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THE ECONOMY AT A GLANCE

ECONOMIC HIGHLIGHTS

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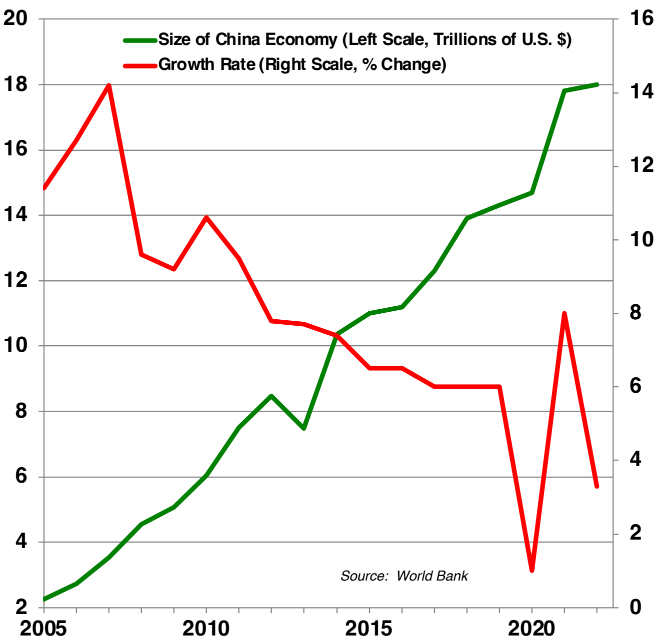
CHINESE ECONOMY HITS SPEED BUMP

As we see it, economic trends in China bear watching closely -- for many reasons. China is an $18 trillion economy and represents about 19% of the $94 trillion global economy. Thus, China is a critical contributor to overall global economic growth, even if it "only" grows 5%-6% per year. But this year, global forecasters are expecting a slowdown in growth to 3% -- a rare below-emerging-market-average rate. Why? For one thing, China has stopped aggressively investing in housing and infrastructure. While the new infrastructure isn't likely needed, the spending is missed, particularly given the lack of pension and welfare spending as the government seeks to keep deficit spending at a low 3.0% of GDP. In the industrial segment of the economy, supply chains have been disrupted, but China's export business continues to expand. Still, there is concern down the road among export partners that China may borrow a page from Vladimir Putin's playbook and look to take over Taiwan. Over the long run, China appears to be an important growth market, with a population that is growing wealthier year-over-year. U.S. companies and investors want access to this market on fair terms. We group China in the international segment of the equity asset class. In our asset-allocation models, we target 2%-5% exposure to this group. That exposure can be achieved through regional ETFs, as well as through U.S.-based companies that depend on China for growth.

CHINESE ECONOMIC TRENDS



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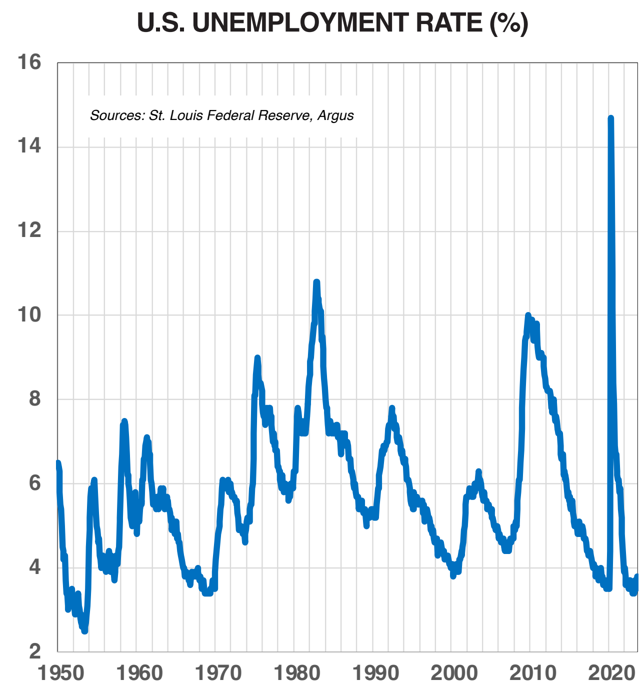
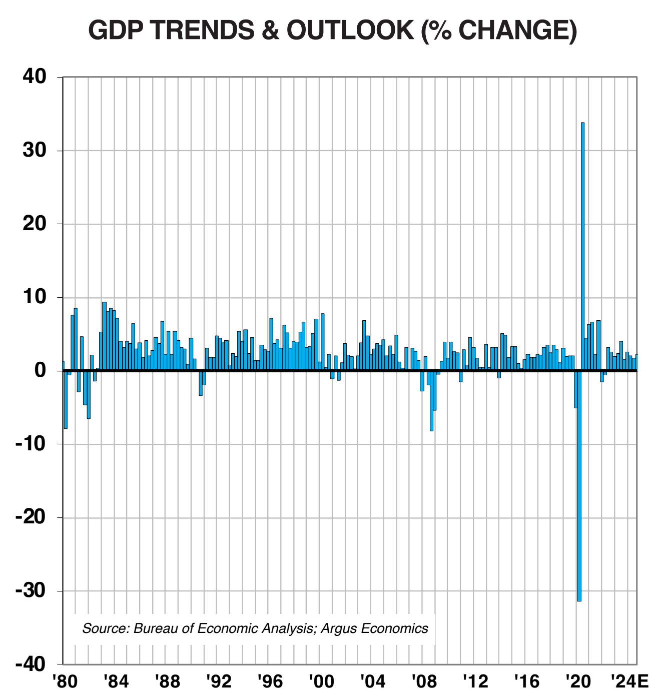
HIGHER UNEMPLOYMENT RATE ALLOWS FOR A FED PAUSE

The U.S. economy generated 187,000 new jobs in August. July's 157,000 was revised lower from 187,000. The unemployment rate jumped to 3.8% from 3.5% in July, a mixed blessing. The report suggests that the highest fed funds rate in 22 years is cooling the labor market and might allow the central bank to hold its policy rate at 5.25%-5.5% when it meets on September 19 and 20. Average hourly earnings increased eight cents month-to-month and are now 4.3% higher year-over-year, which is a just below the 4.4% rise in July. The average workweek ticked higher to 34.4 hours in August. Job gains in June and July were revised lower by 110,000. Some economists warned that August payrolls could be distorted by the labor strikes in Hollywood. The number of job openings in July decreased to 8.8 million in July from 11.4 million a year earlier according a separate report. Demand for workers is still solid, with 1.5 job openings for every person unemployed -- but the ratio has eased from two jobs last July. Before the jobs, futures suggested an 89% probability that the Fed will pause at its September meeting. After the release, that probability rose to 93%.



RAISING FORECAST FOR 3Q GDP

Our analysis of recent data leads us to conclude that key parts of U.S. GDP are still expanding, despite the impact of inflation, high interest rates, and geopolitical developments. But growth is not consistent across all segments of the economy, and, in many cases, growth rates are slowing. While the Fed is on track to engineer a soft landing for the economy, a recession in 2023-2034 remains a possibility. After reviewing the latest economic data points, we have raised our 3Q23 GDP estimate to 4.0%. We anticipate that the current third quarter could be the strongest quarter of the year, before higher rates dampen consumer spending into 2024. Our estimate for the full year 2023 is now 2.3%. Our preliminary forecast for GDP growth in 2024 is 2.2%, as the Fed, with its tool chest again full after hiking rates, can contemplate lowering interest rates to recharge economic growth. The Wall Street Journal Economic Survey calls for GDP growth of 1.0% in 2023 and 1.3% in 2024. The Fed is now anticipating GDP growth of 1.0% for 2023 and 1.1% in 2024. The IMF is calling for 2023 growth of 1.8%, and the Philadelphia Federal Reserve's Survey of Professional Forecasters is calling for growth of 1.3% in 2023 and 1.4% in 2024.

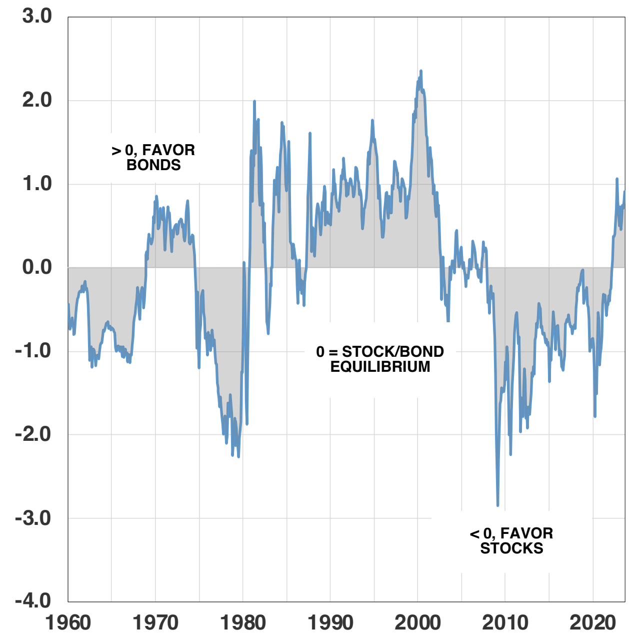


FINANCIAL MARKET HIGHLIGHTS

STOCK VALUATIONS RISE ALONG WITH RATES

Our Stock-Bond asset allocation model is indicating that bonds are the asset class offering the most value at this market juncture, as interest rates have risen. But stocks are not seriously overvalued. The output of our model 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 0.15 sigma, with a standard deviation of 1.0. The current valuation level is a 0.90 sigma premium for stocks, which is inside the normal range but up from the 0.50% sigma premium at the beginning of the year. Other measures also show reasonable valuations for stocks. The current forward P/E ratio for the S&P 500 is 18, within the normal range of 10-21 and down from 22 a year ago. The current S&P 500 dividend yield of 1.6%, while below the historical average of 2.9%, is up from an ultralow 1.2% as recently as 2021. Based on the current valuation levels, as well as our interest-rate and earnings forecasts, we are maintaining our year-end S&P 500 target of 4,600. Our recommended asset-allocation model for moderate accounts is 68% growth assets, including 64% equities and 4% alternatives; and 32% fixed income, with a focus on opportunistic segments of the bond market.

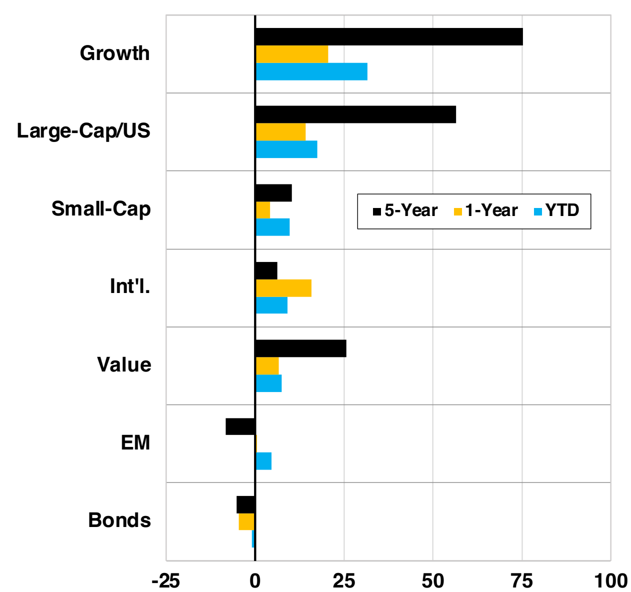
BOND V STOCK BAROMETER (STANDARD DEVIATIONS)



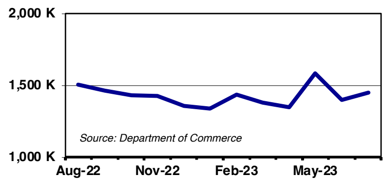
ARGUS'S FAVORED CLASSES, SEGMENTS

August was a difficult month for investors, as both major asset classes declined by about 1.5%. Year-to-date, stocks still hold the performance lead over bonds, with a 17% gain in the benchmark S&P 500 compared to a 1% decline for fixed income. In stocks, we favor large-caps for growth exposure and financial strength, while small-caps offer value. Our recommended exposure to small- and mid-caps is 12%-13% of equity allocation, below the benchmark weighting. U.S. stocks have outperformed global stocks over the trailing five-year period. We expect the long-term trend favoring U.S. stocks to continue, given volatile and erratic global economic, political, geopolitical, and currency conditions. That said, international stocks offer favorable near-term valuations, and we target 5%-10% of equity exposure to the group. In terms of growth and value, growth has rebounded in 2023, outperforming value as interest rates have stabilized. Over the longer term, we anticipate that growth, led by Technology and Healthcare, will top returns from value, led by Energy and Basic Materials, due to favorable secular, demographic and regulatory trends.

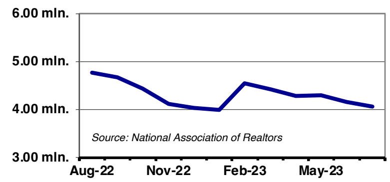
MARKET SEGMENT RETURNS (% THROUGH 8/31/2023)



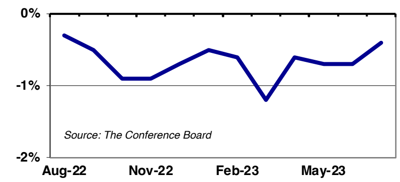
Release:	**Housing Starts**
Date:	9/19/2023
Month:	August
Previous Report:	1,452 K
Argus Estimate:	1,410 K
Street Estimate:	1,440 K



Release:	**Existing Home Sales**
Date:	9/21/2023
Month:	August
Previous Report:	4.07 mln.
Argus Estimate:	4.10 mln.
Street Estimate:	4.05 mln.



Release:	**Leading Index**
Date:	9/21/2023
Month:	August
Previous Report:	-0.4%
Argus Estimate:	-0.5%
Street Estimate:	-0.5%



Previous Week's Releases and Next Week's Releases on next page.

Previous Week's Releases

Date	Release	Month	Previous Report	Argus Estimate	Street Estimate	Actual
13-Sep	Consumer Price Index	August	3.2%	3.4%	3.5%	NA
	CPI ex-Food & Energy	August	4.7%	4.3%	4.3%	NA
14-Sep	PPI Final Demand	August	0.8%	0.7%	NA	NA
	PPI ex-Food & Energy	August	2.4%	2.2%	NA	NA
	Retail Sales	August	3.2%	2.9%	NA	NA
	Retail Sales ex-autos	August	2.2%	2.0%	NA	NA
	Business Inventories	July	2.0%	1.5%	NA	NA
15-Sep	Industrial Production	August	-0.2%	-0.2%	NA	NA
	Capacity Utilization	August	79.3%	79.0%	79.2%	NA
	Import Price Index	August	-4.4%	-3.0%	NA	NA
	U. of Michigan Sentiment	September	65.9	69.4%	69.8%	NA

Next Week's Releases

Date	Release	Month	Previous Report	Argus Estimate	Street Estimate	Actual
26-Sep	New Home Sales	August	714000	NA	NA	NA
	Consumer Confidence	September	106.1	NA	NA	NA
27-Sep	Durable Goods Orders	August	3.1%	NA	NA	NA
28-Sep	GDP Annualized QoQ	2Q	2.1%	NA	NA	NA
	GDP Price Index	2Q	2.0%	NA	NA	NA
29-Sep	PCE Deflator	August	3.3%	NA	NA	NA
	PCE Core Deflator	August	4.2%	NA	NA	NA
	Personal Income	August	4.6%	NA	NA	NA
	Personal Spending	August	6.4%	NA	NA	NA