

## Market Outlook

Intermediate Term: Bullish

### PORTFOLIO STRATEGY

Equity: 70%  
 Cash: 1%

## Today's Market Movers

### IMPACT

- ✓ Global Shares Mixed -
- ✓ X Falls on Nippon Deal Woes -
- ✓ CVNA Off On Hindenburg Claims -
- ✓ LVS Higher on Analyst Upgrade +

## Recent Research Review

AZO, BTI, DD, RL, YUM, MO, X, CMS, NI, JWN, CLF, FE, CAH, TSN, KVUE, BAX, DRI, NKE, NJR, EAT

## Statistics Diary

12-Mth S&P 500 Forecast:	5100-6700
S&P 500 Current/Next EPS:	247/276
S&P 500 P/E:	23.76
12-Mth S&P P/E Range:	18.5 - 24.3
10-Year Yield:	4.56%
12-Mth 10-Yr. Bond Forecast:	3.50-4.50%
Current Fed Funds Target:	4.37%
12-Mth Fed Funds Forecast:	4.25-4.50%

	<i>PREVIOUS CLOSE</i>	<i>200-DAY AVERAGE</i>
DJIA:	42392.27	40833.49
S&P 500:	5868.55	5551.62
NASDAQ:	19280.79	17680.46
Lrg/Small Cap:	1.44	1.40
Growth/Value:	2.18	1.99

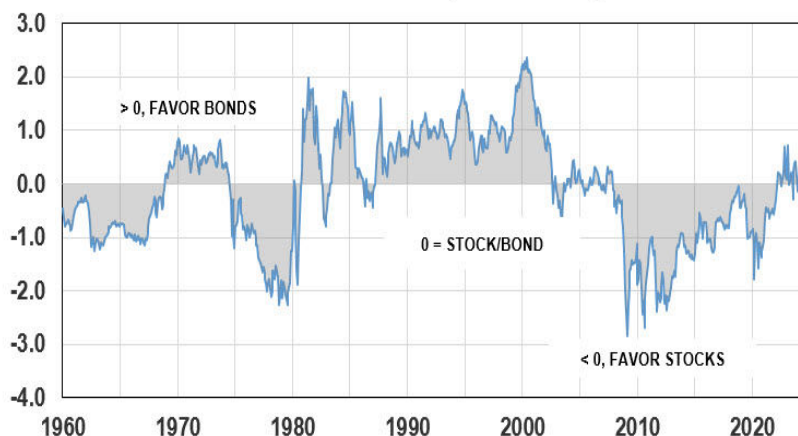
	<i>CURRENT</i>	<i>RANKING</i>
Five-Day Put/Call:	0.68	Positive
Momentum:	555000	Negative
Bullish Sentiment:	35%	Positive
Mutual Fund Cash:	1.70%	Negative
Vickers Insider Index:	2.82	Neutral

## DAILY SPOTLIGHT

### Stocks A Bit Above Fair Value

Our stock/bond asset-allocation model, which we call the Stock-Bond Barometer, is indicating that bonds are the asset class offering the most value at the current market juncture. Our model takes into account real-time levels, growth rates, and forecasts of short-term and long-term government and corporate fixed-income yields, inflation, stock prices, GDP, and corporate earnings, among other factors. The output is expressed in terms of standard deviations to the mean, or sigma. The mean reading from the model, going back to 1960, is a modest premium for stocks, of 0.09 sigma, with a standard deviation of 1.05. In other words, stocks normally sell for a slight premium valuation, which they have since inflation started kicking higher in 2022. The current valuation level now is a 0.45 sigma premium for stocks, reflecting in large part the move higher in long-term interest rates since the start of autumn and the conclusion of the election. Other valuation measures also show reasonable multiples for stocks. The current forward P/E ratio for the S&P 500 is approximately 21, within the normal range of 15-24. The current S&P 500 dividend yield of 1.2% is below the historical average of 2.9%, but is also 26% of the 10-year Treasury bond yield, compared to the long-run average of 39%. Further, the gap between the S&P 500 earnings yield and the benchmark 10-year government bond yield is about 305 basis points, compared to the historical average of 400. Lastly, the ratio of the S&P 500 price to an ounce of gold is now 2.2, within the historical range of 1-to-3. We expect the results from our stock-bond valuation model to tilt more toward stocks, as interest rates head lower and EPS growth picks up. Based in part on the output from our Stock-Bond Barometer, our recommended asset-allocation model for growth accounts is 70% growth assets and 30% fixed-income.

**STOCK BOND BAROMETER** (Standard Deviations)



## STOCKPICKER'S CORNER

### Ralph Lauren Corp (NYSE: RL)

**BUY**

Ralph Lauren designs, markets, and distributes premium apparel, accessories, fragrances, and home products. It is working to boost average unit retail growth, attract younger and less-price-sensitive customers, and lower its cost structure. It has recently seen stronger demand internationally. Productivity enhancements, favorable cotton costs, and lower freight expense following the supply-chain crisis have also helped to boost margins. The turnaround appears on track, as the company is now topping Street estimates and management has boosted the dividend aggressively.

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