

PRIVATE WEALTH MANAGEMENT



CLIENT-FIRST FOCUS. VALUE-ORIENTED INVESTING. INTEGRATED WEALTH PLANNING. ALIGNMENT OF INTERESTS.

An Economic & Market Update

November 14, 2019

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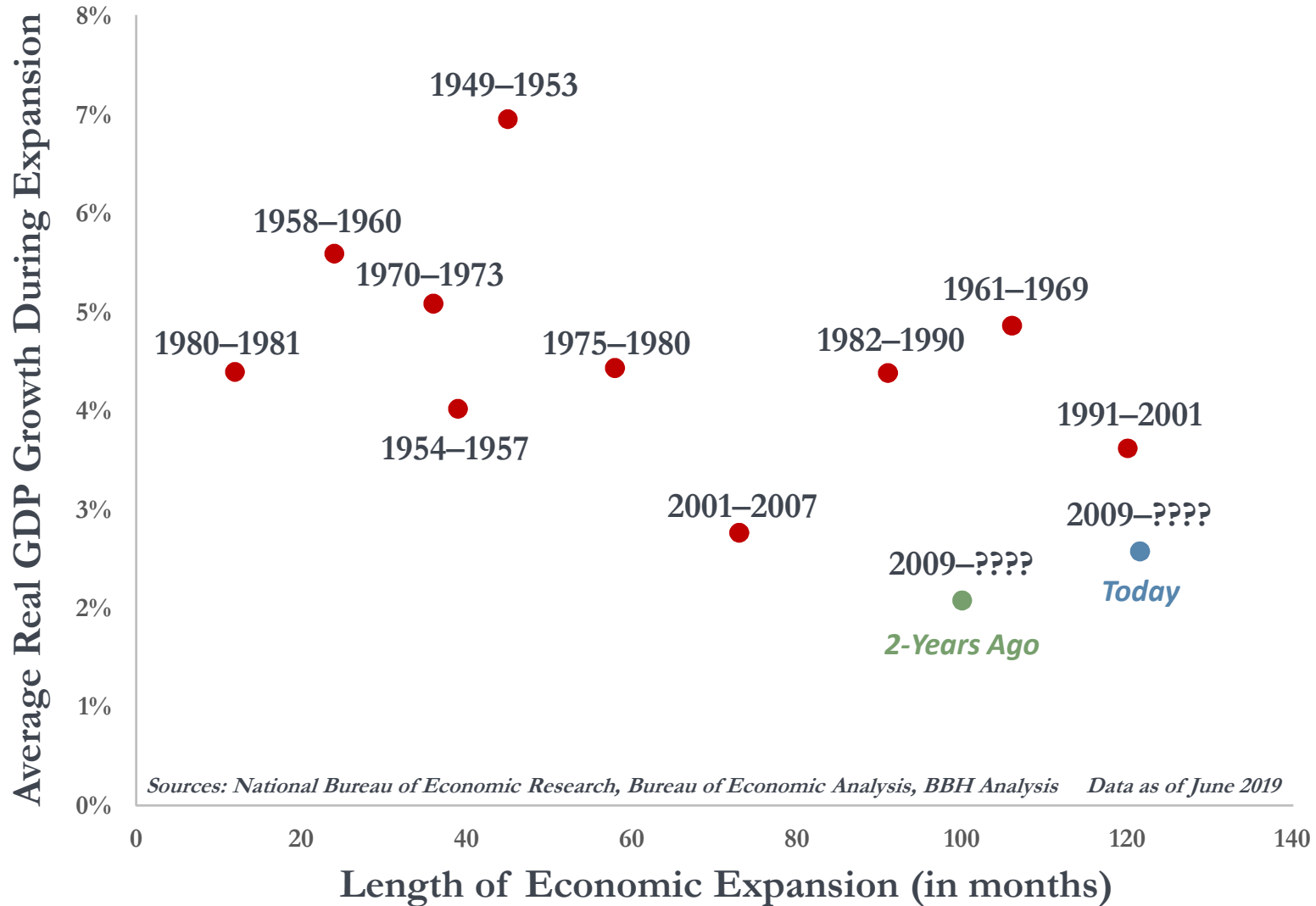


TWO YEARS AGO...

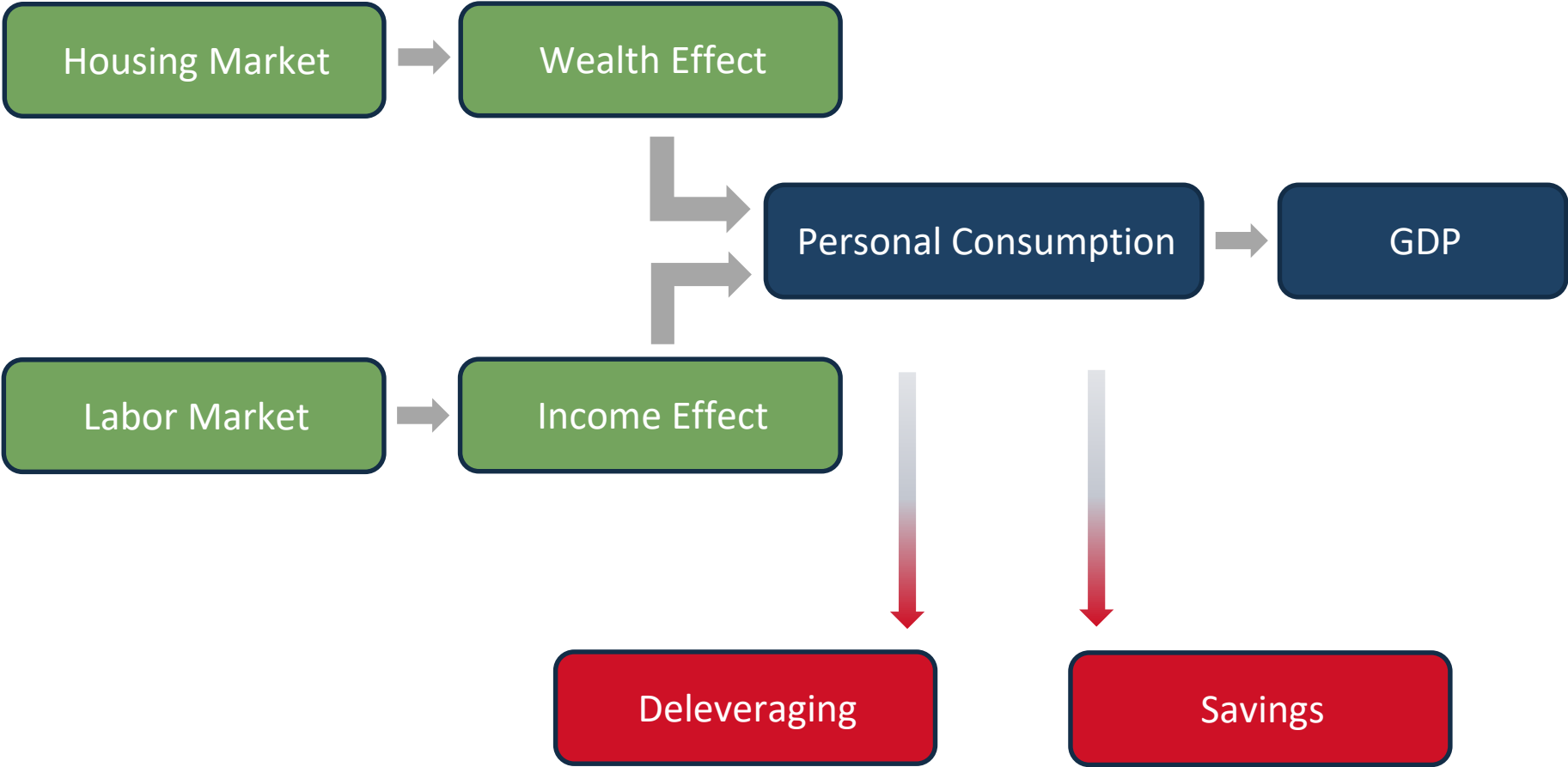
 **SINTERCAFE®**
2017



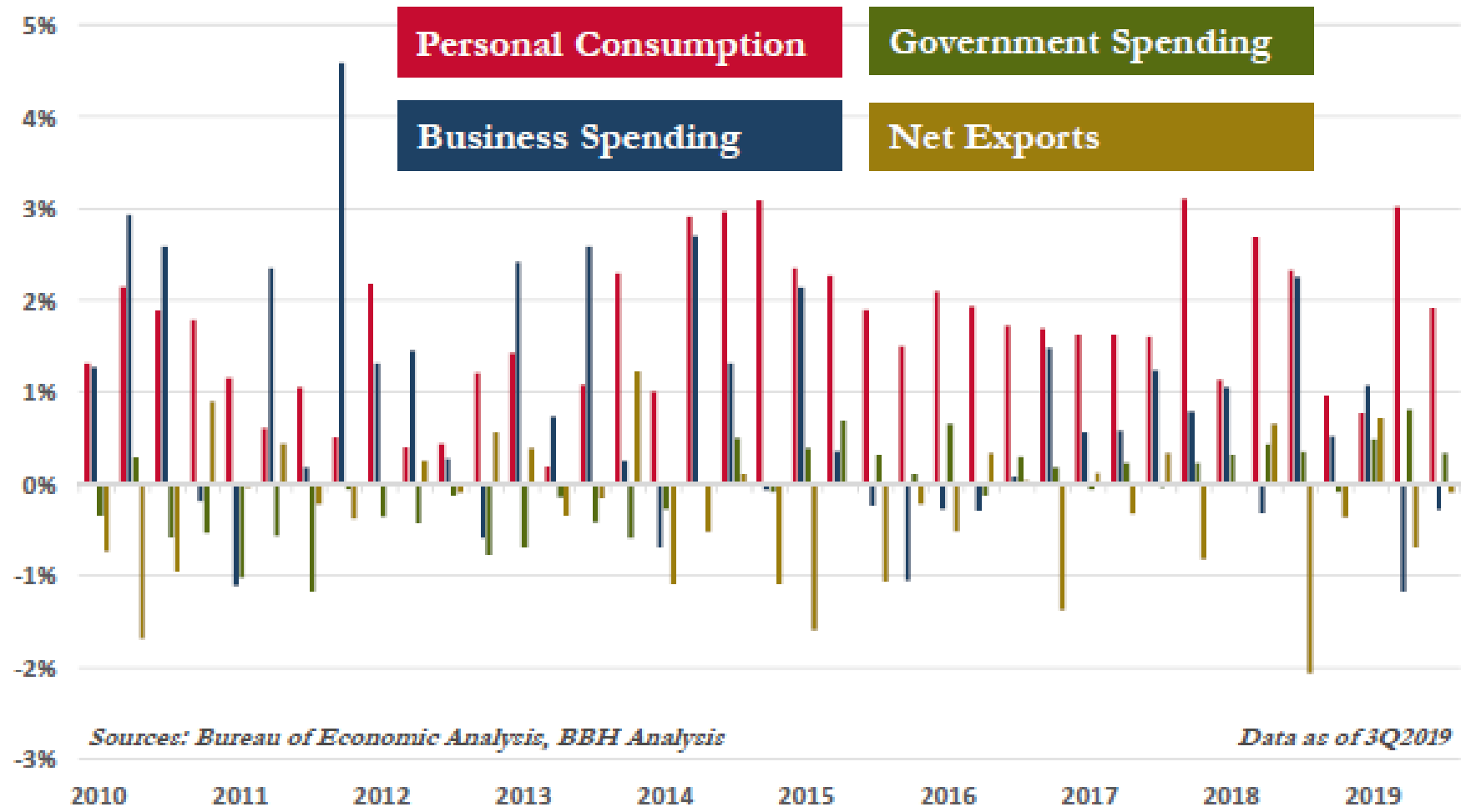
A BRIEF HISTORY OF ECONOMIC EXPANSIONS



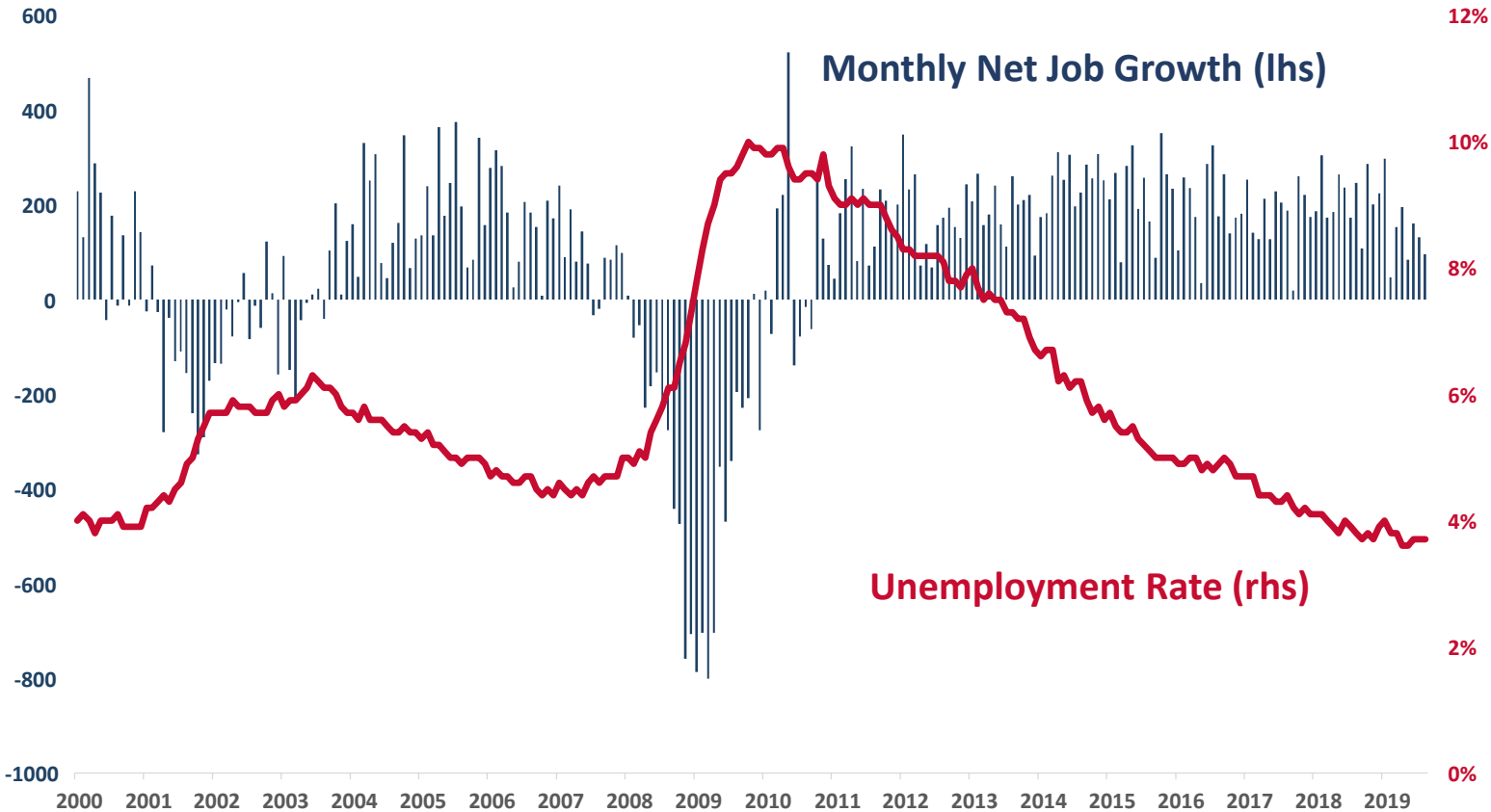
ROADMAP OF THE DOMESTIC ECONOMY



CONTRIBUTION TO GDP GROWTH



A HEALTHY LABOR MARKET DRIVES INCOME AND SPENDING

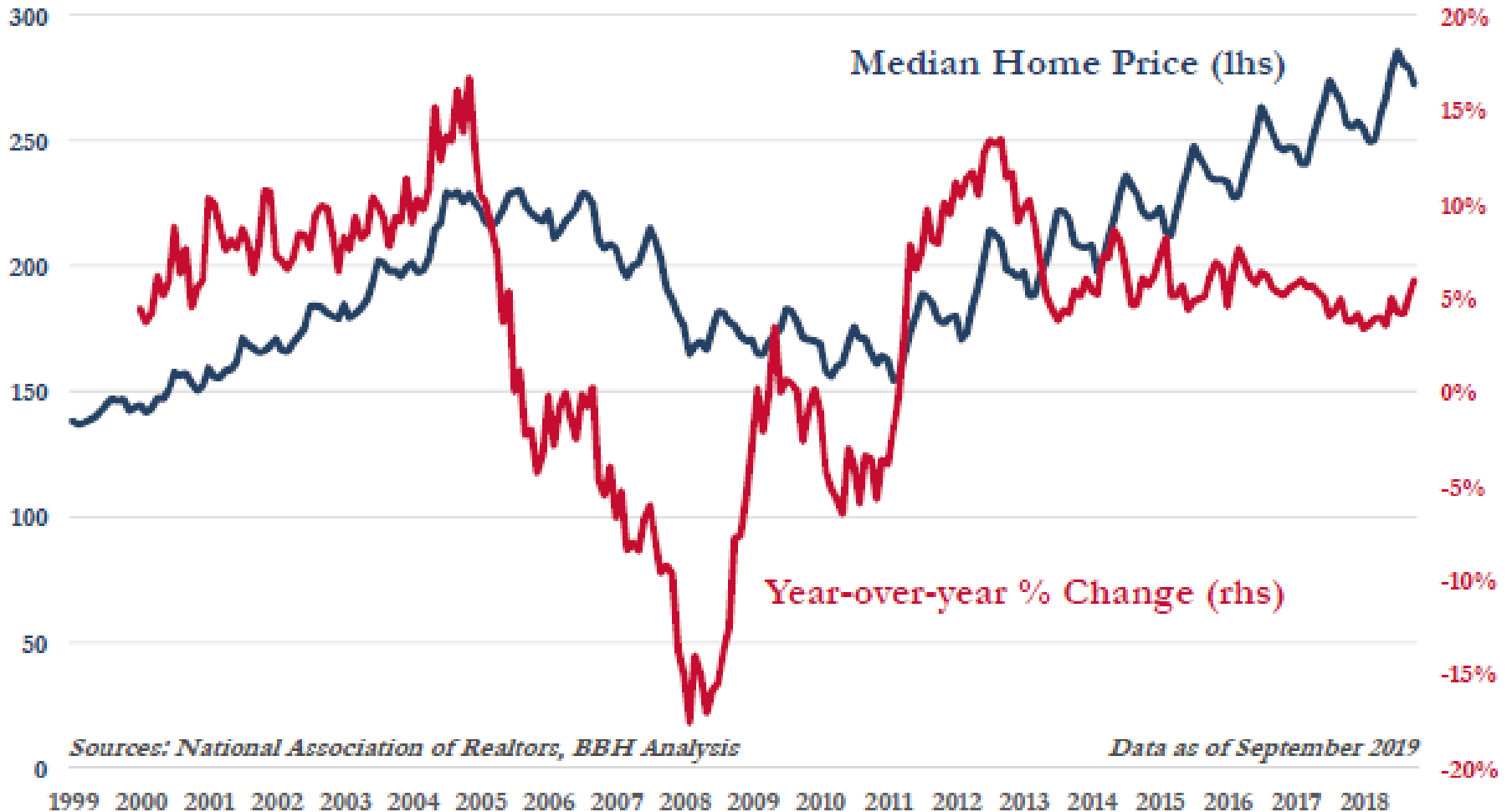


Sources: Bureau of Labor Statistics, BBH Analysis

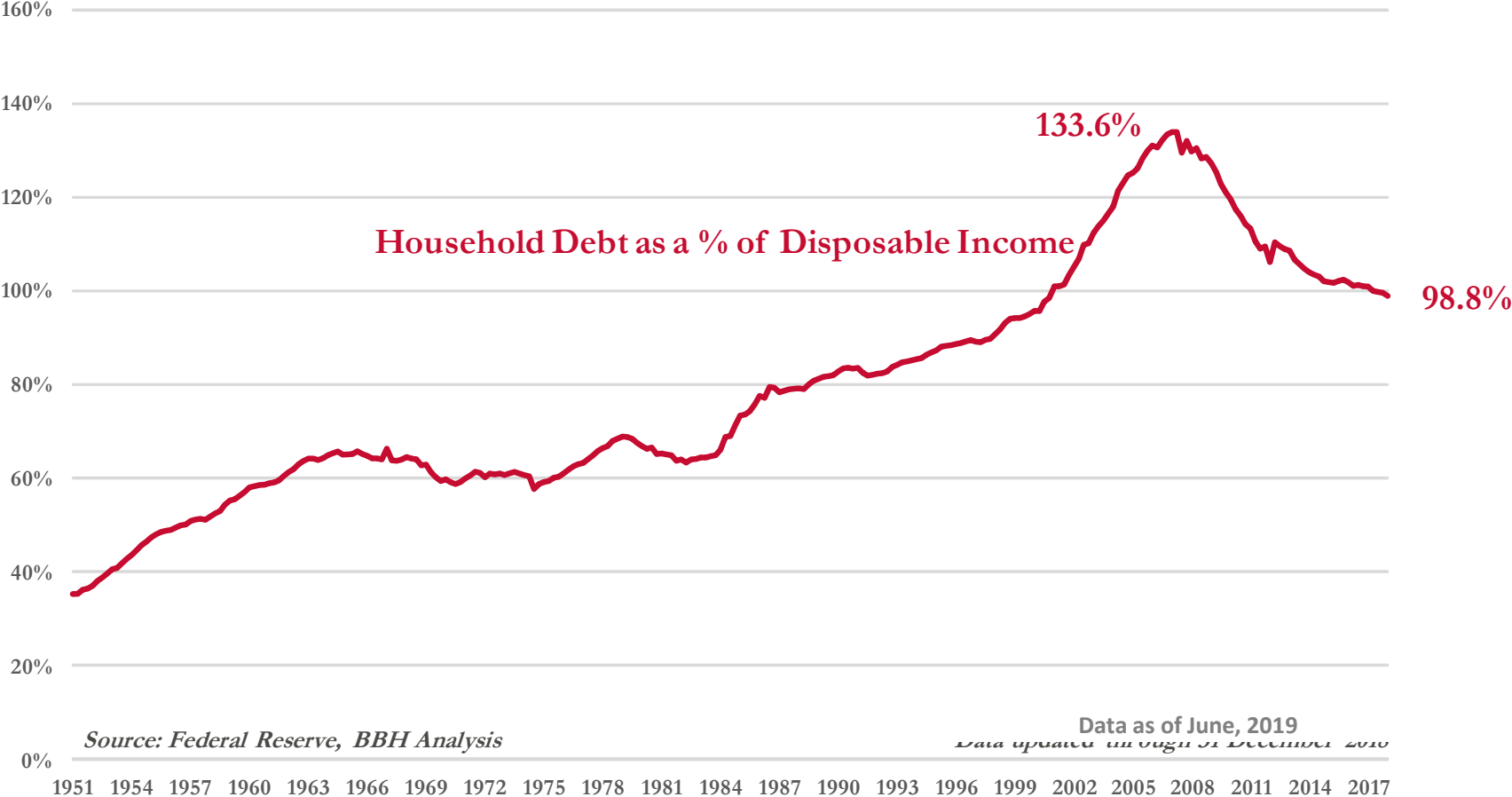
Data as of 9 September 2019

HOUSING MARKET

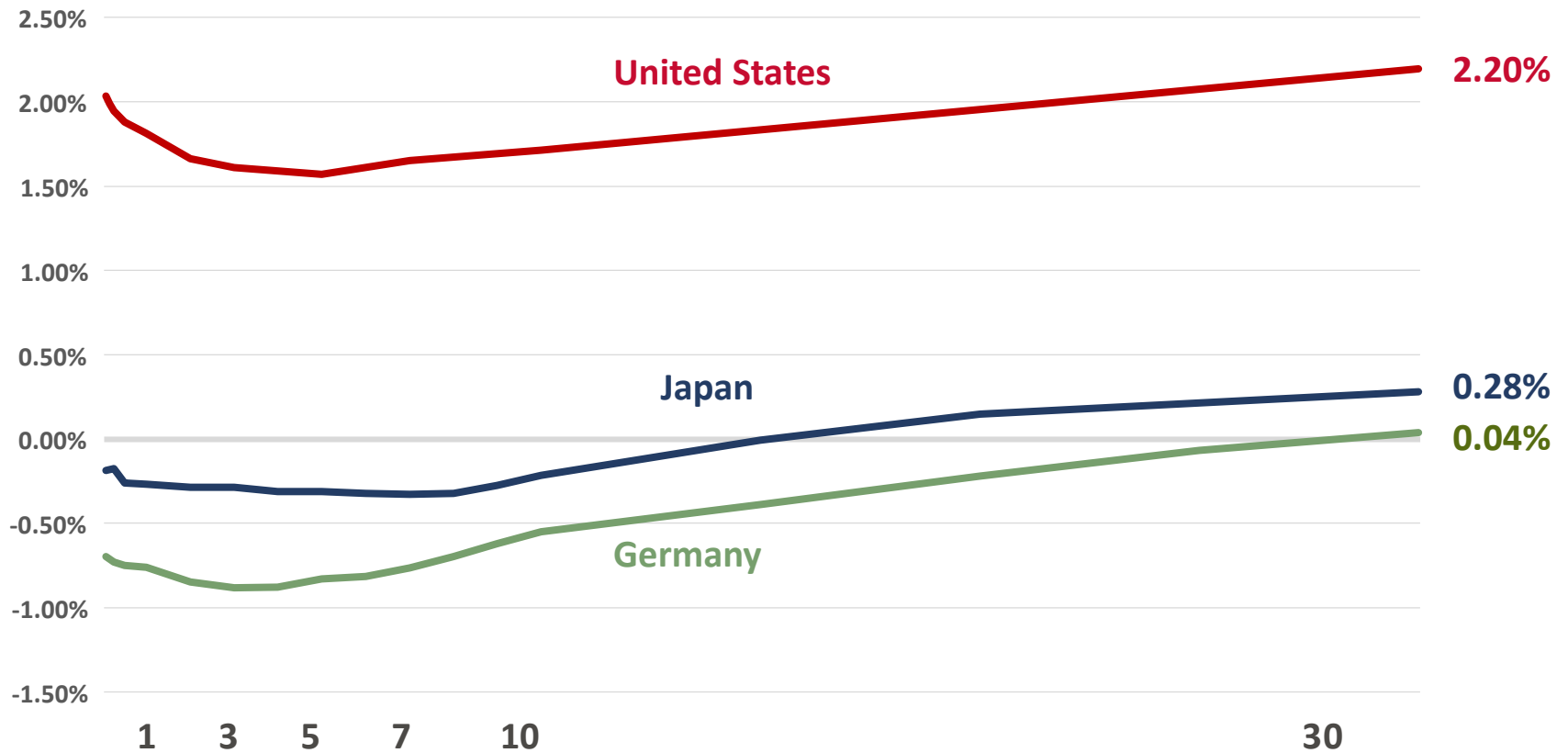
HOUSING PRICES



HOUSEHOLD DEBT TO INCOME



COMPARATIVE YIELD CURVES



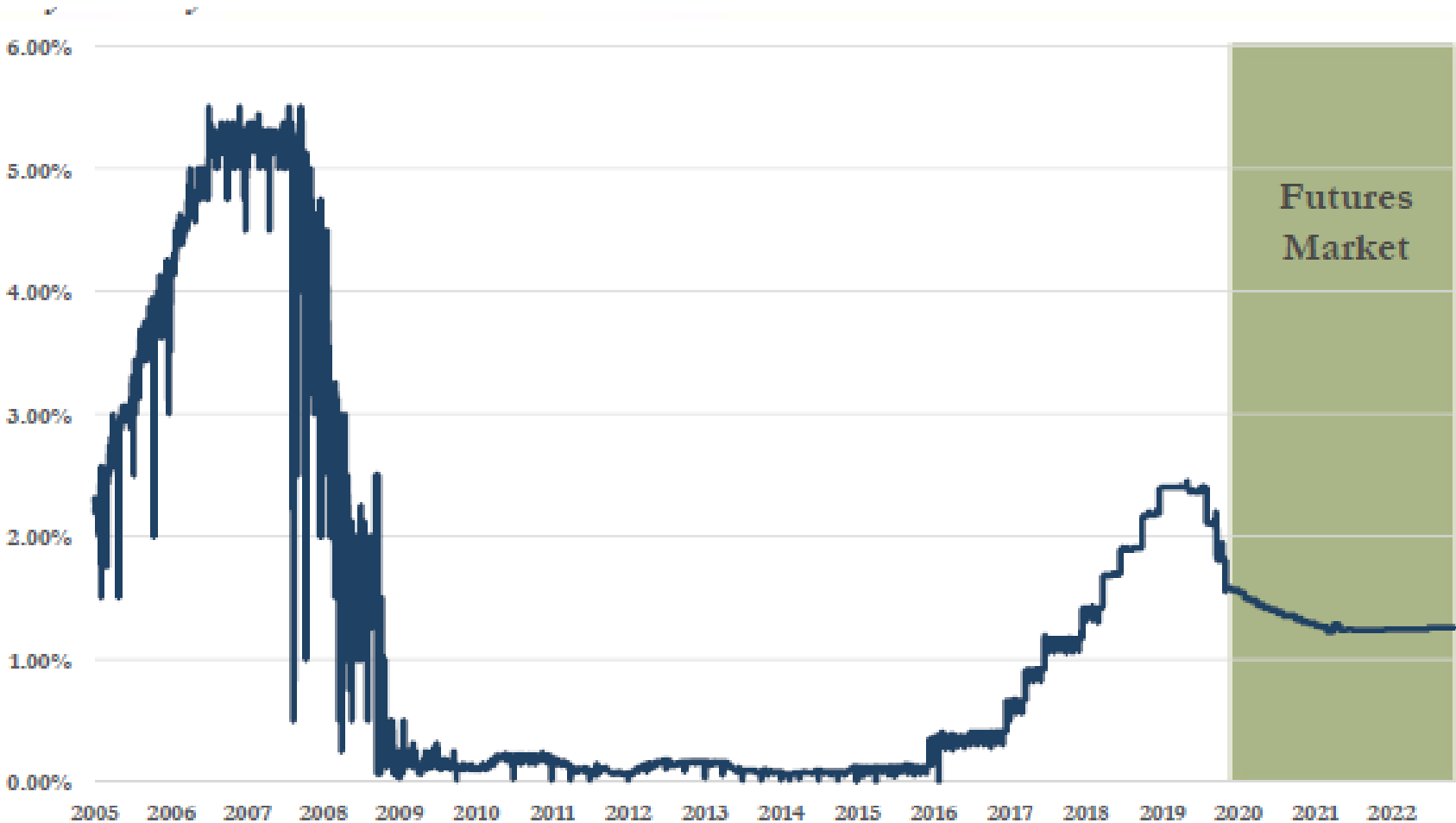
Sources: Bloomberg, BBH Analysis

Data as of 9 September 2019

THE ECONOMIC IMPACT OF TARIFFS



FED FUNDS RATE

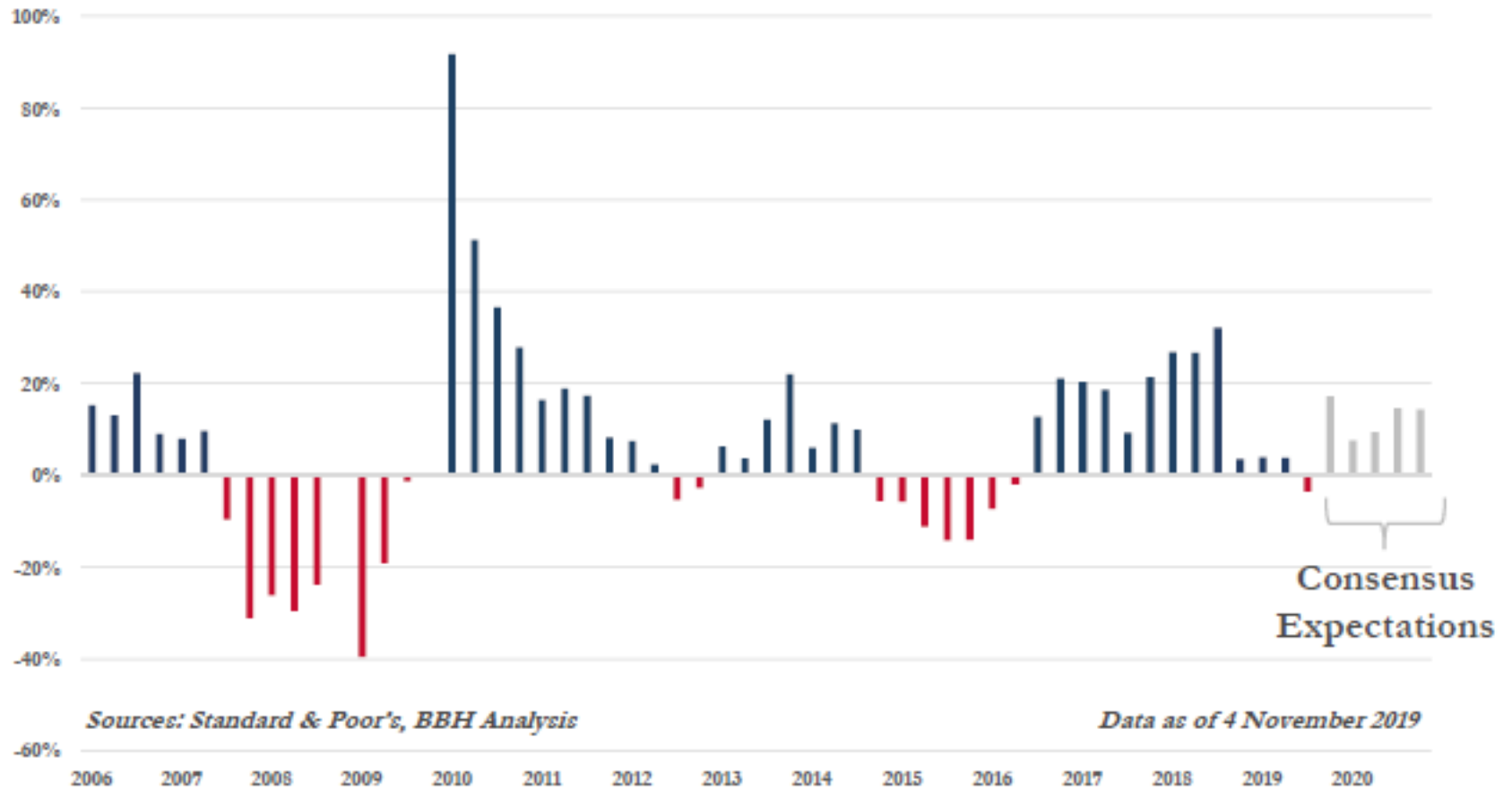


Sources: Bloomberg, BBH Analysis

Data as of 4 November 2019

S&P EARNINGS

S&P Earnings



Sources: Standard & Poor's, BBH Analysis

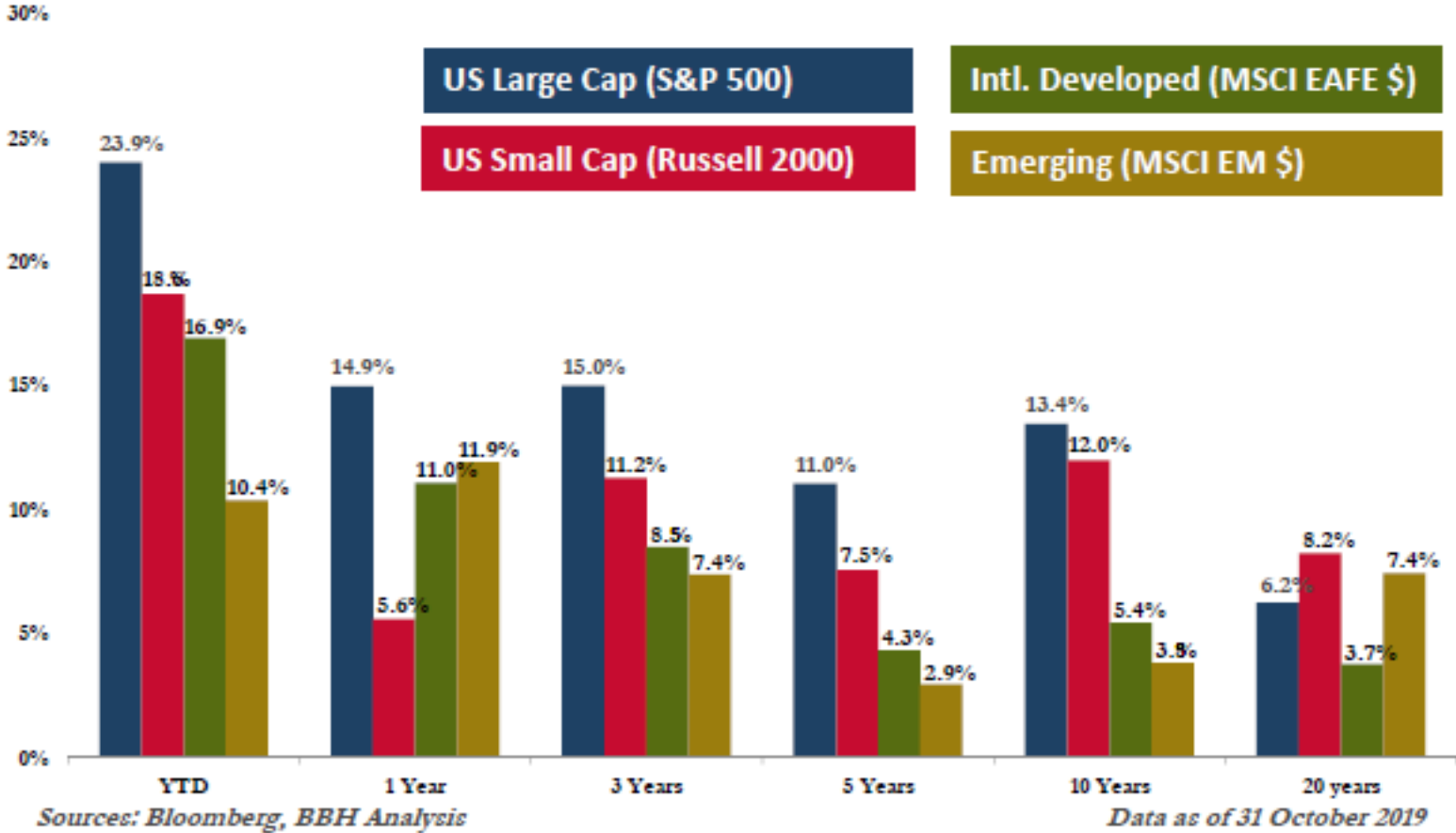
Data as of 4 November 2019

ECONOMIC CONCLUSIONS

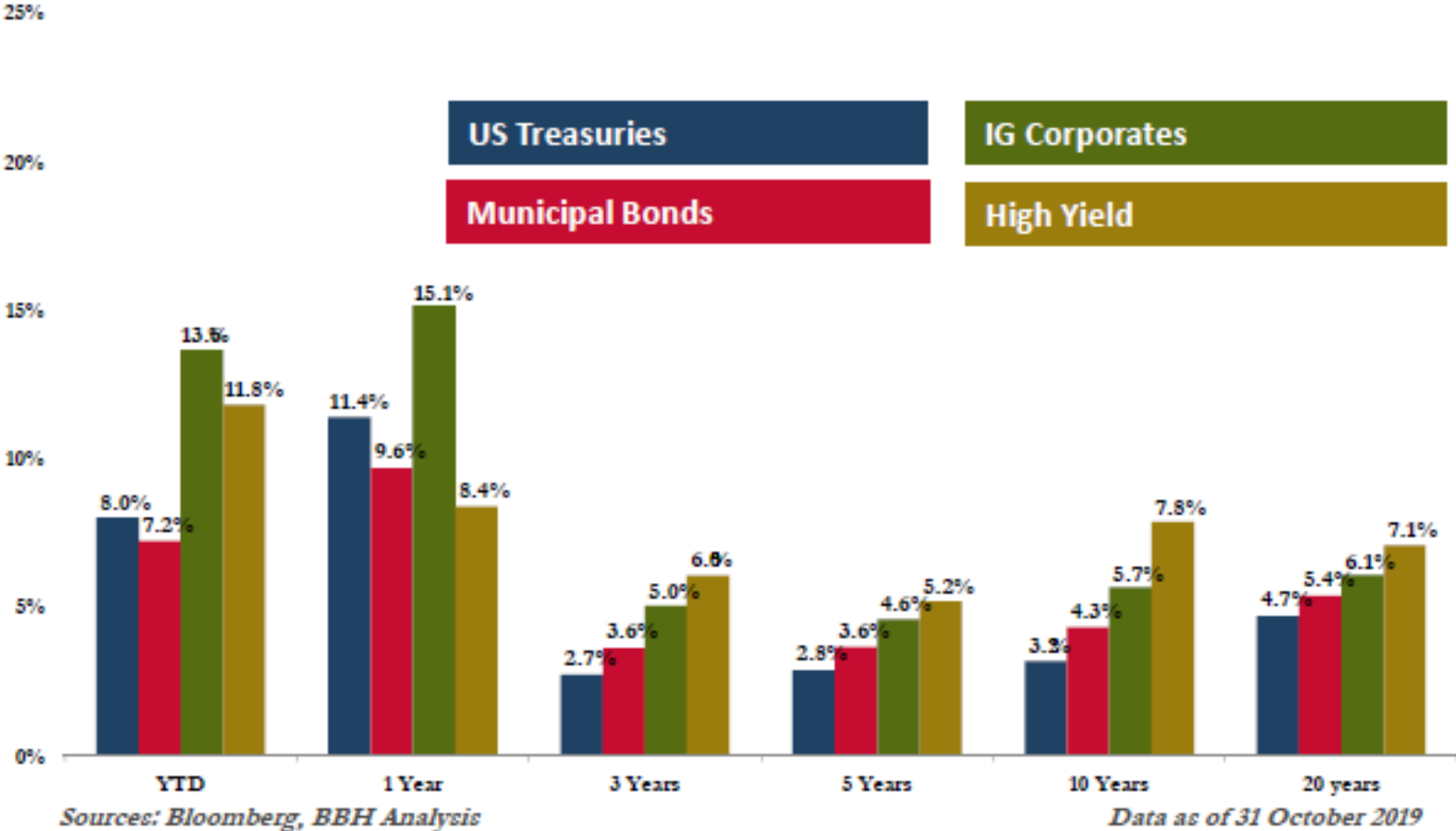
- **Personal consumption** is the gift that keeps on giving. AS long as the labor and housing markets remain relatively healthy, the fundamentals of this economic cycle remain intact.
- A prolonged and **escalating trade war with China** could affect business spending/investment, to the detriment of employment growth and consumer sentiment. If businesses decide to pass the cost of tariffs on to their consumers, personal consumption could suffer ...
- In the **absence of inflationary pressure**, the Federal Reserve can keep interest rates low in response to the economic threat of trade disputes and slowing economic activity outside of the United States
- However if **inflationary pressure** kicks in...it is a different story

APPENDIX

EQUITY MARKET SCORECARD

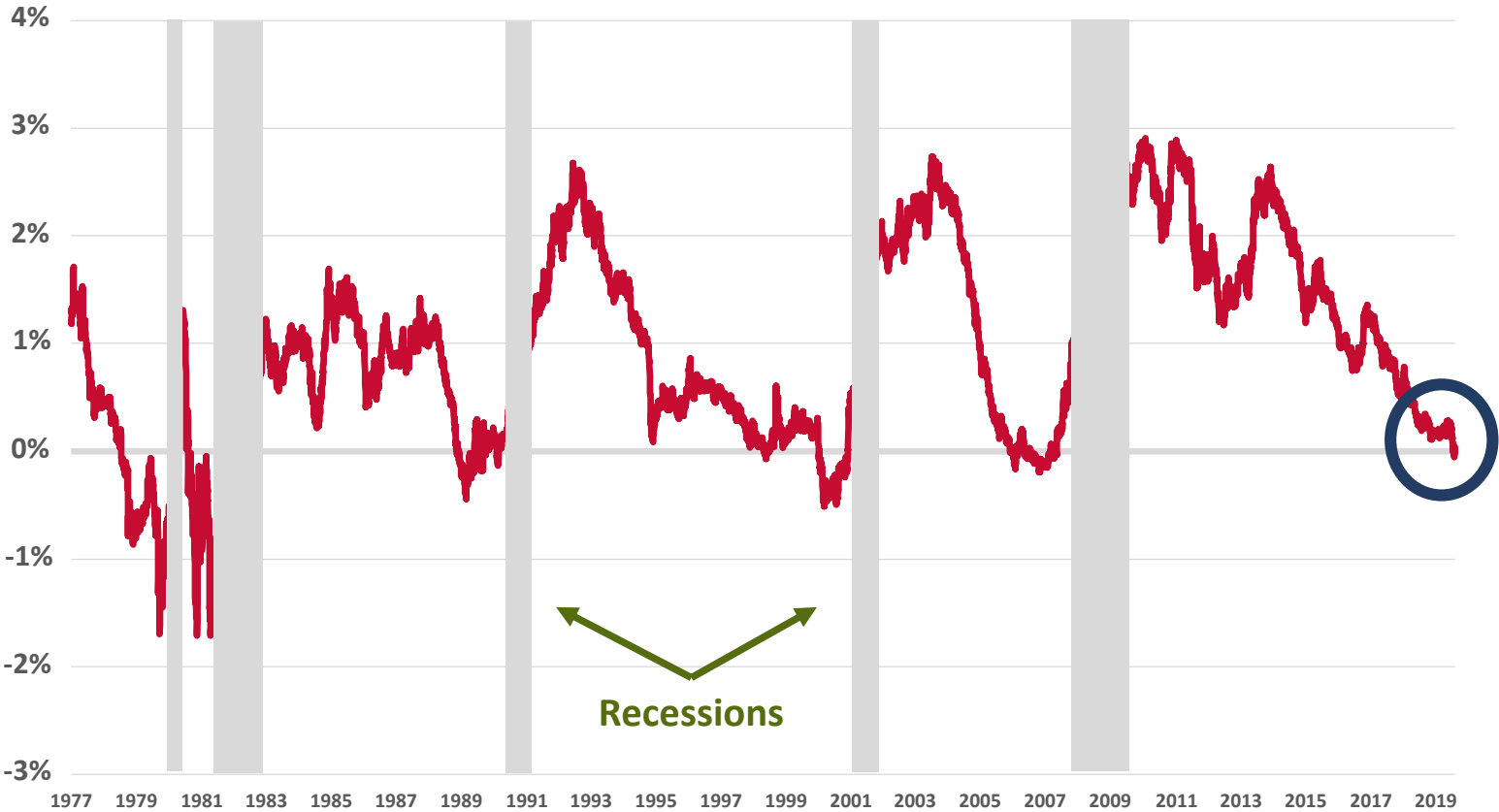


FIXED INCOME SCORECARD



YIELD CURVE SLOPE

2-10 YEAR SPREAD



HISTORICAL INVERSIONS IN CONTEXT

	Economic Peak Economic Trough	July 1990 March 1991	March 2001 November 2001	December 2007 June 2009
Yield curve first inverts		December 1988	February 2000	December 2005
Lead time from inversion to recession		19 months	13 months	24 months
Duration of inversion		139 days	237 days	376 days
Widest inversion (2-10 year spread)		-0.44%	-0.51%	-0.19%
Equity market peak		July 1990	March 2000	October 2007
Lead time from inversion to market peak		19 months	1 month	22 months
Fed Funds rates trends		Rising from 8.25% to 9.75%	Rising from 5.00% to 6.50%	Rising from 4.00% to 5.25%

Sources: Bloomberg, BBH Analysis

Data as of 9 September 2019

A Unified Theory of the Economy and Financial Markets

