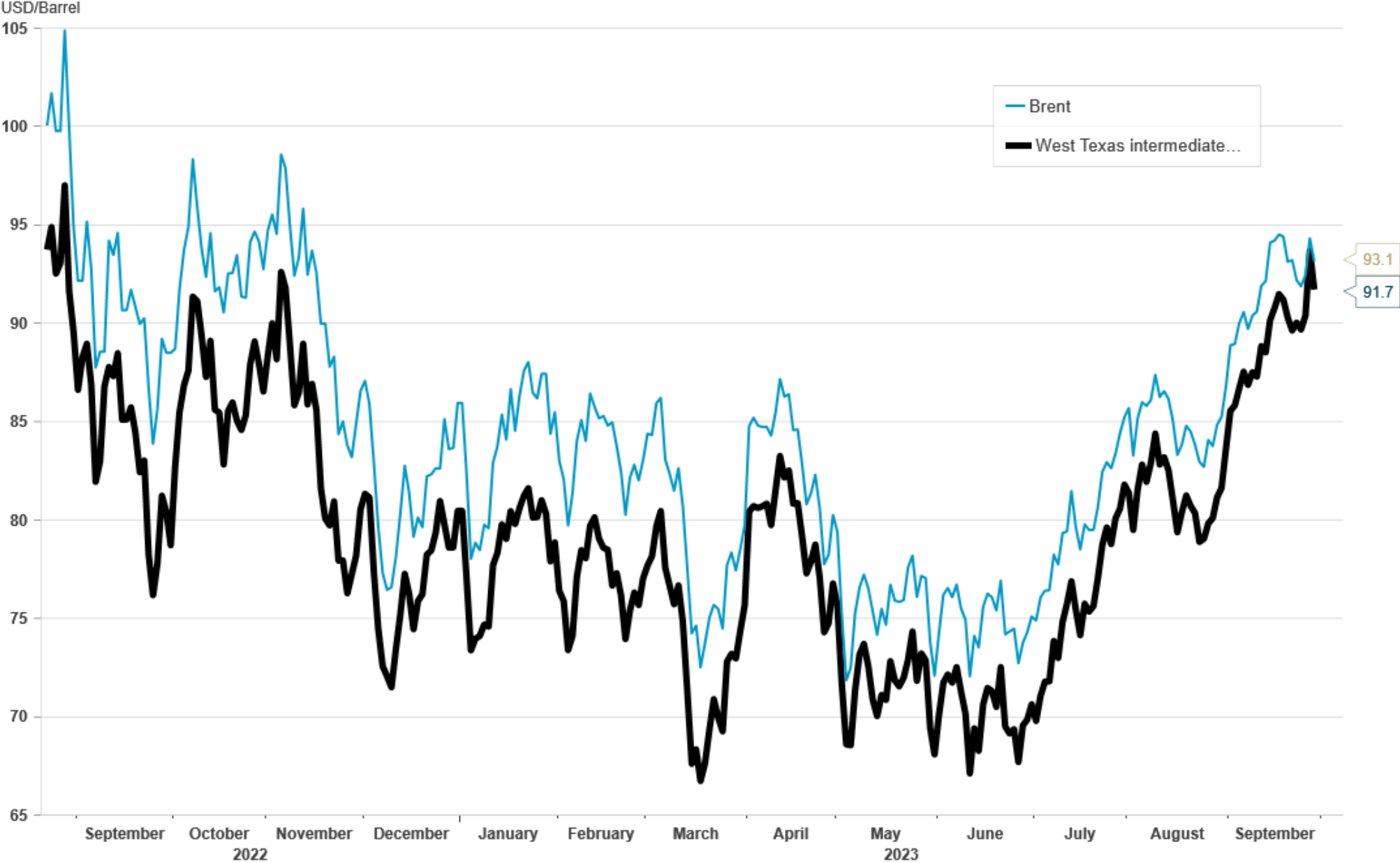


Chart shows impact of federal student loan payment freeze ending by household income (among federal student loan holders)

Source: BNY Mellon Advisors, Morgan Stanley Research. June 2023 survey

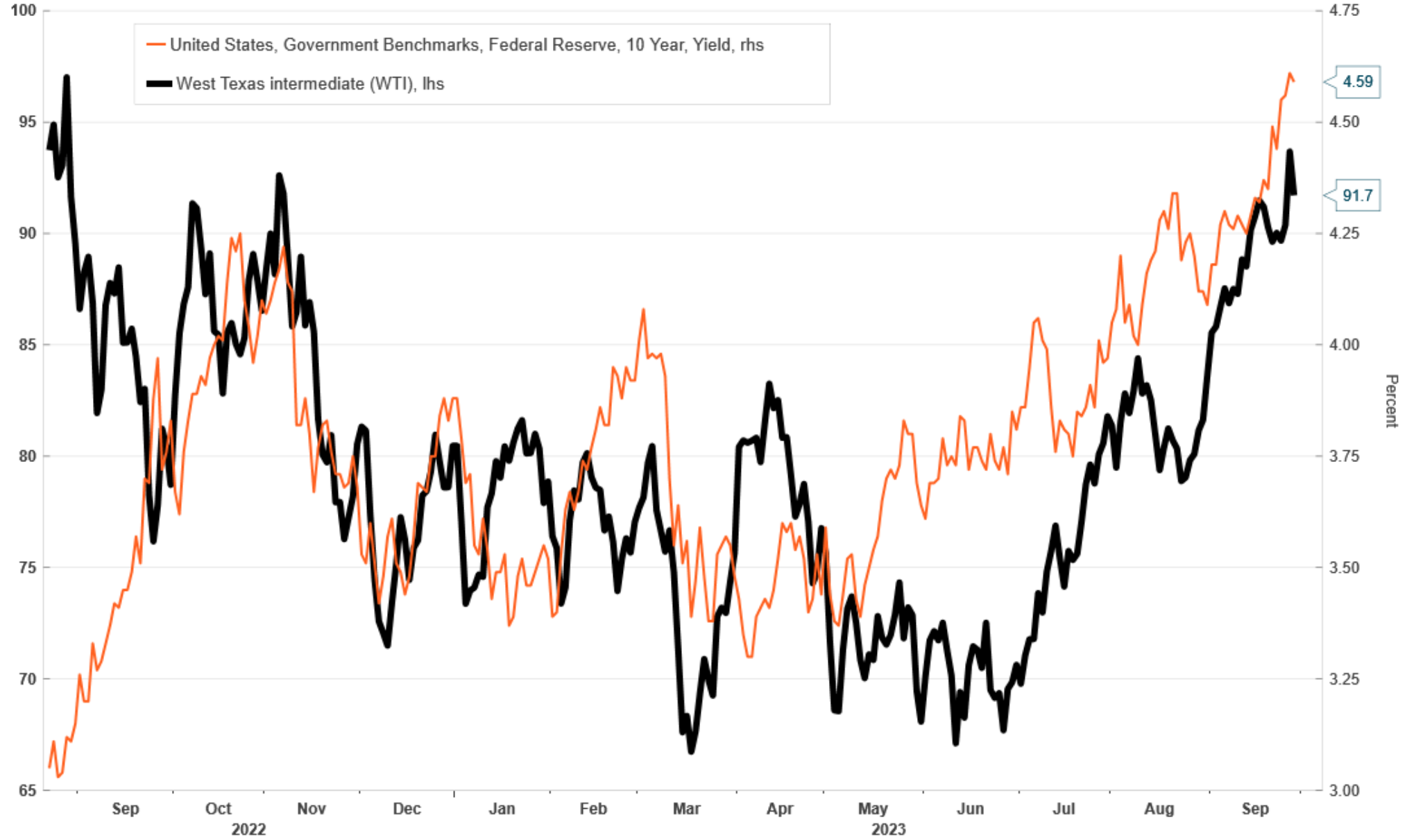
Crude oil prices climb well above spring and summer lows



Source: BNY Mellon Advisors, Inc., Macrobond; Data as of 9/28/2023

Oil prices marching higher with yields since the summer

USD/Barrel



Source: BNY Mellon Advisors, Inc., Macrobond; Data as of 9/28/2023

US Dollar Index

2018 - Present



Source: MacroBond, Federal Reserve. Data as of 9/22/2023.

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