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THE ECONOMY AT A GLANCE

ECONOMIC HIGHLIGHTS

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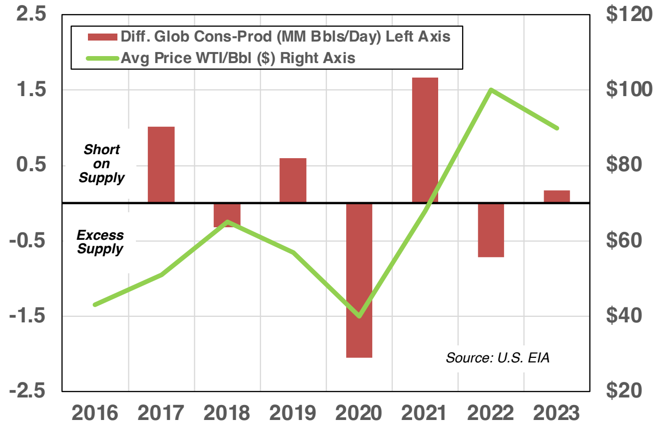
ARGUS RESEARCH ADJUSTS 2022 OIL FORECAST

Our forecast for the average price of West Texas Intermediate crude oil in 2022 is now $100 per barrel, compared to last year's average price of $68. We anticipate a trading range of $80-$140 per barrel for the year. The current price is near $86, up from a low of $75 at the beginning of the year but down from $123 in early March. The core drivers of oil prices in the near term are global demand and supply. According to the U.S. Energy Information Administration, there was a supply shortage in 2021: global consumption was 97.4 million barrels per day, while global production was only 95.7 million barrels. Forecasts call for supply to match demand in 2H22, but then to fall somewhat short of demand in 2023.

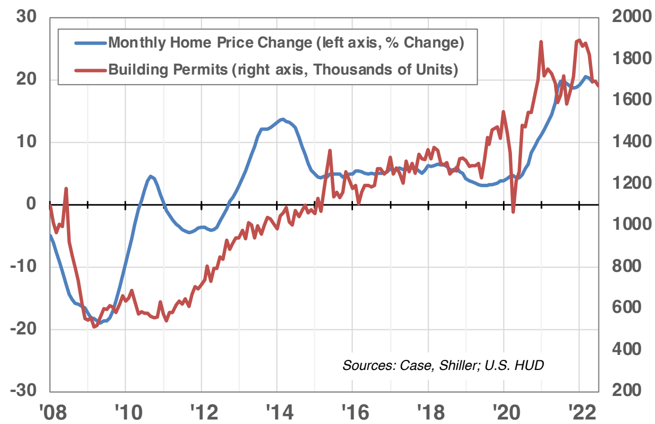
OIL INDUSTRY DRIVERS



HIGH HOME PRICES SLOW INDUSTRY GROWTH

The National Association of Realtors reported that existing home sales in June 2022 totaled 4.8 million at a seasonally adjusted annual rate, down 27% from the beginning of the year. The Commerce Department reported that new single-family homes sold at a 590,000/year rate in June -- down from 831,000 in January. Meanwhile, a leading indicator for the industry, housing permits, has turned lower as well. The S&P/Case-Shiller National Home Price Index for May 2022 showed that the average price rose 19% year-over-year. Until pricing pressures start to ease, we look for modest growth (at best) in the housing sector.

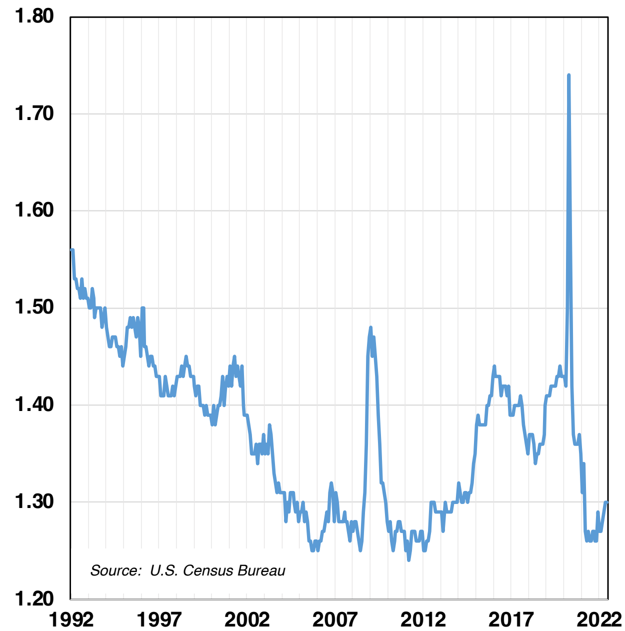
HOUSING MARKET TRENDS



WATCHING INVENTORIES IN GDP

We have been paying close attention to the often overlooked inventory line in GDP reports, as wild swings in inventory have had an impact on overall growth and pricing trends. In 1H20, as the pandemic struck and economies shut down, the inventory/sales ratio spiked from near its historical average of 1.4% to 1.75% -- as nothing was being purchased. Of course, not much was being manufactured -- and so, for the ensuing two years, inventories have been in tight supply (which is one of the causes of inflation). Lately, the good news is that inventories are being rebuilt, even if at an uneven pace. Consistent inventory growth can have two impacts in the quarters ahead: it can ease pricing pressure and contribute to positive GDP.

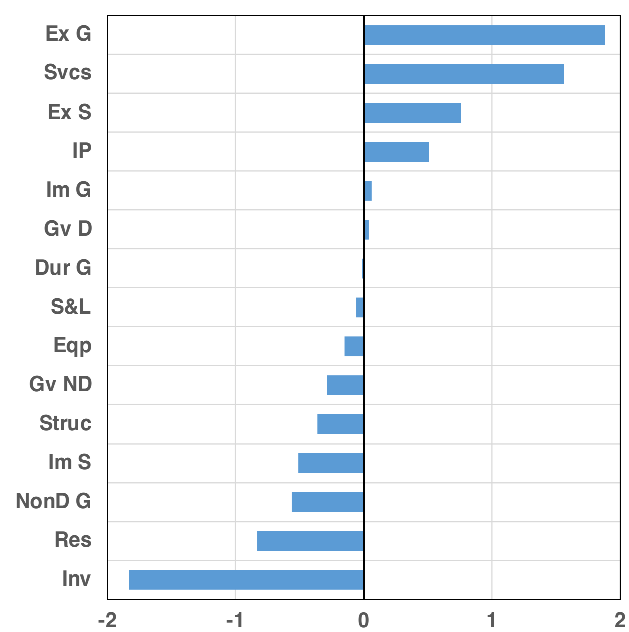
INVENTORY TO SALES RATIO



2Q GDP REVISED UPWARD

The Commerce Department recently announced that 2Q22 GDP declined at a 0.6% rate -- better than the 0.9% decline in the advance estimate last month. As we typically do for the second estimate, let's take a closer look at the key contributors to GDP. First, the consumer. In 2Q, consumer spending trends were mixed, as spending on services contributed to GDP growth but spending on durable and nondurable goods had a negative impact. In the investment category, capital expenditures on intellectual property extended a strong recent run, adding to GDP, while capital expenditures on structures, residences, and equipment subtracted. Exports were a bright spot: net exports contributed to GDP for the first time in seven quarters, led by exports of both goods and services. Government spending was again uneven, as defense spending increased modestly, while spending declined in nondefense areas and at the state and local level. Once again, the Bureau of Economic Analysis has reported two straight quarters of negative GDP. Historically, that has been a formula for recession. But with the employment situation so strong, we think this time is different.

CONTRIBUTION TO 2Q GDP CHANGE (%)

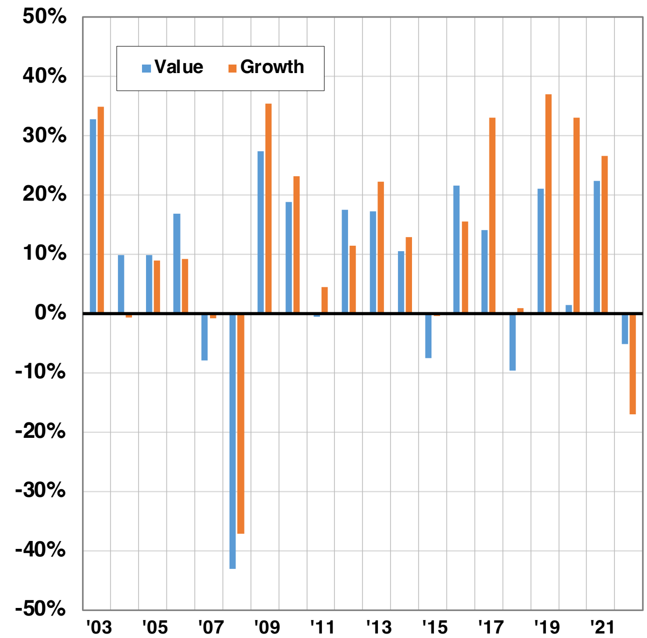


FINANCIAL MARKET HIGHLIGHTS

SEEKING HIGH YIELD

Value stocks (a market segment that includes high-yield stocks) are outperforming Growth stocks in 2022 for the first time since 2016. Indeed, for the past decade, the performance record has favored Growth. But that hasn't always been the case. In 2000-2010, including the Great Recession, Value stocks were better performers than Growth stocks, advancing an admittedly low 8%. But that was still better than Growth, which declined 15% during the decade. Value investors trace their roots to the famous "Security Analysis" textbook written by Ben Graham, an economics professor at Columbia University. Why the recent deviation in performance? There are several reasons, including changes in the make-up of the economy, growth in intangible assets, and the current low level of interest rates. The rollout of COVID-19 vaccines boosted some of the cyclical companies (energy and regional banks) that lagged in prior quarters, and Value stocks have kept up the pace over the past year. The Fed's rate hike campaign will also likely limit multiple expansion for Growth stocks.

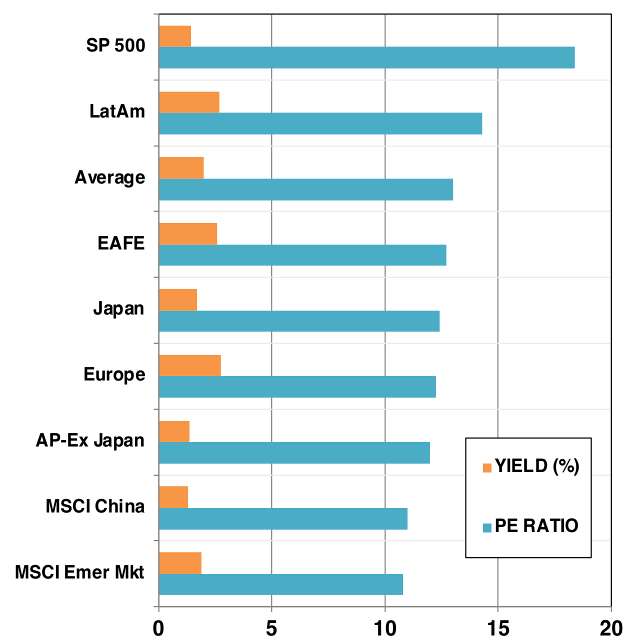
ANNUAL RETURNS, GROWTH V VALUE



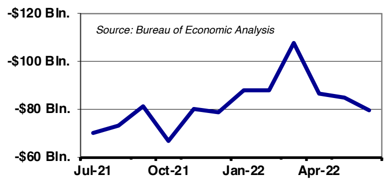
GLOBAL STOCKS AT A DISCOUNT TO U.S. STOCKS

As global markets stumble along with rising inflation and the Russian invasion of Ukraine, one thing has not changed: U.S. stocks are more expensive than global stocks on numerous valuation metrics. The P/E ratio on the S&P 500 is 18, above the global average of 13 and well above the average of 10-12 for emerging market stocks. A review of price/sales ratios tells a similar story. The U.S. ratio is 3.0, well above the global average of 1.7, while China appears to be a deep value at 1.1. Yields are only slightly different. The current dividend yield for the S&P 500 is 1.5%, versus the global average of 2.0% and the European average of 2.8%. One reason investors pay a higher price for U.S. securities is the transparency of the U.S. financial system. What's more, global returns can be volatile across individual countries given currency, security, and geopolitical risks: indeed, U.S. stocks are outperforming the EAFE thus far in 2022, and have also outperformed over the past five years. Even so, we recommend that investors have approximately 8%-10% of their equity allocations in international stocks to take advantage of their value.

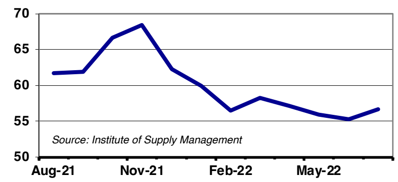
GLOBAL EQUITY VALUATION METRICS



Release:	**Trade Balance**
Date:	9/7/2022
Month:	July
Previous Report:	-$79.6 Bln.
Argus Estimate:	-$78.0 Bln.
Street Estimate:	-$74.4 Bln.



Release:	**ISM Services Index**
Date:	9/6/2022
Month:	August
Previous Report:	56.7
Argus Estimate:	57.0
Street Estimate:	56.2



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
30-Aug	Consumer Confidence	August	95.7	98.2	98	NA
1-Sep	ISM Manufacturing	August	52.8	53	52.3	NA
	Construction Spending	July	8.3%	7.5%	NA	NA
	Nonfarm Productivity	2Q	-4.6%	-5.0%	-5.0%	NA
	Unit Labor Costs	2Q	10.8%	11.0%	11.5%	NA
	Total Vehicle Sales	August	13.35 Mil.	13.50 Mil.	13.30 Mil.	NA
	ISM New Orders	August	48.0	48.5	NA	NA
2-Sep	Factory Orders	July	14.2	12.5	NA	NA
	Nonfarm Payrolls	August	528 K	300 K	270 K	NA
	Average Weekly Hours	August	34.6	34.6	34.6	NA
	Average Hourly Earnings	August	5.2%	5.2%	NA	NA
	Unemployment Rate	August	3.5%	3.5%	3.5%	NA

Next Week's Releases

Date	Release	Month	Previous Report	Argus Estimate	Street Estimate	Actual
13-Sep	Consumer Price Index	August	8.5%	NA	NA	NA
	CPI ex-Food & Energy	August	5.9%	NA	NA	NA
14-Sep	PPI Final Demand	August	9.8%	NA	NA	NA
	PPI ex-Food & Energy	August	7.6%	NA	NA	NA
15-Sep	Retail Sales	August	10.3%	NA	NA	NA
	Retail Sales; ex-autos	August	12.3%	NA	NA	NA
	Business Inventories	July	18.5%	NA	NA	NA
	Import Price Index	August	8.8%	NA	NA	NA
	Industrial Production	August	3.9%	NA	NA	NA
	Capacity Utilization	August	80.3%	NA	NA	NA
16-Sep	U. of Michigan Sentiment	September	58.2	NA	NA	NA

Investors