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THE ECONOMY AT A GLANCE

ECONOMIC HIGHLIGHTS

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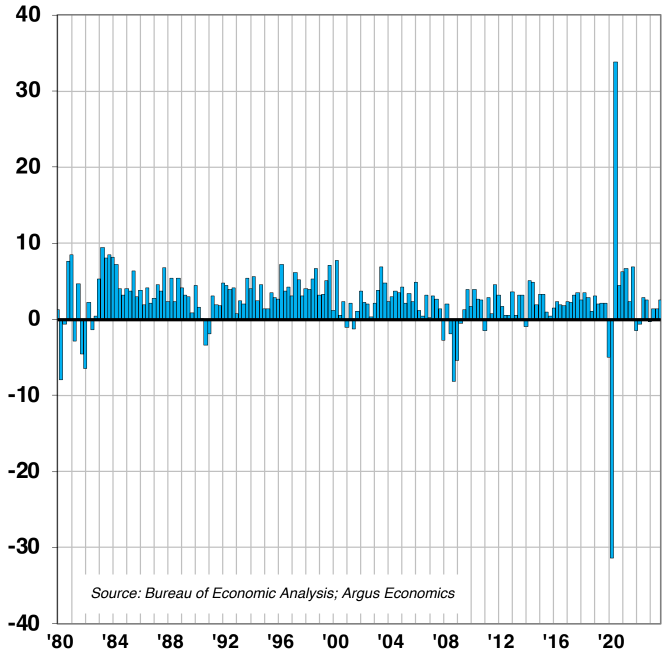
SLIGHT UPTICK IN GDP OUTLOOK

Data reported in recent weeks shows that key parts of the U.S. economy are still expanding, despite the impact of inflation, the pandemic, and geopolitical developments. That said, growth is not consistent across all segments of the economy and a recession is a real risk as the Federal Reserve raises interest rates. The National Bureau of Economic Research (NBER) will let us know in a few months if a recession has in fact occurred. Based on our review of the latest economic fundamentals, our forecast for GDP growth in 2022 is now 0.8%, up from our prior forecast of 0.7%. In 2023, we look for the first quarter to start at a negative rate, but then for the economy to improve as the year progresses. Our GDP growth estimate for the full year remains 1.3%. The Fed is combating inflation with aggressive rate hikes. Our concern is that it is raising rates too quickly and will send the U.S. economy into recession in 2023. If that occurs, we expect to see the unemployment rate approach 6.0% over the next few quarters. The Federal Reserve now projects GDP growth of 0.2% in 2022, while the IMF calls for 2022 growth of 1.6%. The Philadelphia Federal Reserve's Survey of Professional Forecasters calls for growth of 1.6% in 2022 and 1.3% in 2023. The GDP-Now Forecast from the Federal Reserve Bank of Atlanta is 2.8% for 4Q22.

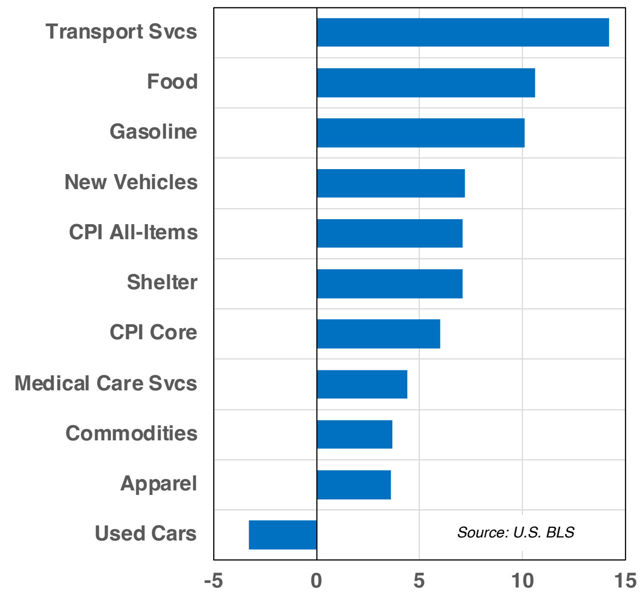
GDP TRENDS & OUTLOOK (% CHANGE)



POSITIVE INFLATION SURPRISE

The Consumer Price Index report released on December 13 indicated that inflation pressures eased more than expected in the U.S. in November. The Bureau of Labor Statistics reported a 7.1% year-over-year increase in overall inflation through November, compared to a 7.7% rate through October and an 8.2% rate through September. The core rate, excluding the impact of food and energy prices, also declined -- to 6.0% in November from 6.3% in October. The consensus forecasts had called for a 7.3% overall inflation rate and a 6.1% core rate. The overall rate benefited primarily from falling energy prices (down 1.6% month-over-month), as well as from lower prices for used cars, commodities, medical care services, and even transportation. The increase in food prices moderated a bit. But food and shelter prices continued to increase (up 0.5% and 0.6% month-over-month, respectively) and fuel oil prices increased 1.7%. Looking ahead, we continue to think that the 9.1% CPI rate in July will prove to be the peak reading for 2022, as the housing market cools off, supplies of new vehicles are replenished, and oil stays below $90 per barrel. Even so, the Federal Reserve still has wood to chop in order to bring core inflation down to its target rate of 2.0%.

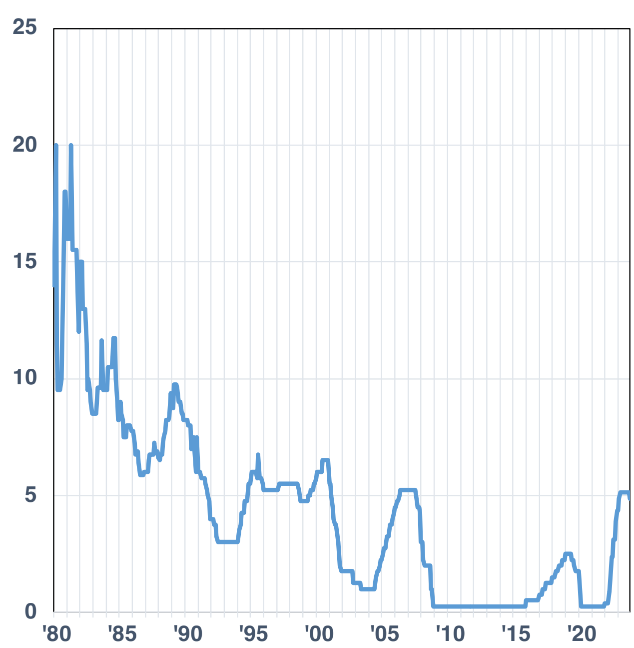
INFLATION FACTORS (% CHANGE Y/Y)



THIS TIME IT'S 50 BASIS POINTS

The Federal Reserve has raised the federal funds rate by 50 basis points to 4.25%-4.50%. This followed four hikes of 75 basis points and was the seventh increase since the central bank lowered the fed funds rate to the rock-bottom level of 0.00%-0.25% early in the pandemic. All 12 governors were in agreement about the hike. The Fed expects that "ongoing increases in the target range will be appropriate." It is now planning another 75-100 basis points of rate hikes in 2023, and does not expect to lower rates until 2024. We remain concerned that the Fed is tossing its other mandate -- full employment -- out the window as it fights inflation. This year's rate hikes have already brought growth in the housing market to a standstill. Will the consumer sector be next? The U.S. economy has been walking a fine line between expansion and contraction for the past three quarters. Substantially higher interest rates could tip the economy into recession early next year, and send the unemployment rate up toward 5.0%.

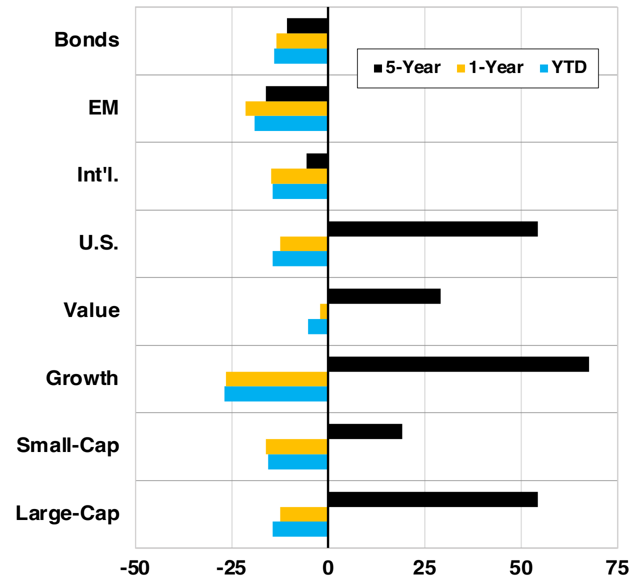
FEDERAL FUNDS TARGET RATE & FORECASTS (%)



ARGUS'S FAVORED CLASSES, SEGMENTS

Stocks rallied in November on hopes for lower interest rates, yet remain in a bear market for the year. Bond prices also rose during the month, but, as with stocks, remain lower year-to-date. Our Stock-Bond Barometer model modestly favors bonds over stocks for long-term portfolios. In other words, these asset classes should be near their target weights in diversified portfolios, with a slight tilt toward fixed income given the rise in yields in 2022. We are balanced on large- and small-caps. We favor large-caps for growth exposure and financial strength, while small-caps are selling at historical discounts relative to large-caps and offer value. Our recommended exposure to small- and mid-caps is now 15%-17% of equity allocation, in line with the benchmark weighting. U.S. stocks have outperformed global stocks over the trailing one- and five-year periods. We expect this long-term trend to continue given volatile and often difficult-to-predict global economic and geopolitical conditions, and changes in exchange rates. That said, international stocks offer favorable near-term valuations, and we target 5%-10% of equity exposure to the group. Value stocks have outperformed in 2022 due to the negative impact of rising interest rates on growth stock valuations. Over the long term, we anticipate that growth will top returns from value due to favorable secular and demographic trends.

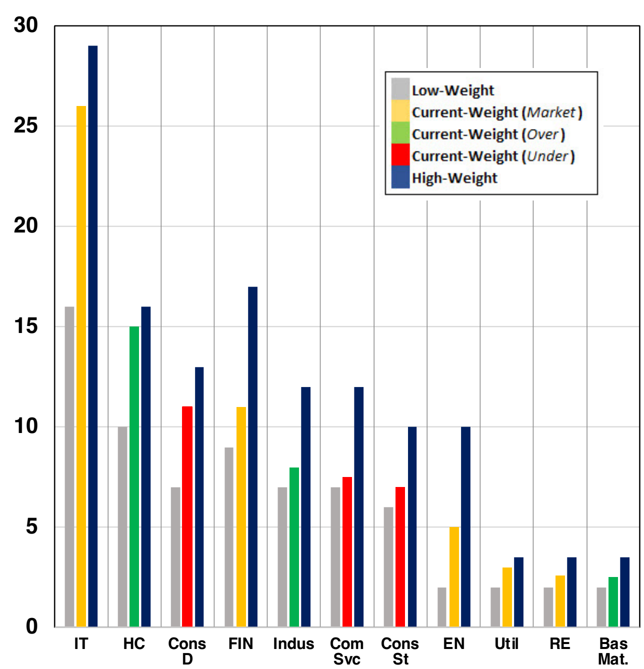
MARKET SEGMENT RETURNS 2022
(% THROUGH 11/30/22)



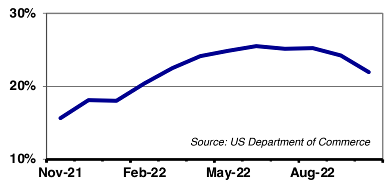
ARGUS ADJUSTS SECTOR RATINGS

We have adjusted our recommended sector allocations. The following reflects our guidance for the calendar first quarter of 2023. We have lowered Energy to recommended Market-Weight from Over-Weight. Energy stocks have been strong year-to-date, but the sector has underperformed over the past three months as commodity prices have fallen and as mounting recession fears stoke concerns about energy product demand in 2023. Energy also delivered huge earnings in 2022; against a tough comparison, we believe the sector is on track for a mid-teens EPS decline in 2023. This is our only change for the quarter. Our current Over-Weight sectors are now Basic Materials, Healthcare, and Industrials. Our current Market-Weight sectors are Energy, Technology, Real Estate, Financial Services, and Utilities. Our Under-Weight sectors are Consumer Discretionary, Communication Services, and Consumer Staples. Argus Research suggests that advisors and investors leverage this consistent and comprehensive process to adjust sector weightings within their diversified equity portfolios.

SECTOR WEIGHTS (% OF S&P 500)



Release:	**Wholesale Inventories**
Date:	12/27/2022
Month:	November
Previous Report:	21.9%
Argus Estimate:	18.0%
Street Estimate:	NA



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
20-Dec	Housing Starts	November	1425 K	1375 K	1400 K	NA
21-Dec	Consumer Confidence	December	100.2	101.0	101.0	NA
	Existing Home Sales	November	4.43 Mil.	4.20 Mil.	4.20 Mil.	NA
22-Dec	GDP Annualized QoQ	3Q	2.9%	2.9%	2.9%	NA
	GDP Price Index	3Q	4.3%	4.1%	4.3%	NA
	Leading Index	November	-0.8%	-0.5%	-0.4%	NA
23-Dec	Personal Income	November	4.9%	5.0%	NA	NA
	Personal Spending	November	8.4%	8.0%	NA	NA
	New Home Sales	November	632 K	600 K	600 K	NA
	PCE Deflator	November	6.0%	5.5%	5.6%	NA
	PCE Core Deflator	November	5.0%	4.7%	4.7%	NA

Next Week's Releases

Date	Release	Month	Previous Report	Argus Estimate	Street Estimate	Actual
3-Jan	Construction Spending	December	9.2%	NA	NA	NA
4-Jan	ISM Manufacturing	December	49.0	NA	NA	NA
	ISM New Orders	December	47.2	NA	NA	NA
	Total Vehicle Sales	December	14.14 Mil.	NA	NA	NA
5-Jan	Trade Balance	November	-$78.2 Bil.	NA	NA	NA
6-Jan	ISM Services Index	December	56.5	NA	NA	NA
	Factory Orders	November	11.1%	NA	NA	NA
	Nonfarm Payrolls	December	263 K	NA	NA	NA
	Average Weekly Hours	December	34.4	NA	NA	NA
	Average Hourly Earnings	December	5.1%	NA	NA	NA
	Unemployment Rate	December	3.7%	NA	NA	NA

Investors