



POSITIVES		NEGATIVES	
ECONOMIC	<ul style="list-style-type: none"> US economy continues to expand Strong job and wage gains support consumption Consumer & small business optimism remains high Global PMIs have bottomed Interest rates remain relatively low Inflation remains below target No signs of a recession on the immediate horizon 	ECONOMIC	<ul style="list-style-type: none"> Productivity growth remains subdued China's slowing growth hurting Asian markets Brexit looming and uncertain Commodity prices turning higher on tariffs Emerging markets hurt by weak currencies CEO outlook weighed down by policy uncertainty Rising energy prices due to Middle East conflict
FISCAL	<ul style="list-style-type: none"> Trade deficit is shrinking Phase I of tariff deal nearly complete Budget negotiations going well Infrastructure projects may be on the horizon USMCA recently approved 	FISCAL	<ul style="list-style-type: none"> Government debt on the rise Budget deficits unsustainable Protectionist policies have been ratcheted up Tax policy likely shifting against the wealthy Tariff talks potentially shift to Europe
MONETARY	<ul style="list-style-type: none"> Federal Reserve indicating rates on hold Balance sheet remains steady Fed policy remains transparent Yield curve has steepened modestly 	MONETARY	<ul style="list-style-type: none"> Yield curve still relatively flat Global central banks less accommodative Negative yields are extremely problematic
VALUATIONS	<ul style="list-style-type: none"> Corporate profits continue to rise Companies raising dividends and buying back shares Stocks cheap relative to bonds International markets are trading at discount 	VALUATIONS	<ul style="list-style-type: none"> Business cycle nearing final phase Profit margins are losing momentum Stock gains largely driven by P/E expansion Credit spreads leave little room for error
GENERAL	<ul style="list-style-type: none"> Cost structures have dramatically improved Mortgage application trends are strong Corporations emphasizing US manufacturing base US energy independence Regulatory environment is friendly Builder confidence surging on low inventories Financial system is highly capitalized Retail and online sales continue to post gains 	GENERAL	<ul style="list-style-type: none"> Income inequality at record levels Dollar strength a headwind for US multinationals Benefits of tax reform becoming less impactful Quick twitch—algorithm driven—traders abound Tight labor market means higher costs Mistrust of Washington and Wall Street Continued risk of cyber-terrorism Uncertainty around US elections
CATALYSTS	<p>What will make us more bullish on equities:</p> <ul style="list-style-type: none"> Trade tensions diminish Corporate profits surprise to the upside Corporations boost capital spending Merger activity accelerates Upturn in the Chinese economy Germany implements looser fiscal policies Inflation pressures moderate Status quo in Washington 	CATALYSTS	<p>What will make us more bearish on equities:</p> <ul style="list-style-type: none"> Inflation accelerates Synchronized global recession Housing prices turn down Interest rates rise again Yield curve inverts Consumer confidence declines Dollar collapses—foreign liquidation of U.S. debt Geo-political crisis—Iran, North Korea, Russia
SUMMARY	<p>We remain in the later-stages of the business cycle, warranting prudent asset allocation rebalancing: gradually increasing cash positions, maintaining higher quality fixed income holdings, broadening equity diversification, and focusing on predictable cash flows.</p>		SUMMARY