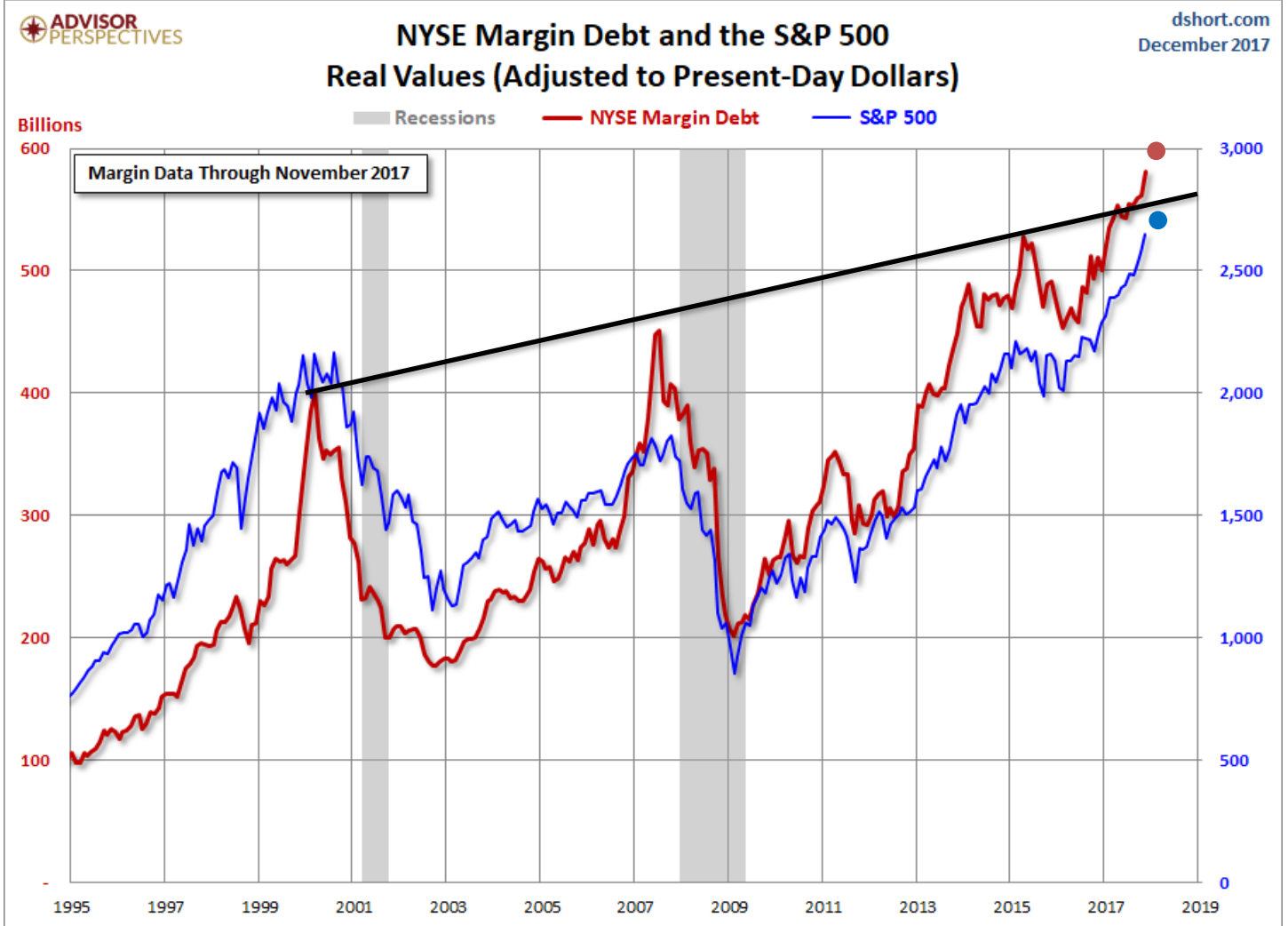


*See the correlation between the rise in the stock market and the rise in margin debt?
We passed the resistance point months ago. Is the market overdue for a major correction?*

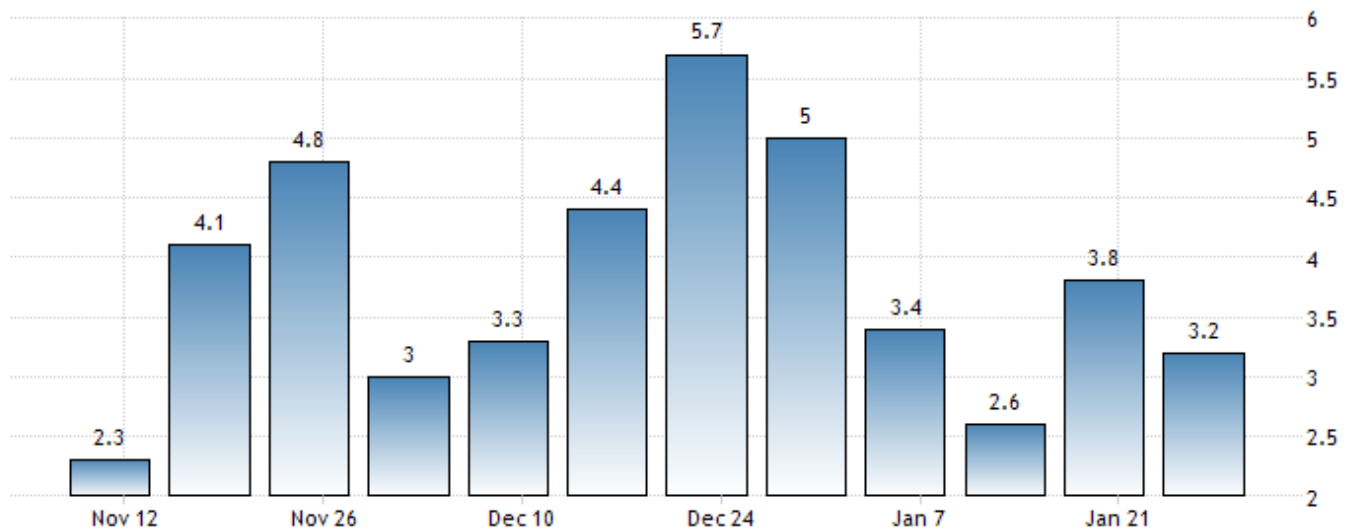


Why is worker productivity dropping?

Category	Q4	Q3	Q2	Q1	Q4
Nonfarm Business Sector					
Productivity Q/Q	-0.1%	2.7%	1.5%	0.1%	1.3%
Unit Labor Costs Q/Q	2.0%	-0.1%	-1.2%	4.8%	-5.7%
Productivity Y/Y	1.1%	1.4%	1.3%	1.2%	0.8%
Unit Labor Costs Y/Y	1.3%	-0.6%	-0.6%	0.7%	-1.2%

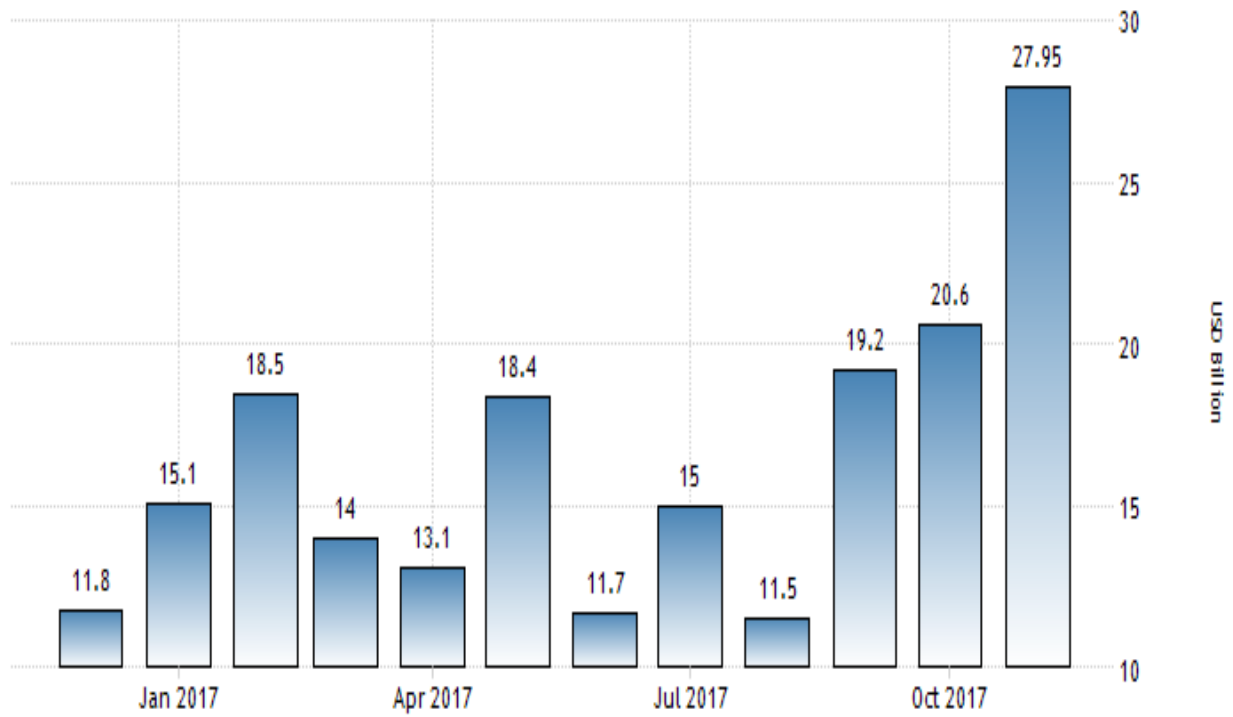
After a big credit binge, we're now seeing a drop in retail sales...

US REDBOOK INDEX



SOURCE: TRADINGECONOMICS.COM | REDBOOK RESEARCH INC.

U.S. Consumer Credit Change



SOURCE: TRADINGECONOMICS.COM | FEDERAL RESERVE

U.S. Personal Savings Rate



SOURCE: TRADINGECONOMICS.COM | U.S. BUREAU OF ECONOMIC ANALYSIS

What is the real story behind the sudden 2.9% rise in hourly wages?

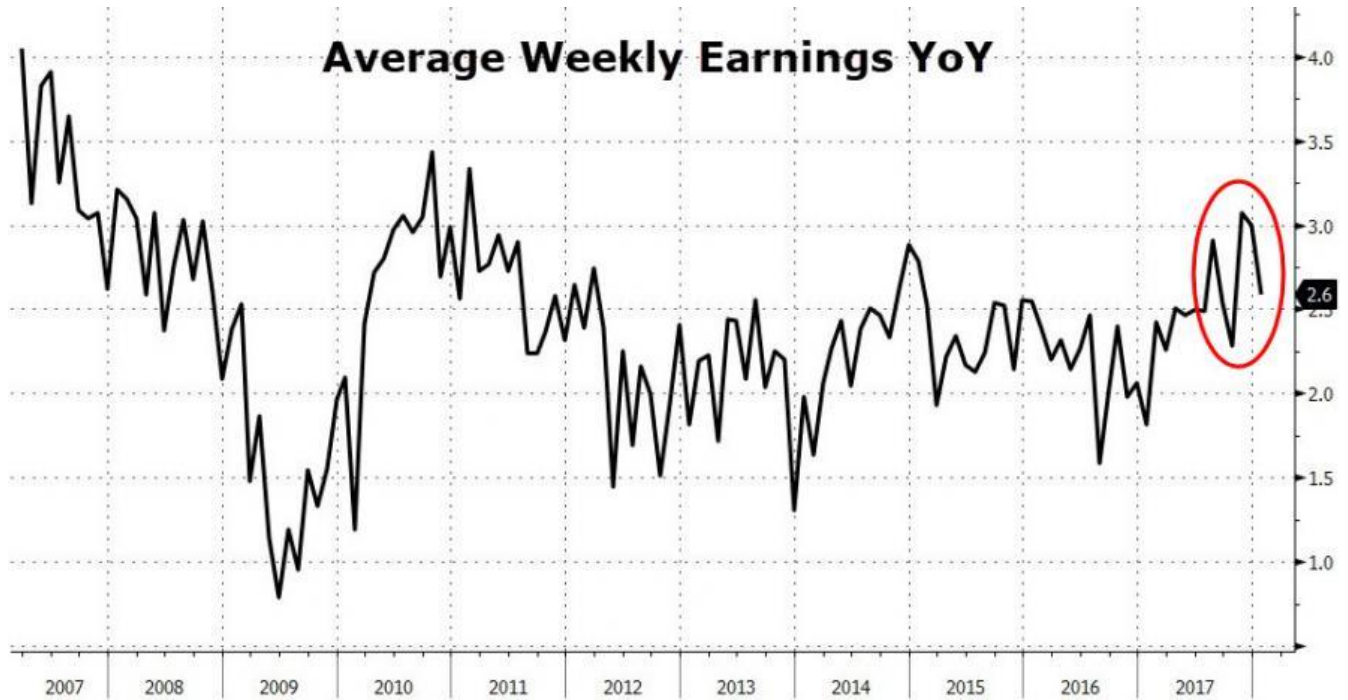


It couldn't have anything to do with a corresponding drop in hours, could it?



Let's do the math...

Higher wages + fewer hours = virtually unchanged weekly earnings, just 2.6% on average

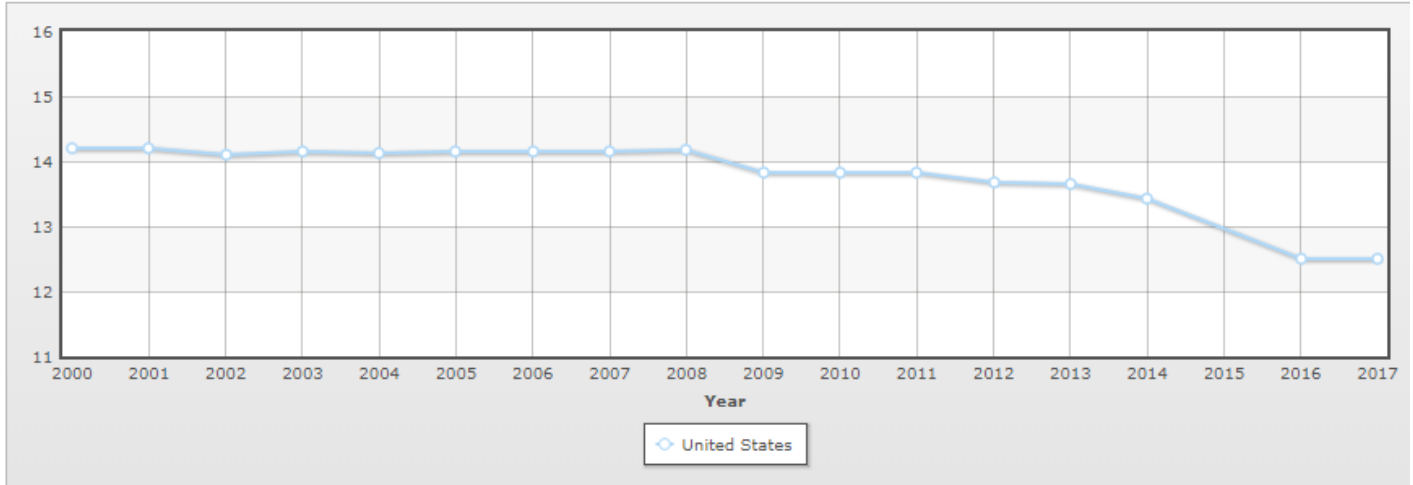


But, production and non-supervisory workers received a smaller slice of the pie, with only a 2.4% increase...



A 12% Decline in U.S. Birth Rate since 2000. Why?

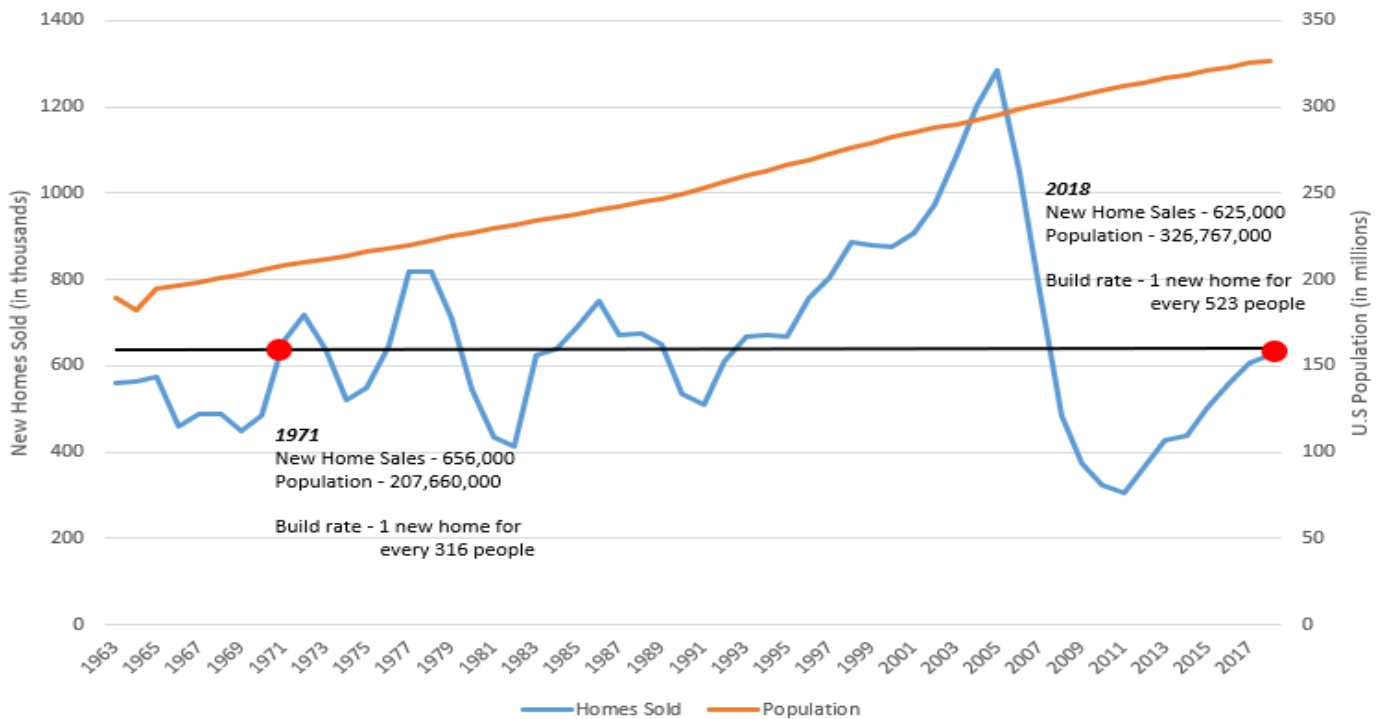
Birth rate (births/1,000 population)



Country	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2016	2017
United States	14.2	14.2	14.1	14.14	14.13	14.14	14.14	14.16	14.18	13.82	13.83	13.83	13.68	13.66	13.42	12.5	12.5

Definition of Birth rate: This entry gives the average annual number of births during a year per 1,000 persons in the population at midyear; also known as crude birth rate. The birth rate is usually the dominant factor in determining the rate of population growth. It depends on both the level of fertility and the age structure of the population.

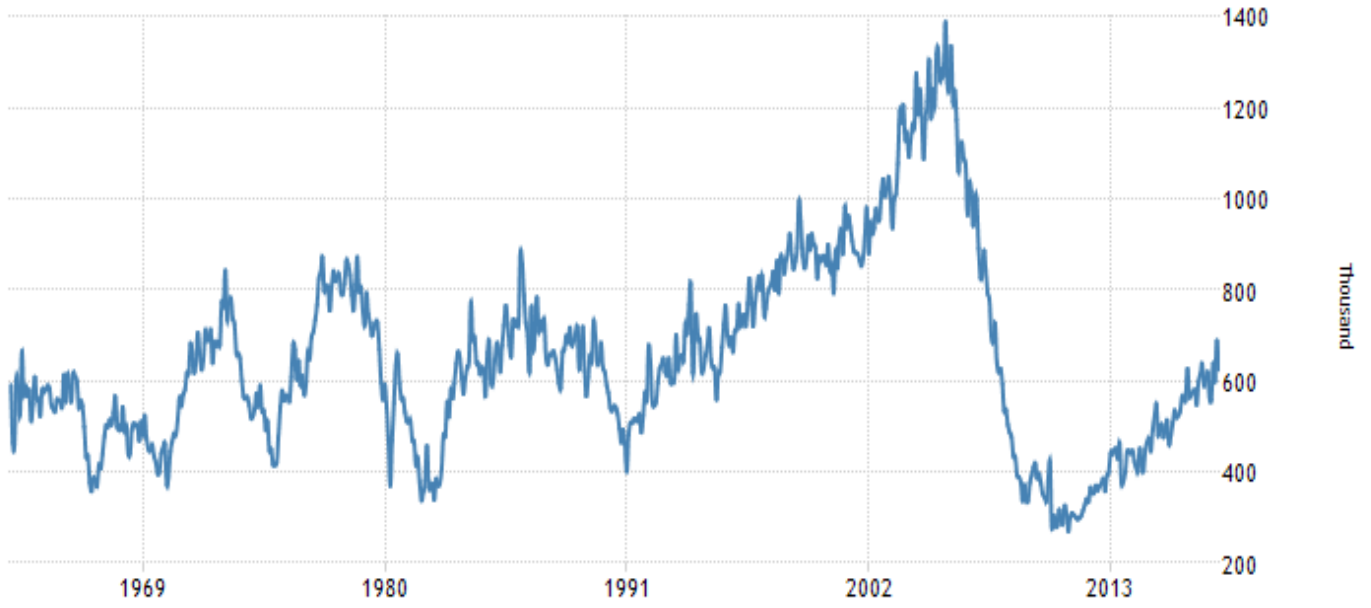
***If new homes were being built at the same rate they were in 1971,
2018 would see new home sales of approximately 1,032,260.
Why the slowdown? And why are pundits partying?***



Period	U.S. New Homes Sales (in thousands)	U.S. Population (in millions)
1971	656	207.7
1976	646	218.0
1982	412	231.7
1988	676	244.5
1994	670	263.1
2000	877	282.2
2006	1,051	298.4
2012	368	314.0
2018	625	326.8
% Change 1971 to 2018	-4.73%	57.34%

U.S. New Home Sales

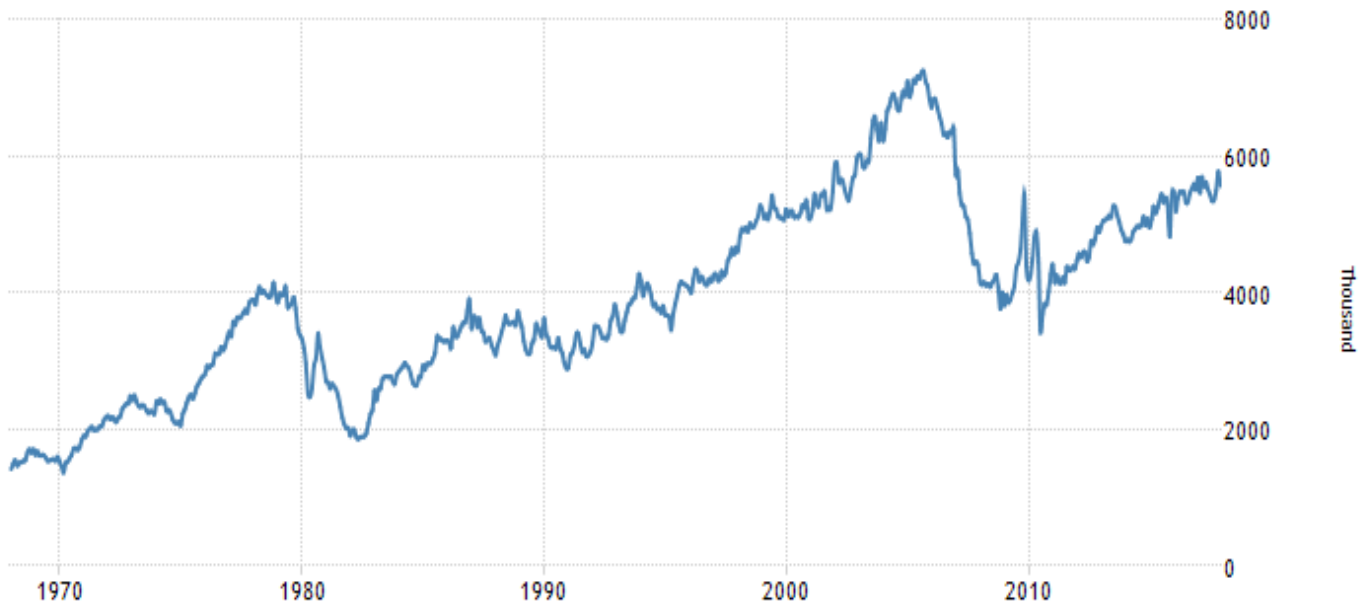
US NEW HOME SALES



SOURCE: TRADINGECONOMICS.COM | U.S. CENSUS BUREAU

U.S. Existing Home Sales

US EXISTING HOME SALES

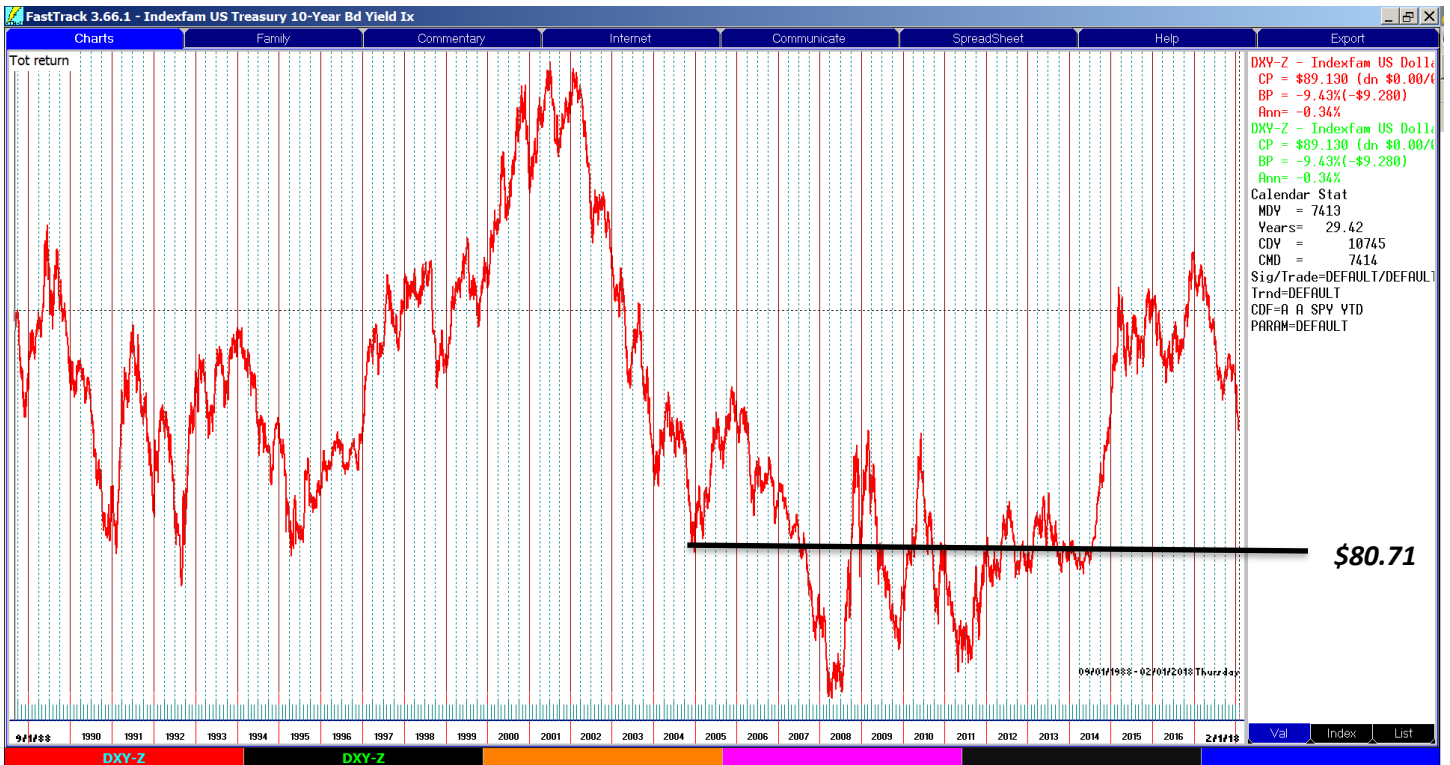


SOURCE: TRADINGECONOMICS.COM | NATIONAL ASSOCIATION OF REALTORS

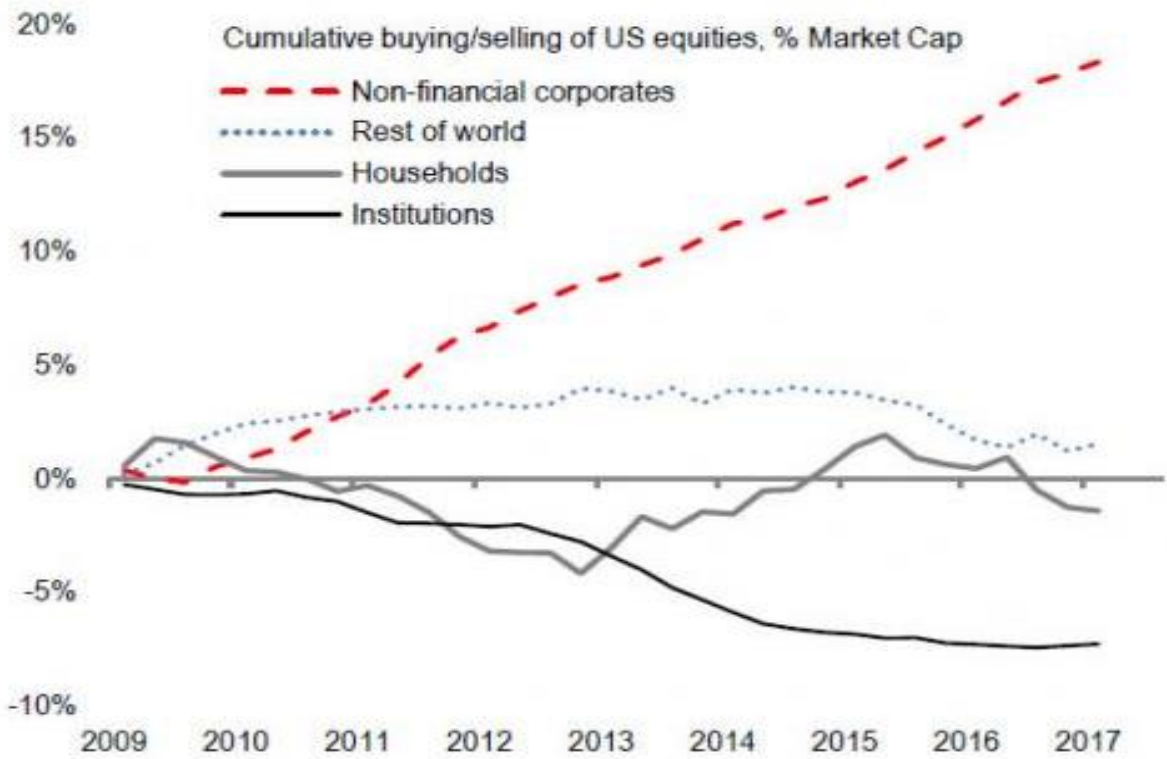
10-Year Treasury Yields – How High?



U.S. Dollar – How Low?



The Corporate Sector Has Been the Main Buyer of U.S. Stocks since the Low



Source: Thomson Reuters, Credit Suisse

Normal Stock Market Declines – **AVERAGE DECLINE – 9.60%**

1997	1998	1999	2000	2001	2002	2003
-11%	-19%	-10%	-17%	-26%	-31%	-14%
-9%	-10%	-10%	-11%	-19%	-19%	-5%
-6%	-4%	-6%	-6%	-7%	-8%	-4%

2004	2005	2006	2007	2008	2009	2010
-7%	-7%	-7%	-10%	-42%	-27%	-16%
-6%	-5%	-4%	-9%	-15%	-7%	-8%
-6%	-4%	-3%	-6%	-13%	-6%	-8%

2011	2012	2013	2014	2015	2016	2017
-17%	-10%	-6%	-7%	-12%	-10%	-3%
-10%	-7%	-4%	-6%	-6%	-5%	-2%
-10%	-3%	-4%	-5%	-5%	-4%	-2%

CONFIDENCE SOARS

Is it the best time to buy stocks? **Historically – NO!**

