



NFIB Small Business Index

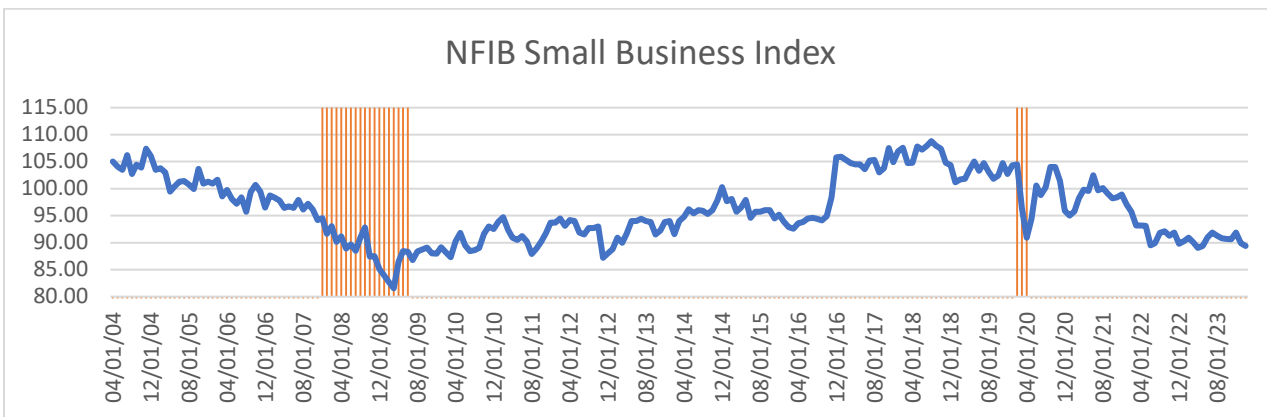


Figure 1 - Source: FactSet, NBER

- The NFIB (National Federation of Independent Businesses) Index measures how optimistic small business owners are about prospects for the future.
- At 88.5, the NFIB Index hit its lowest level in more than 11 years (December 2012).
- The main contributor to the decline in the index was an 8-point decline in net sales expectations.
- Small businesses see inflation as their biggest problem in operating their businesses.

CPI (Month-Over-Month)

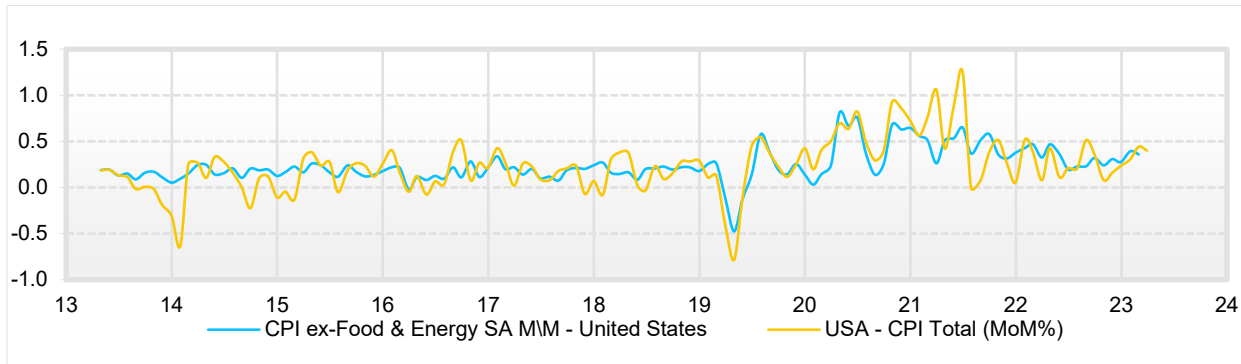


Figure 2-Source: FactSet

CPI (Year-Over-Year)

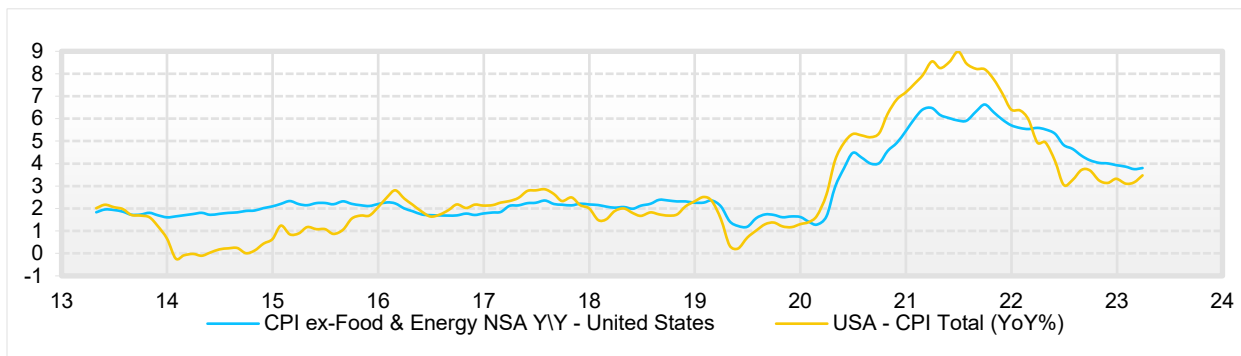


Figure 3-Source: FactSet

- Big upside surprise in inflation on both Total CPI and Core (ex-Food & Energy) for both Month-over-Month (MoM) (.4% vs .3% expected Total and .4% vs .3% expected Core) and Year-over-Year (YoY) (3.5% vs 3.4% expected Total and 3.8% vs 3.7% expected Core)
- Total CPI was led by shelter and gasoline on a Month-over-Month basis and was led by gasoline on a Year-over-Year basis as it provided more than half of the monthly increase in the index.
- Core CPI was led by shelter, motor vehicle insurance, medical care, apparel and personal care.

Hourly Earnings

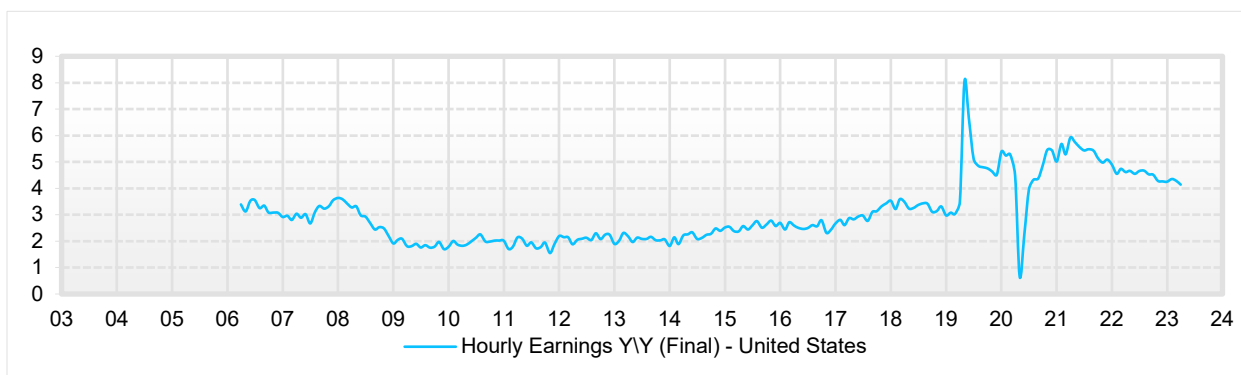


Figure 4- Source: FactSet

- Average hourly earnings rose 4.1% versus 4.28% last month and 4.35% in January and unchanged from the previous estimate.

Wholesale Inventories

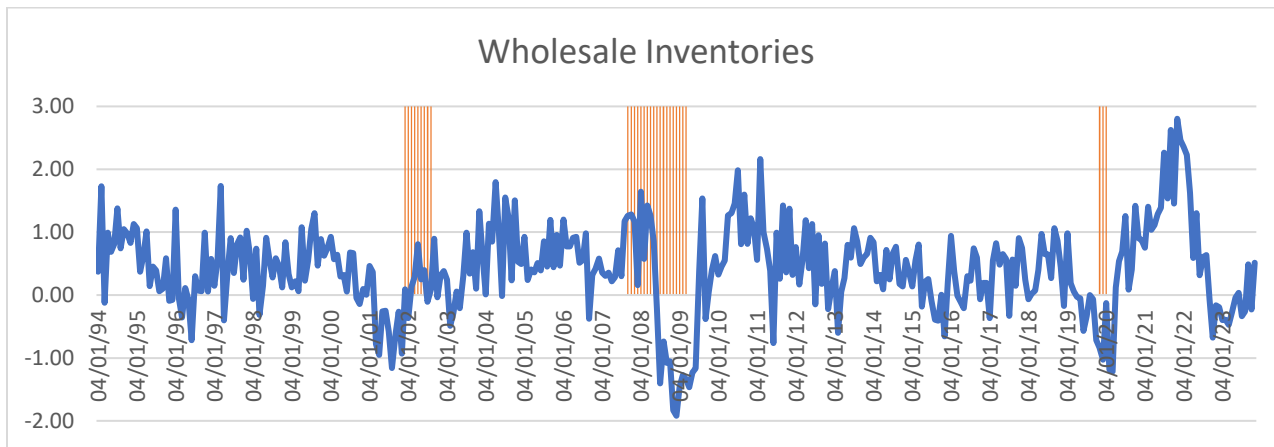


Figure 5-Source: FactSet, NBER

- Wholesale inventories have been trending higher, with February's data showing the second positive reading in three months. It appears that the inventories data for the current cycle may have bottomed in January of 2023.

Producer Price Index (PPI)

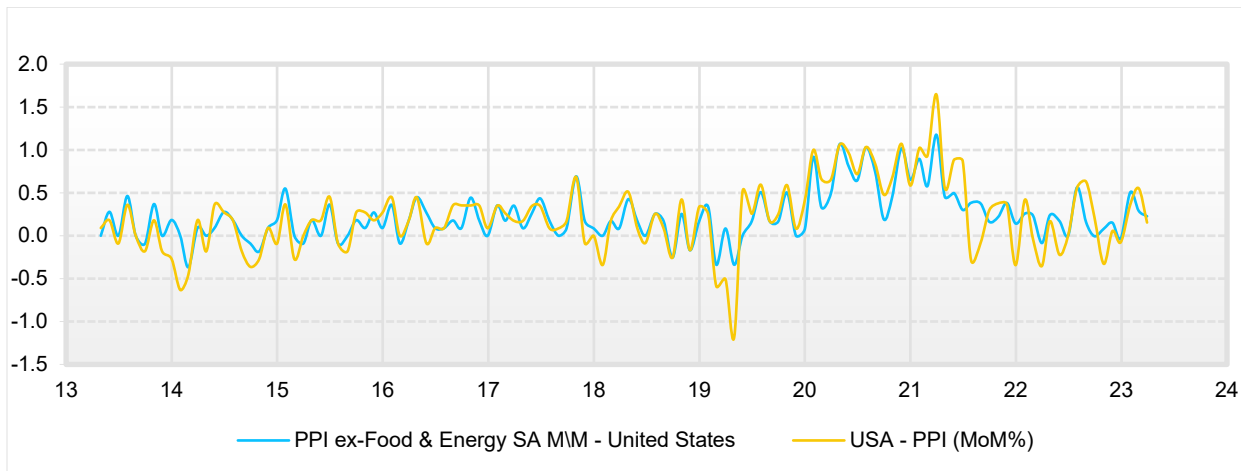


Figure 6 - Source: FactSet

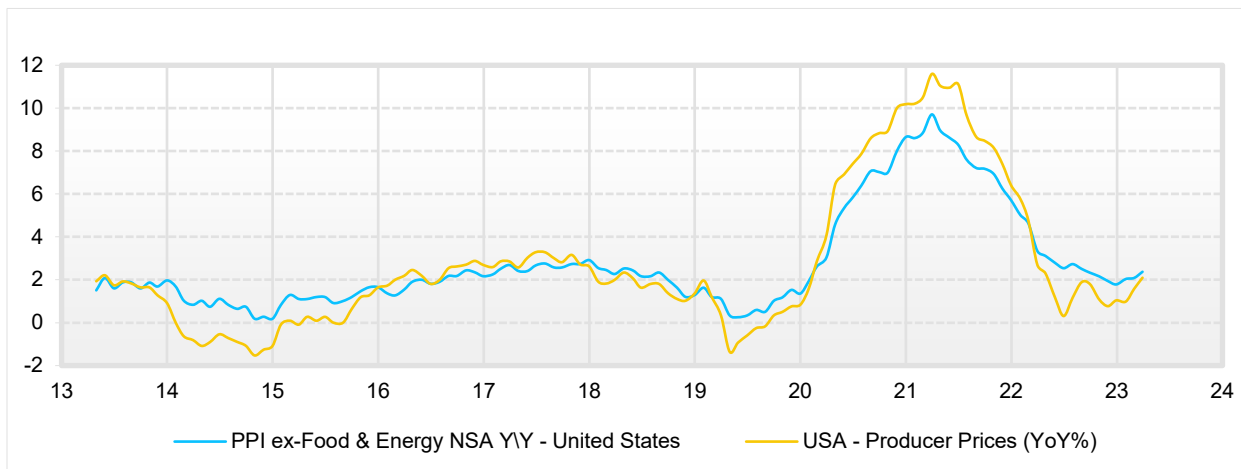


Figure 7 - Source: FactSet

- Another measure of inflation, monthly PPI data seems to provide a bit of a respite from earlier CPI data.
- Month-over-Month PPI rose 0.2% on both a headline basis and ex-food & energy. This may calm the markets a bit.
- Year-over-Year data looks as if it may have bottomed. The next major inflation reading is April 26 with the Fed's preferred metric, Personal Consumption Expenditures (PCE). (Current consensus expectations are for the PCE Deflator to tick higher from .33% to .36% Month-over-Month and from .26% to .35% on the Core PCE Deflator Month-over-Month.)

Initial Jobless Claims

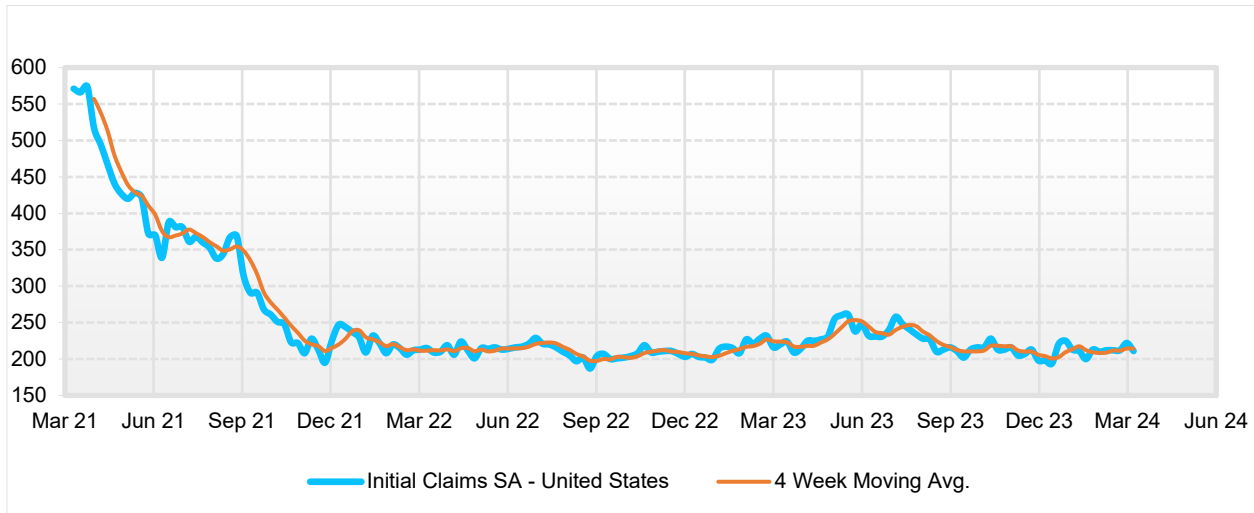


Figure 8 - Source: FactSet

- Initial Claims were 4000 lower than expectations AND 11,000 lower than the previous week. We believe that this points to continued strength in the labor market.
- The weekly claims are trending right around the 4-week moving average. We believe that this confirms reasonable strength and a recovery from the relative weakness of last spring and summer (note the rise beginning roughly May of 2023 to roughly Aug. 2023).

Continuing Jobless Claims

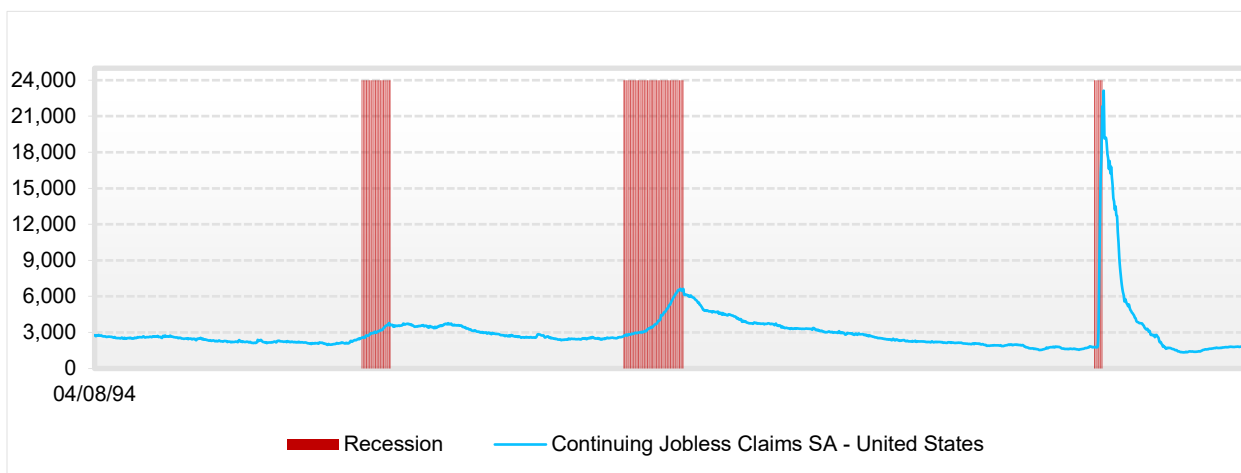


Figure 9 - Source: FactSet, NBER

- While continuing Jobless Claims appear to continue to tick higher, they remain below the important 3 million level indicative of economic weakness.
- While hard to see in this chart, it also appears as if continuing claims are levelling off at about 1.8 million, a level it has held since approximately August of 2023.

University of Michigan Consumer Sentiment (Not Seasonally Adjusted)

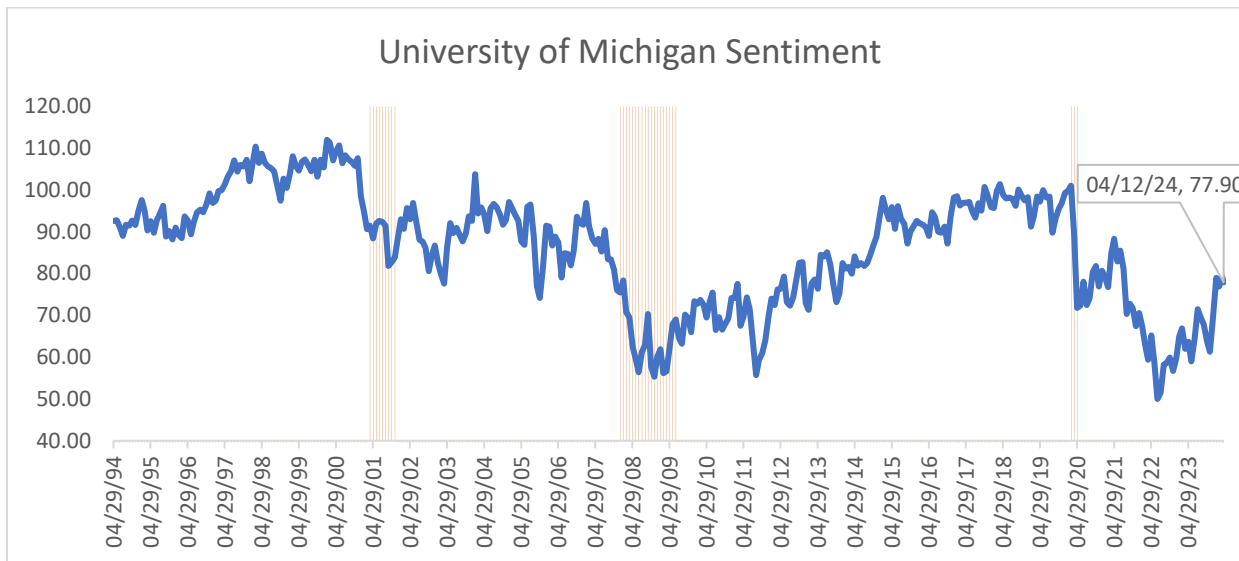


Figure 10 - Source: FactSet

- Preliminary Michigan Consumer Sentiment number for April was released one and half points below expectations (77.9 vs 79.4) and one and a half points below March's 79.4 reading. While the readings don't, by themselves, have much meaning, it is important to understand that they are lower and need to be watched in case the trend reverses from generally higher to generally lower.
- This is preliminary data and one month does not a trend make.
- While the overall trend, since April of 2022, remains higher, sentiment has basically moved sideways since January, remaining within a narrow 2.5 index band. According to the University of Michigan a 5-point move is needed to be considered statistically significant.

Disclosure: SAAR = Seasonally Adjusted Annual Rate, SA M/M = Seasonally Adjusted Month over Month, SA Y/Y = Seasonally Adjusted Year over Year, MoM = Month over Month, SA = Seasonally Adjusted

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