

Two paths the Economy could take in 2019

Virtuous Cycle



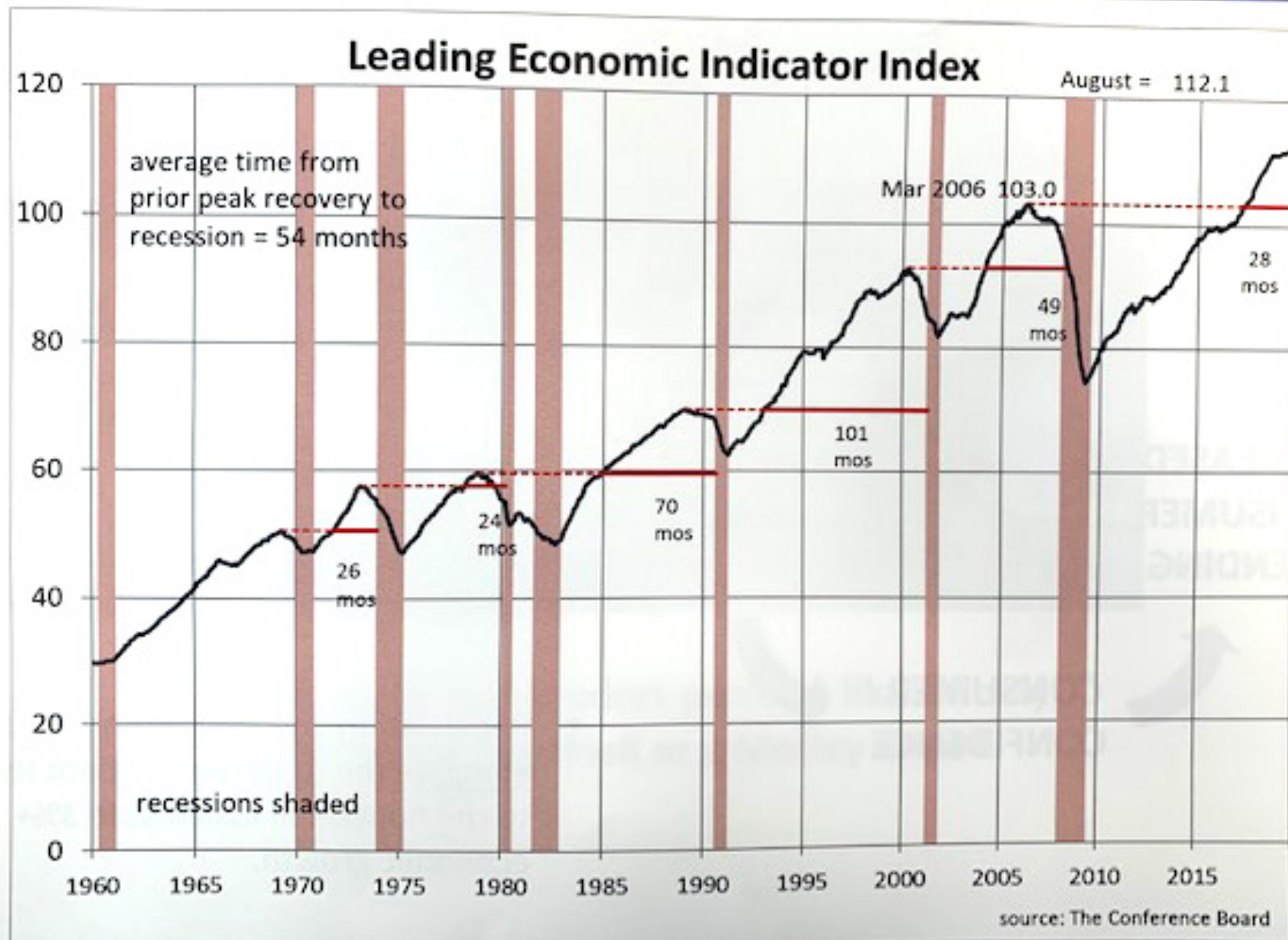
or

Sugar Rush



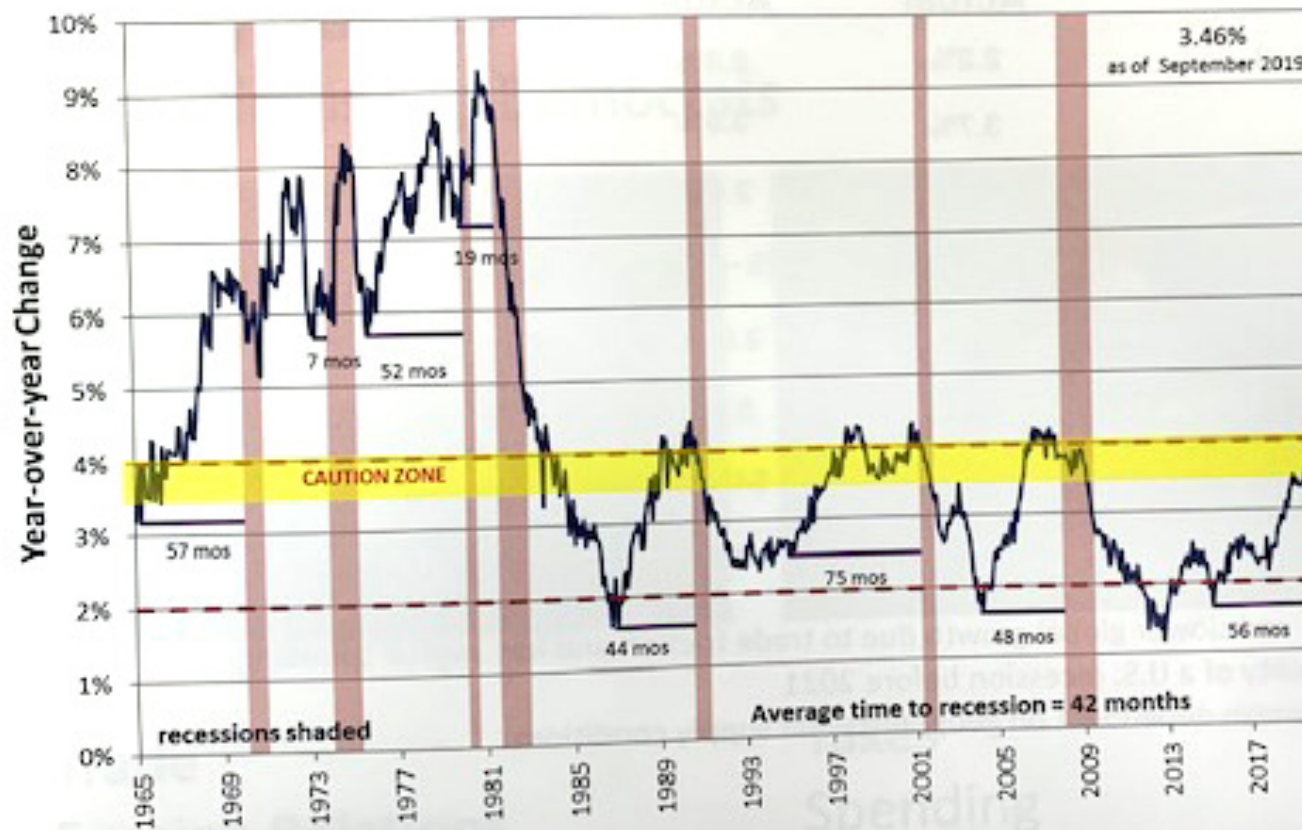
- Repatriation and Tax Reform should elongate the expansion but not lead to the hoped-for sustainable 3%+ economic growth.

Continued Economic Growth



Continued Economic Growth

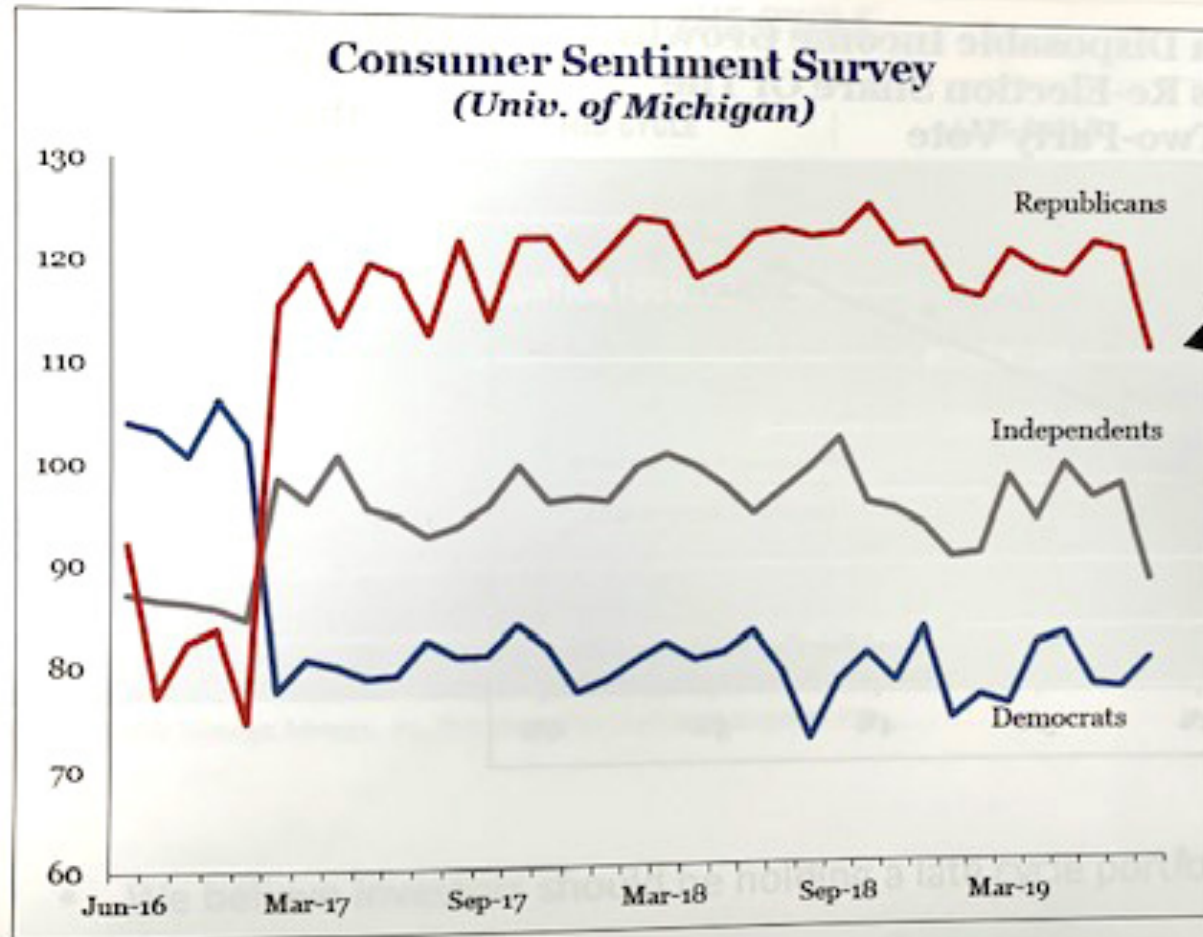
Average Hourly Earnings
Private Production & Non-supervisory Personnel



- Once wage growth reaches 4% on average, it is just over 2 years to a recession

Source: US. Bureau of Labor Statistics

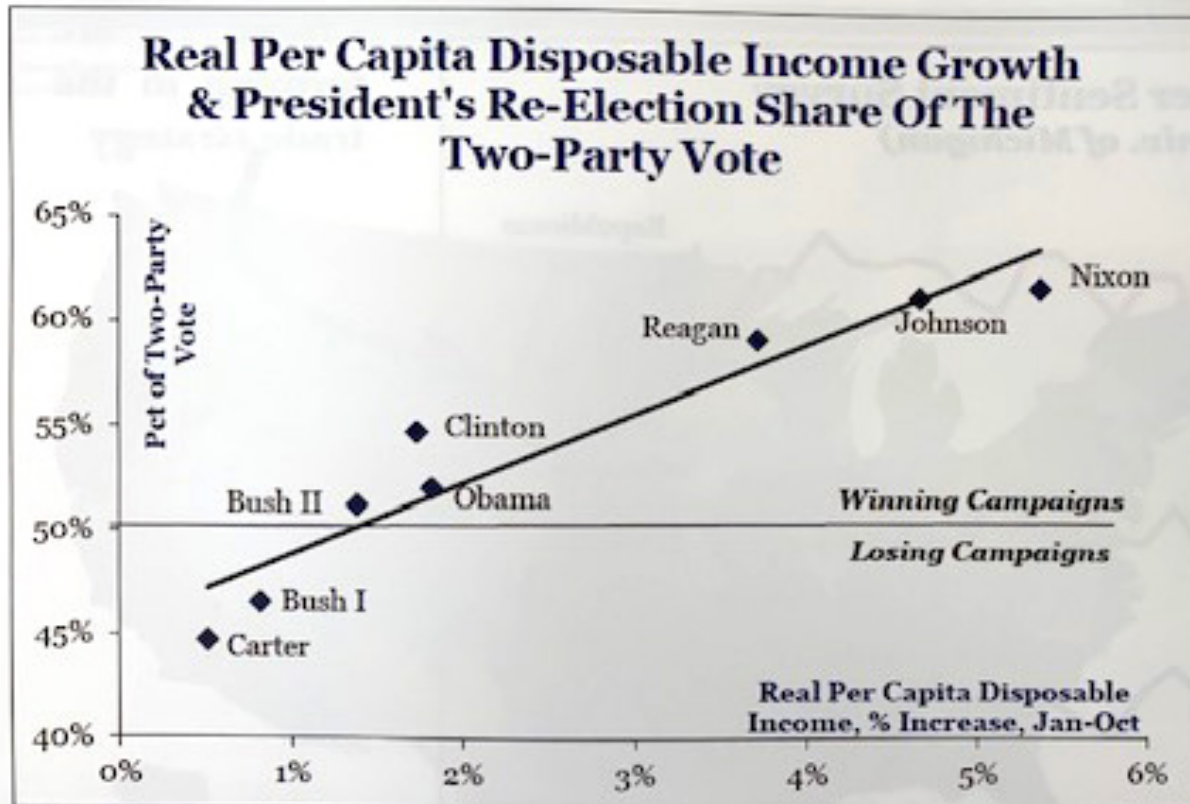
Consumer sentiment will impact the election



Cracks are forming in the trade strategy

Source: Strategas

A tight election on the horizon



Source: Strategas

- If above 1.4% the President is re-elected
- Current reading is 2.05%

The Yield Curve As A Stock Market Indicator



Still room for equities
to move higher

The Yield Curve

- Traditionally our best indicator
- Has the extraordinary Fed stimulus distorted this indicator?