



# Reassessing the Outlook

Report for the week ending May 02, 2026

Dylan Smith

## Key Takeaways

- **MONOLOGUE:** We've published our Q2 Outlook and Quarterly Scenario Update, leading with an out-of-consensus view on higher US interest rates. We've refreshed our medium-term scenarios around assumptions on the Strait of Hormuz blockade and the Fed's reaction function.
- **MACRO:** Five major central banks held rates this week, but all five made explicit hawkish shifts in tone. The hard data were relatively constructive, but core PCE inflation was worryingly high even before second-round energy price effects started to mount.
- **MARKETS:** Super-strong earnings growth lit the equity market's afterburners, with 84% of S&P 500 companies beating estimates by a wide 20.7% margin. Our big question is the extent to which optimistic forward guidance contemplates non-linear inflation developments or rising rates. Fixed income had a bleak week.
- **MEMO:** We assess a 30% probability that the US economy will enter a "Stagflation" regime in the next 12 months. An equity market correction coinciding with (eventual) higher interest rates would challenge most portfolios. Diversifying into real assets and identifying inflation-resilient assets is the recipe for success.

# Monologue

We've published our [Q2 Outlook and Quarterly Scenario Update](#). We're dedicating this week's Monologue to the Executive Summary, but we recommend reading the full note.

The Outlook details our updated views on macroeconomic developments in the US and Canada, along with near-term market read-through. The near-term outlook is premised on an out-of-consensus view of higher interest rates in which we have high conviction.

"High-conviction" is not the same as "sure thing." We've also concocted three new medium-term scenarios, with the key assumptions now centered on the duration of the Strait of Hormuz blockade and the Fed's reaction to inflation developments. These assumptions are summarized below, and the full document contains our detailed mapping of the implications for public and private markets.

This week's Memo delves a little deeper into Scenario 2: Stagflation Nation. Enjoy.

## Executive Summary

### **The macroeconomic outlook has shifted significantly since our 2026 Outlook.**

The Iran conflict has already spiked global energy and food prices, and the stalemate keeping the Strait of Hormuz closed to commercial shipping could create supply chain disruptions that send underlying inflation soaring.

**The US economy lost momentum in March** as uncertainty spiked and inflation-weary consumers and businesses paused spending plans to assess the damage. This has cast doubt on the durability of the pickup in economic activity and labor markets that was evident on the eve of the conflict.

**The near-term implications for markets run through the shifting path of forward interest rates.** The gradual easing trajectory for US rates that was expected at the start of the year has been priced out. Traders don't yet expect outright hikes, but the odds that the Fed's next move will be up rather than down rise with each day of the blockade of the Strait.

**Tell that to the stock market, which is partying like it's 2025.** After initially correcting as oil prices shot up, equities have now shrugged off inflation and interest rate risk as strong pre-war earnings roll in. The AI infrastructure buildout and government largesse supporting growth appear impervious to hot geopolitical developments. We think another correction is due, but we do see opportunities for stock pickers in undervalued industries, notably software.

**The long-promised pickup in private equity activity continues to elude the industry,** which was poised to benefit from a surge in M&A before the Iran conflict put deal-making plans on ice. The prospects for a reacceleration are now scenario-dependent.

**In Canada, we've been surprised by the robustness of the economy to a series of policy realignments and external shocks.** A successful renegotiation of the trading relationship with the US could clear the way for an investment-led recovery. If you're willing to carry risk on the trade negotiations, now may be the time to go long domestic equities and the loonie.

**Finally, we've refreshed our medium-term scenarios.** Typically, these evolve gradually between quarterly refreshes, with updated probabilities and minor tweaks. It's a sign of the scale of the supply shock underway that we have formulated three new scenarios, primarily based on the shock's persistence and the Federal Reserve's response to it.

## Medium-Term Scenario Updates

### **Scenario 1: Supply Shock Sorted** (Weight: 40%)

A stalemate in the Iran conflict persists through most of 2026, driving annual headline inflation to 5%. Growth slows but remains positive, driven by AI-related investment and fiscal largesse. The Fed shifts to a hawkish tone mid-year, and a rate hike follows around the turn of the year. This proactive stance means that the Fed can limit the response to two 25bp moves, which transmit through equity prices and credit conditions to cool the economy and contain second-round effects.

### **Scenario 2: Stagflation Nation** (Weight: 30%)

The Strait of Hormuz blockade is not fully lifted until 2028, with intermittent closures amid a frozen conflict keeping oil prices volatile and global hydrocarbon-linked supply chains severely disrupted. The inflation shock dampens demand. The Fed opts to “look through” the shock initially, allowing price pressures to move beyond volatile headline categories and into slower-moving core prices. A Stagflation regime results, with anemic growth and asset prices driven by their inflation betas.

### **Scenario 3: Rapid Resolution** (Weight: 30%)

This scenario contemplates a deal to reopen the Strait of Hormuz in the very near term, enabling tariff-related inflation to fall out of the index in 2026. Within 12 months, the Fed eases interest rates and delivers another cut in the second year of the scenario to arrive at its judgment of the neutral rate. Meanwhile, growth remains around the long-run average, supported by the AI investment boom and fading economic uncertainty as a Democratic-controlled Congress mitigates executive economic policy risk (but lingering consumer weakness outside the top deciles prevents an overheating).

## **Dylan Smith**

*Founder and Chief Economist*

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## **Marginal Movers**

### **Rising** 📈

- **AI Exposure:** [U.S. Treasury Investors Are Long in AI](#) — "The U.S. federal government's tax revenue is highly sensitive to long-run productivity growth but its spending commitments are not. As a result, U.S. Treasury investors have acquired a long position in AI."
- **Tertiaries:** [Secondaries' next layer raises old questions](#) — "The secondaries market has grown so large now that its investors need an exit. Enter tertiary funds—the latest sign that PE's liquidity issues run deeper than anyone wants to admit."

### **Falling** 📉

- **Labor power:** [Intermediate Input Prices and the Labor Share](#) — "When materials and primary inputs are complements, and the profit share is positive, a higher price of materials lowers the labor share and raises the profit share of value added, without requiring markups or returns to scale to change."
  - **Crypto:** [Bitcoin 2026 opens to empty seats, protests, awkward moments](#) — "The conference opened yesterday at The Venetian in Las Vegas with two senior US officials addressing a mostly empty main stage."
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## Macro Monitor

The headline news this week is that Kevin Warsh has been confirmed as the next Chair of the Federal Reserve. We will explore the implications for monetary policy next week, but our overall view is that, once safely ensconced in the marble halls of the Eccles Building, he will prove far more hawkish than most expect.

### A New Hiking Bias

Five major central banks — the US Federal Reserve (Fed), the Bank of Canada (BoC), the Bank of England (BoE), the European Central Bank (ECB), and the Bank of Japan (BoJ) all held monetary policy meetings this week, and all left interest rates unchanged.

That apparent lack of action masked an important shift in the underlying direction of monetary policy: all five rate-setting committees made explicit hawkish shifts in tone and analysis, signaling, each in its own way, a willingness to hike interest rates if necessary.

The shift in tone is best summed up in quotes from each central bank's press conference or monetary policy report.

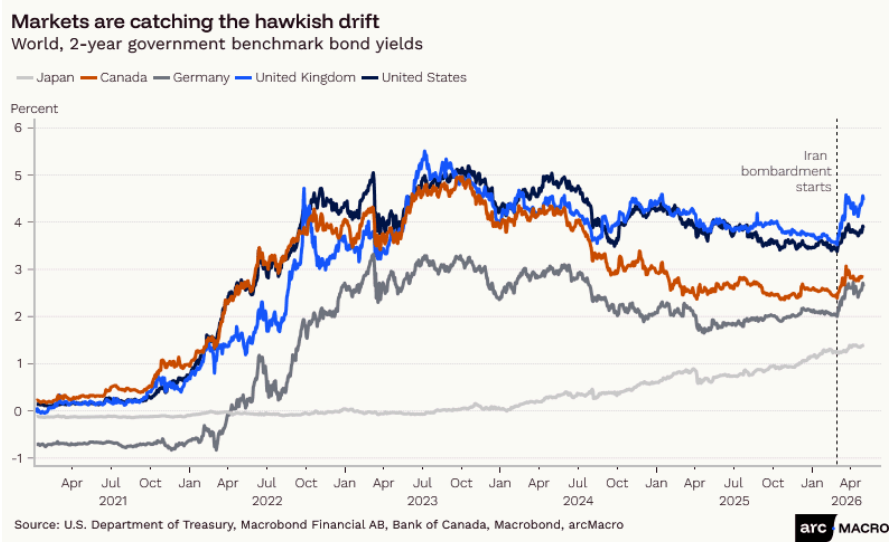
**BoE:** *"the Monetary Policy Committee (MPC) voted by a majority of 8–1 to maintain Bank Rate at 3.75%. One member [Chief Economist Huw Pill] voted to increase Bank Rate by 0.25 percentage points, to 4%."*

**Fed (Powell):** “the center is moving toward a more neutral place [...] we will move to a hiking bias if we want to hike, and we’ll move to a neutral bias before that.” [Three members dissented in favor of dropping the current easing bias].

**ECB (Lagarde):** “in the design of our baseline and of our two scenarios, one adverse, one severe, we had in those situations two rate hikes which were embedded in both baseline and scenarios... that means that our reaction function is well understood, right? [...] directionally, I know where we’re heading.”  
[Confirming the baseline embeds two hikes]

**BoC (April MPR, illustrative high-oil scenario):** “Nevertheless, tighter monetary policy is required, resulting in consecutive increases to the policy interest rate.”

**BoJ (Ueda):** “Even if the Strait of Hormuz blockade continues, a rate hike is possible.”  
[6–3 vote with three dissents for a hike]

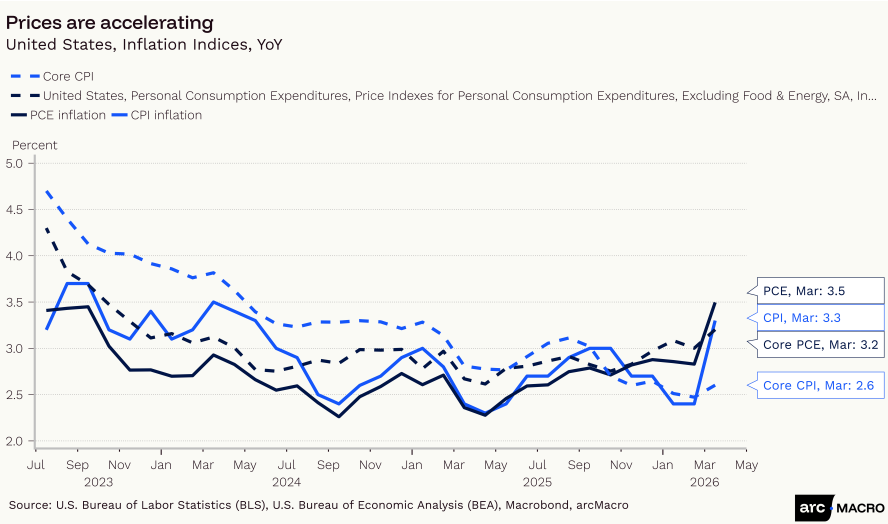


## Some firm macro data

The signal in a noisy week of economic data was constructive. Housing starts rose more than expected in February and March (1.36M and 1.5M at an annualized rate, respectively). Personal consumption expenditures picked up as expected in March (reflecting higher oil prices, since inflation-adjusted spending barely budged at +0.1%), but the real positive was a +0.6% MoM rise in incomes, which the consensus expected would be 0.3%. The first estimate of Q1 GDP growth showed a recovery from 0.5% at an annualized and seasonally adjusted rate in 2025 Q4 to 2.0% in Q1.

**Inflation rising**

Headline PCE rose from 2.8% YoY in February to 3.5% in March. The core personal consumption expenditures price index (the Fed's preferred gauge of underlying inflation) rose by 3.2% YoY, a full percentage point above target, before higher energy prices had even had a chance to be passed through to core goods and services prices.



**New K-shaped consumer evidence**

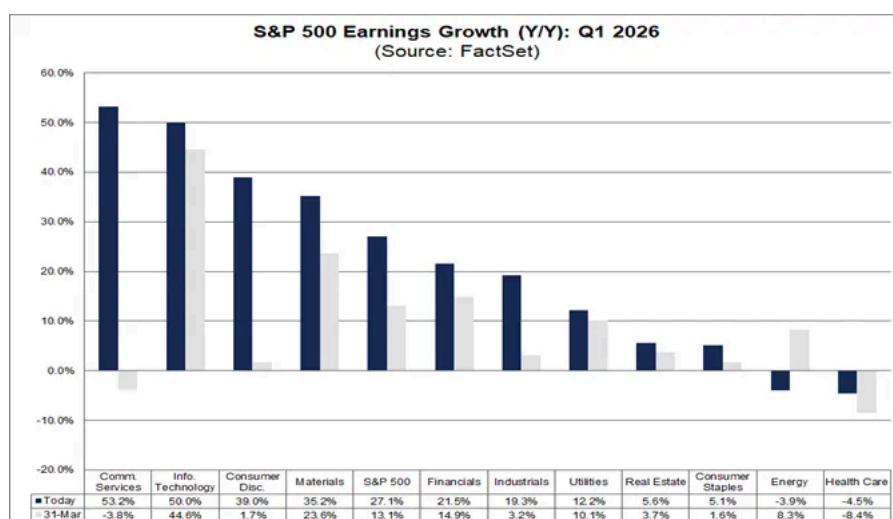
Hat tip to the New York Fed for its [research series on the K-shaped economy](#). The authors use new data to confirm an old narrative, proving that consumers at the top end of the income distribution are driving consumption. The divergence in spending patterns occurred in 2023, and while it's still present, it's not increasing. The authors also confirmed the reason for the K-shaped economy: higher-income consumers experienced lower inflation and benefited from strong returns on their wealth.

See the appendix for arcMacro proprietary Factors and the Key Macroeconomic Indicators tracking chart.

## Market Monitor

### Public markets

Super-strong earnings growth lit the afterburners of the equity market this week. With 63% of companies on the S&P 500 having reported Q1 results, 84% have beaten estimates (10-year average: 76%), and by a wide margin of 20.7% (10-year average: 7.1%). We're on track for the best quarter since 2021. The chart below from [FactSet](#) says it all.



The unexpectedly strong performance is supporting a broad-based rally, with the S&P 500 up 0.9%, driven by technology and consumer-facing companies. The Russell 2000 index of small-cap names hasn't missed out on the fun either. Up 13% year-to-date, it's significantly outperforming large-cap indices.

Our big question here is the extent to which optimistic forward guidance contemplates potentially non-linear inflation developments or rising interest rates. As we argue in our outlook, that risk is probably underappreciated, especially in equities. Still, the tailwinds from AI are now clearly moving beyond the hyperscalers and powering broader improvements in corporate performance.

On the other side of the trading floor, fixed income had a bleak week. A hawkish shift from global central banks and reports that the Iran conflict could turn hot again sent interest rates significantly higher in line with a \$7.54 per barrel rise in the price of WTI crude oil. The US yield curve shifted up by ~10 basis points across the board, and the yield on the 2-year Treasury Note has now risen by 41 basis points in 2026.

Yields on Canadian bonds rose by even more (the 2-year note popped 21 basis points to 3.03%), reflecting the global upward pressure on rates as well as a Spring Fiscal Update that allocated a large windfall from higher oil prices directly to capital investment. Both the bullish and bearish interpretations of the Mini-Budget imply a steeper yield curve (either due to higher growth and demand for credit or to a fiscal risk premium). The Canadian dollar rose by 0.4% against the US dollar in line with the narrowing interest rate differential.

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*See the appendix for the market monitor table*

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## Memo

### What We Talk About When We Talk About Stagflation

**Bottom line:** *We assess a 30% probability that the US economy will enter a "Stagflation" regime in the next 12 months. By "Stagflation," we mean below-potential growth and a spiking inflation rate.*

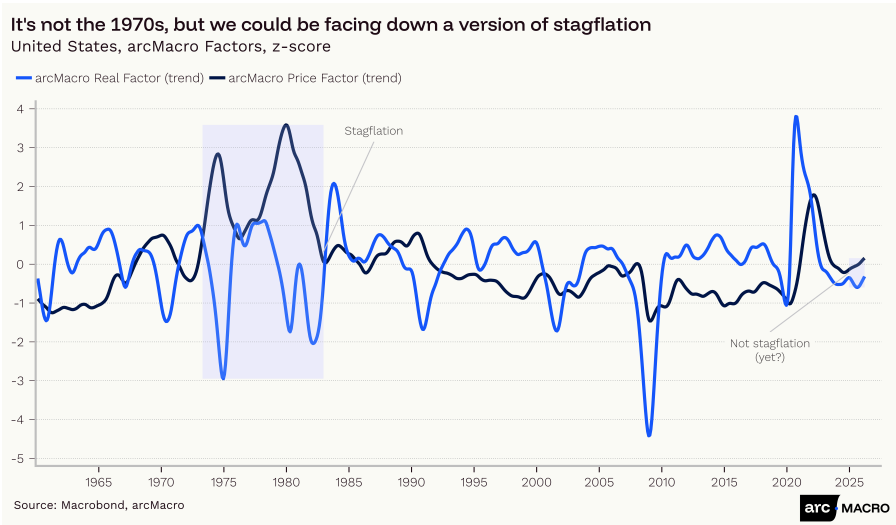
**What it means for investors:** *An equity market correction coinciding with (eventual) higher interest rates would challenge most portfolios. Diversifying into real assets and identifying inflation-resilient assets is the recipe for success.*

A lot of ink has been spilled in the financial press arguing over the risk that the US economy (or indeed the global economy) is on the verge of a period of "stagflation."

Most of this debate is about the definition of "stagflation", not the fundamental trajectory of the economy. One camp defines "stagflation" in its original historical sense to mean a state of deep recession accompanied by very high (10%+) inflation rates. The other camp approaches the definition semantically, to mean any

combination of sub-optimal growth (the "stag-" from "stagnation") and rising inflation levels (the "-flation" piece).

To be clear, the risk of a repeat of the 1970s is near zero; the structure of the global economy and the sophistication of monetary policy have changed too much for this to be a plausible near-term scenario. As European Central Bank President Christine Lagarde said this week, "I think we have determined that stagflation is the right characterization of what happened in the 1970s, but from our perspective, we think that it's better to park it in the 1970s, given the facts that we have at the moment. You know, it's a completely different situation."



But if we take the latter definition – as we did when we defined our seven fundamental economic regimes – then a "stagflation" looks like a meaningful near-term risk that markets need to contend with.

Combining our data-driven model probabilities and judgmental interpretation of the likely reaction function of a Kevin Warsh-led Federal Reserve, we assign a probability of 30% that the US economy enters a "stagflation" within the next 12 months.

A sustained "Stagflation" regime is one of the three possible paths in our updated medium-term scenario-based outlook, as detailed in our [Q2 Quarterly Scenario Update](#).

What do you need to believe to bet on this scenario emerging, and how might it unfold? And how would markets perform under this scenario? We summarize the 3-year path of the "Stagflation Nation" Scenario below.

## Scenario Narrative





A significant inflation spike is all that's required to tip the macro regime into "Stagflation." Growth is already below-trend, and in this scenario the highly inflationary oil shock dampens consumer demand. The Strait of Hormuz blockade is not fully lifted until 2028, with intermittent closures amid a frozen conflict keeping oil prices volatile and global hydrocarbon-linked supply chains severely disrupted. Under incoming Chair Warsh, the Fed opts to "look through" the shock initially, allowing price pressures to move beyond volatile headline categories and into slower-moving core prices. A Stagflation regime results, with anemic growth and asset prices driven by their inflation betas. The economy resolves to a Financially Constrained regime once the Fed catches up.

## What you need to believe

1. Iran will use its strategic advantage in the Strait of Hormuz to hobble the Trump administration and pursue a better deal under the next government.
2. Both parties will allow occasional openings to move traffic when global shortages bite.
3. The Fed will attempt to look through the shock and act too late to rein in second-round effects.
4. Consumers and businesses will reduce outlays due to inflationary pressures.





### Public Market Marks

Average historical scenario performance and risk skew relative to history in current outlook

		Current	1-12 Months	12-24 Months	24 Months +
		<b>Sluggish</b> 	<b>Stagflation</b> 	<b>Stagflation</b> 	<b>Financially Constrained</b> 
<b>Equities</b>	Historical regime performance		3.2%	3.2%	10.3%
	Current Scenario Skew		Higher	Higher	Neutral
<b>Fixed Income</b>	Historical regime performance		8.3%	8.3%	2.9%
	Current Scenario Skew		Lower	Lower	Neutral
<b>Currency (US\$)</b>	Historical regime performance		-2.6%	-2.6%	5.2%
	Current Scenario Skew		Neutral	Neutral	Lower
<b>Commodity</b>	Historical regime performance		13.9%	13.9%	
	Current Scenario Skew		Neutral	Neutral	Neutral





### Private Market Activity Heatmap

Blue = weak (cool); Orange = Strong (hot); Grey = Neutral or sector-dependent

	Current	1-12 Months	12-24 Months	24 Months +
	<b>Sluggish</b> 	<b>Stagflation</b> 	<b>Stagflation</b> 	<b>Financially Constrained</b> 
<b>Fundraising</b>				
<b>Deal Flow</b>				
<b>Valuations</b>				
<b>Returns</b>				

### Corporate performance heatmap

Top 5 performing industries by metric

	Current	1-12 Months	12-24 Months	24 Months +
	<b>Sluggish</b> 	<b>Stagflation</b> 	<b>Stagflation</b> 	<b>Financially Constrained</b> 
<b>Revenue Growth</b>		<ul style="list-style-type: none"> <li>- Oil and Gas</li> <li>- Petroleum products</li> <li>- Mining Services</li> <li>- Air Transportation</li> <li>- Accommodation</li> </ul>	<ul style="list-style-type: none"> <li>- Oil and Gas</li> <li>- Petroleum products</li> <li>- Mining Services</li> <li>- Air Transportation</li> <li>- Accommodation</li> </ul>	<ul style="list-style-type: none"> <li>- Furniture Manufacturing</li> <li>- Internet</li> <li>- Clothing Manufacturing</li> <li>- Specialty Retailing</li> <li>- Vehicle Retailing</li> </ul>
<b>Margins</b>		<ul style="list-style-type: none"> <li>- Oil and Gas</li> <li>- Mining</li> <li>- Primary Metal Manufacturing</li> <li>- Lumber processing</li> <li>- Building Construction</li> </ul>	<ul style="list-style-type: none"> <li>- Oil and Gas</li> <li>- Mining</li> <li>- Primary Metal Manufacturing</li> <li>- Lumber processing</li> <li>- Building Construction</li> </ul>	<ul style="list-style-type: none"> <li>- Software</li> <li>- Air Transportation</li> <li>- Internet</li> <li>- Healthcare Services</li> <li>- Clothing Retailing</li> </ul>
<b>Valuations</b>		<ul style="list-style-type: none"> <li>- Other Construction</li> <li>- Conglomerates</li> <li>- Telecommunications</li> <li>- Utilities</li> <li>- Online Retailing</li> </ul>	<ul style="list-style-type: none"> <li>- Other Construction</li> <li>- Conglomerates</li> <li>- Telecommunications</li> <li>- Utilities</li> <li>- Online Retailing</li> </ul>	<ul style="list-style-type: none"> <li>- Furniture Manufacturing</li> <li>- Other Transportation</li> <li>- Air Transportation</li> <li>- Clothing Retailing</li> <li>- General Merchandising</li> </ul>

## Appendix

### Proprietary Factor and Regime Model and Key Indicators

### The Week in Markets

	Latest*	Change since last week (units)	Change since last week (%)	3-month change (units)	3-month change (%)	Year-to-date change (units)	Year-to-date change (%)
<b>US Equities</b>							
S&P 500	7230	65	0.9	261	3.7	385	5.6
Information Technology			0.1		8.5		8.1
Financials			0.9		-3.0		-5.3
Consumer Discretionary			0.4		0.0		1.8
Communication Services			4.5		3.8		10.0
Health Care			0.7		-5.6		-6.3
Industrials			0.2		4.3		11.5
Consumer Staples			1.1		3.8		10.1
Energy			3.2		15.4		30.7
Utilities			0.7		7.3		9.0
Real Estate			1.0		7.6		10.4
Materials			-2.0		1.0		11.8
Nasdaq Composite			1.1		6.0		8.1
Dow Jones Industrial Average			0.5		0.9		3.0
Russell 2000			0.9		6.0		13.3
<b>Global Equities</b>							
DM: MSCI World index			0.8		3.4		7.1
EM: MSCI EM Index			-0.5		3.6		14.7
CAN: TSX Composite			0.0		2.7		6.9
EUR: STOXX 600			0.1		0.7		3.3
HK: Hang Seng			-0.8		-7.8		0.6
JPN: TOPIX			0.3		5.2		9.4
UK: FTSE 100			-0.1		1.9		4.4
<b>Sovereign Fixed Income</b>							
US: 2-year Treasury	3.88	0.10		0.35		0.41	
US: 5-year Treasury	4.02	0.10		0.22		0.29	
US: 10-year Treasury	4.39	0.08		0.15		0.21	
CAN: 2-year GoC	3.03	0.21		0.45		0.45	
CAN: 10-year GoC	3.6	0.14		0.18		0.18	
UK: 10-year Gilt	5.05	0.10		0.48		0.51	
GER: 10-year Bund	3.11	0.08		0.26		0.26	
CHN: 10-year CGB	1.75	-0.01		-0.070		-0.10	
JPN: 10-year JGB	2.51	0.090		0.29		0.45	
<b>Corporate Bond Spreads</b>							
US: A-rated	71.8	1.7		7.8		2.0	
US: BBB-rated	106	2.0		10.0		1.9	
<b>Foreign Exchange Rates</b>							
DXY US Dollar Index	98.2		-0.4		2.0		-0.2
EUR/USD	1.17		-0.1		-2.2		-0.4
USD/CAD	1.36		-0.4		0.8		-0.6
USD/CNY	6.83		0.0		-1.6		-2.3
USD/JPY	160		0.3		4.7		2.5
GBP/USD	1.35		0.3		-1.9		0.5
USD/CHF	0.786		0.0		2.3		-0.9
<b>Commodities</b>							
WTI Crude	102	7.54	8.0	36.5	55.8	44.5	77.5
Gold	4637	-74.8	-1.6	-768	-14.2	269	6.2
S&P GSCI Commodities			4.3		24.6		38.6
S&P GSCI Industrial Metals			-2.0		1.3		9.6
S&P GSCI Agriculture			3.0		6.7		6.0

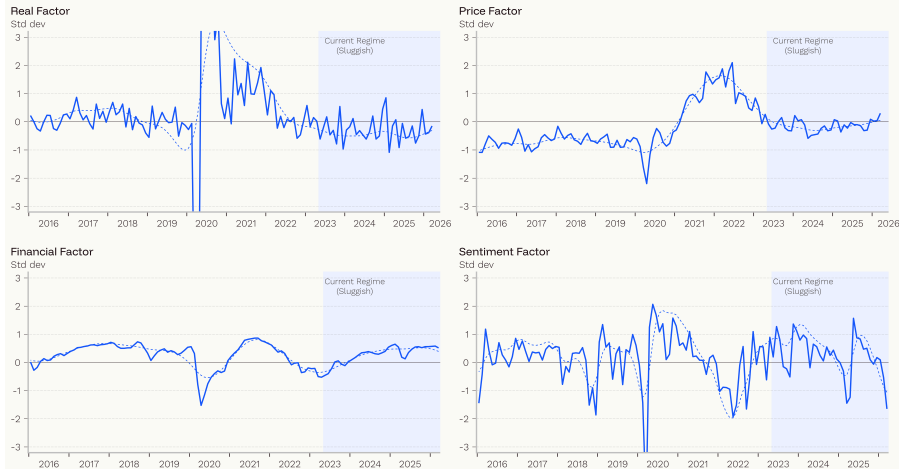
\* Weekly closing value. Color indicates positive (green) or negative (red) change since prior week.

Source: S&P Global, Russell Investment Group, Nasdaq, U.S. Department of Treasury, Macrobond Financial AB, Central Bank of Germany (Deutsche Bundesbank), Bank of Canada, Intercontinental Exchange (ICE), International Monetary Fund (IMF), CME Group, LBMA (London Bullion Market Association), Robert Shiller, Chicago Board Options Exchange (CBOE), U.S. Department of Labor, U.S. Bureau of Labor Statistics (BLS), Federal Reserve Bank of Atlanta, Citi, Federal Reserve Bank of St. Louis, Energy Information Administration (EIA), MSCI, STOXX, Tokyo Stock Exchange, Toronto Stock Exchange, FTSE Russell, Hang Seng indexes Company, Pitchbook | LCD, arcMacro



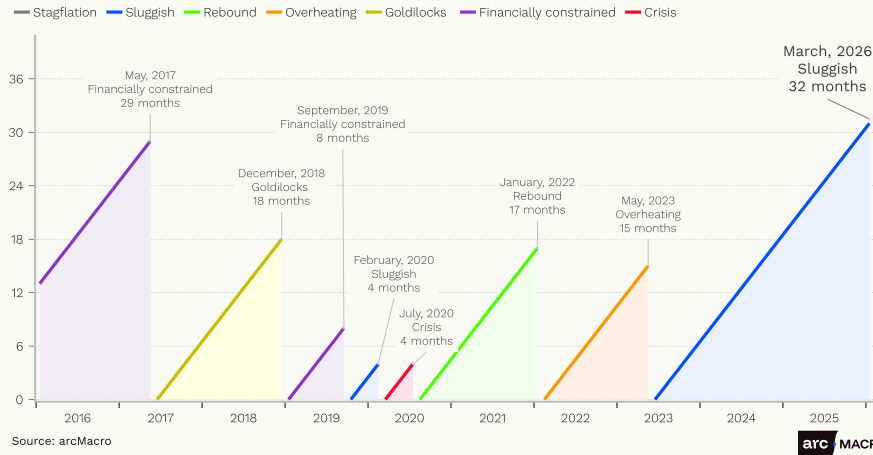
### arcMacro Real Time Factors

United States, z-score



Source: arcMacro

**arcMacro Regime Summary**  
United States, Cumulative Months in Regime



**arcMacro Factor Input Monitor**  
Top 10 inputs by factor loading

Indicator	Unit	Latest*	Three months prior	One year prior	Normalized Level (Standard Deviations from Historical Mean)
<b>arcMacro Real Factor</b>	<b>Standard deviations</b>	<b>-0.1</b>	<b>0.4</b>	<b>-0.1</b>	
Underemployment (U-6)	%	8.0	8.4	7.9	
Capacity Utilization	%	78	75.7	76.1	
Industrial Production (IP)	%, YoY	1.5	2.1	0.8	
Employment-to-Population Ratio	%	59.2	59.7	59.9	
Dallas Fed Services Index	%, YoY	-9.9	2.7	-21.2	
Unemployment Rate	%	4.3	4.4	4.2	
Transportation Services Index	%, YoY	1.6	0.0	0.7	
Employment	Thousands, MoM	-64.0	232.0	171.0	
Construction Employment	Thousands, MoM	26.0	-7.0	6.0	
Philadelphia Fed Manufacturing Index	%, YoY	26.7	12.6	-12.9	
<b>arcMacro Price Factor</b>	<b>Standard deviations</b>	<b>0.6</b>	<b>0.4</b>	<b>-0.2</b>	
Trimmed CPI	%, MoM, SA	0.2	0.3	0.2	
"Sticky" CPI	%, MoM, SA	0.2	0.3	0.2	
PCE	%, MoM, SA	0.7	0.3	0.0	
Inflation Expectations (NY Fed)	%, Annual	3.4	3.4	3.6	
Inflation Expectations (U-Mich)	%, Annual	4.7	4.0	6.5	
Core CPI	%, MoM, SA	0.2	0.2	0.1	
Services PCE	%, MoM, SA	0.3	0.3	0.2	
Market-based PCE	%, MoM, SA	0.7	0.3	0.0	
Richmond Fed Services Price Index	%, Annual	5.7	4.3	4.9	
5 Year Break-Even Inflation Rate	%, Annual	2.6	2.4	2.3	
<b>arcMacro Financial Factor</b>	<b>Standard deviations</b>	<b>0.6</b>	<b>0.6</b>	<b>0.6</b>	
Financial Stress Index (KC Fed)	Index (>0: higher stress)	-0.6	-0.7	-0.6	
Financial Stress Index (OFR)	Index (>0: higher stress)	-0.8	-2.6	-1.3	
Gold Volatility Index	%	30.4	28.3	23.4	
Bank Lending Standards	% (>0: net tightening)	-8.5	-7.1	-0.2	
Anxious Index (SPF)	% (Probability of recession)	20.9	24.0	15.4	
Dividend growth	%, YoY	7.9	8.4	6.2	
Bank Loan Demand	% (>0: net increase)	12.0	18.0	8.7	
Household Debt-to-Income Ratio	Ratio	8.4	8.5	8.7	
IPO Underwriting Activity	US\$ Billions	2.8	8.7	2.0	
Household Debt Growth	%, QoQ, Annualized	3.3	4.3	3.3	
<b>arcMacro Sentiment Factor</b>	<b>Standard deviations</b>	<b>-1.8</b>	<b>0.1</b>	<b>-1.6</b>	
Cyclically-Adjusted PE Ratio (S&P 500)	Ratio	36.5	39.6	32.6	
Dividend Yield (S&P 500)	Ratio	1.2	1.2	1.2	
12-month Forward PE Ratio (S&P 500)	Ratio	20.9	22.2	19.8	
Price/Book Ratio (S&P 500)	Ratio	5.3	5.0	4.9	
Crude Oil Volatility Index	%	831	431	477	
Economic Policy Uncertainty Index	Index	388.7	359.2	494.2	
MOVE Index	Index	73.7	60.6	120.1	
VIX	%	20.0	16.1	32.0	
Bull-Bear Spread (AAII)	% (>0: net bullish)	-2.1	14.4	-33.5	
Equity Risk Premium (NYU Stern)	%	1.1	1.2	1.0	

\* 10th-90th Percentile ■ 25th to 75th Percentile ● Mean of past 5 years ◆ Latest Value  
Source: arcMacro, BLS, Fed, Dallas Fed, DOT, Philadelphia Fed, Cleveland Fed, Atlanta Fed, BEA, New York Fed, University of Michigan, Richmond Fed, Macrobond, Kansas City Fed, The Office of Financial Research (OFR), CBOE, S&P Global, SIFMA, Robert Shiller, Economic Policy Uncertainty, ICE BofAML, LjKmfA, AAI  
\*Most recent published data point. Time period and frequency do not necessarily align.

## **Disclosures**

### **AI Declaration**

*All written content, analysis, and opinions are original and ascribed to the author. AI tools were used for proofreading and summarization purposes only. AI tools may also have been used in the development (codebase) of the analytical models reported in this document.*

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