



MORNING BRIEFING

June 28, 2021

The Facts of Life & Death

Check out the accompanying [chart collection](#).

(1) Country music played backwards. (2) On the road with Ivanka. (3) Hot chicken in the Athens of Tennessee. (4) Mutating virus. (5) Pandemic exacerbated demographic trends. (6) Fewer babies, more seniors. (7) Retiring Boomers. (8) Labor shortages likely to stimulate productivity growth. (9) Getting older in America. (10) Too many white collars, not enough blue collars. (11) Lower wages rising twice as fast as higher wages. (12) Is inflation just passing through? (13) Tapering timeline. (14) Movie review: "The Gentlemen" (+).

YRI Podcast. In our latest video [podcast](#), Dr. Ed discusses the main points of today's *Morning Briefing*.

Family Vacation: Down South. We've all heard the joke about country music, right? What happens when you play a country song backwards? Answer: You get your wife back, your trailer back, your dog back, your job back! The country has been playing the song backward since last spring. We've been getting our lives back to normal following the pandemic.

On April 26, 2020, my colleague Sandy Cohan and I compiled a bunch of links to several Covid-19-themed parodies of popular songs that we hoped would help to reduce cabin fever from the lockdowns. We posted them in an April 26, 2020 LinkedIn [article](#) titled "Cabin Fever Sing Along."

One year and two months later—i.e., this past week—the Yardeni clan (Ma, Pa, and two of the five youngins) was on vacation in Nashville, Tennessee and Alpharetta, Georgia, where my oldest daughter lives with her family. We all had been vaccinated a couple of months ago. We needed to get away from our cabin now that we could sing Willy Nelson's song "On the Road Again" and actually be on the road again.

Nashville was insanely crowded when we were there last Wednesday and Thursday. No one was wearing a mask. Not even Ivanka Trump and her kids, who we ran into at the Country Music Hall of Fame. They were [reportedly](#) on a road trip too, from Miami to their summertime retreat in New Jersey. The Johnny Cash Museum was disappointing. My two

personal favorite songs of his are “[Ring of Fire](#)” and “[A Boy Named Sue](#).”

Nashville is booming, with lots of construction sites for new office buildings, hotels, and condos. We stayed at the Grand Hyatt in Nashville, down the road from Music Row and a few blocks away from Hattie B’s Hot Chicken Restaurant. The hotel has solved its labor shortage by telling us that there would be no daily cleaning service beyond getting some extra towels if we called Housekeeping.

By the way, the Parthenon in Centennial Park is a full-scale replica of the original Parthenon in Athens. It was designed by architect William Crawford Smith and built in 1897 as part of the Tennessee Centennial Exposition. Nashville is also famous for bachelorette parties.

During the four-hour drive down to Alpharetta, which is also booming, the highways were packed with lots of truck traffic. America is on the road again.

Pandemic & PMI Update. As is common with all viruses, the coronavirus has mutated repeatedly since the pandemic started in China in late 2019. A handful of variants have emerged over the course of the pandemic that have changed the virus’s transmissibility, risk profile, and even symptoms. The latest variant of concern is called “Delta Plus.” It may spread faster and may be more deadly than previous variants.

For now, the vaccines that have been most widely distributed in the US seem to be working against all the known variants. The number of new cases and deaths continue to plummet in the US ([Fig. 1](#) and [Fig. 2](#)). There hasn’t been a fourth wave so far following Memorial Day weekend, when crowds gathered for such events as car racing in Indianapolis with 135,000 in the stands. The number of hospitalizations continues to plummet in the UK, France, and Italy ([Fig. 3](#)). New cases are also falling in Germany, Japan, and India but rising again in Brazil ([Fig. 4](#) and [Fig. 5](#)).

As the case counts have come down, PMIs have continued to soar around the world, reflecting lots of pent-up demand and massive fiscal and monetary stimulus, particularly in the US and the Eurozone. June’s M-PMIs and NM-PMIs remained elevated in the US (62.6 and 64.8) and in the Eurozone (63.1 and 58.0) ([Fig. 6](#) and [Fig. 7](#)).

US Demography: Chronic Labor Shortage. Debbie and I are optimistic about the outlook for productivity growth because we are pessimistic about the outlook for labor force growth, which the pandemic actually worsened, at least over the short run. Since early last year, births have declined and deaths have increased. More seniors have been retiring. The

population under 16 years old isn't growing, reflecting the downward trend in births since early 2008. The resulting shortage of workers is driving wages up at a faster pace, which is already forcing companies to scramble to boost their productivity.

The average age of Americans is increasing. Older consumers are more likely to resist price increases than younger ones. That makes it harder for companies to pass wage costs through to selling prices—all the more reason to boost productivity. Consider the following facts of life and death:

(1) *Births and deaths.* The 12-month sum of births fell through March to 3.6 million, the slowest pace since August 1980 and down from a record high of 4.3 million during February 2008 ([Fig. 8](#)). Over the same period through March, the number of deaths totaled 3.5 million, which is a record since the start of the monthly data in December 1972.

Based on the 12-month sums, births are down 180,000 since one a year ago while deaths are up 636,000 since a year ago. The difference between births and deaths, on a 12-month basis, fell almost to zero through March ([Fig. 9](#)).

(2) *Seniors.* The oldest Baby Boomers turned 65 years old during 2011 ([Fig. 10](#)). Since January of that year through January 2020, the population of seniors has increased 14.4 million. Quite a few of them stayed in the labor force. The number of seniors in the labor force (ILFs) rose 4.0 million since January 2011 through January 2020, while the number not in the labor force (NILFs) rose 10.4 million over that same period.

The trends may be changing as a resulting of the pandemic and also because the oldest Baby Boomers are turning 75 years old this year. From January 2020 through May of this year, the population of seniors and the number of NILFs increased 2.2 million and 2.8 million, respectively, while the number of senior ILFs fell 602,000. The labor force participation rate of seniors was down to 18.7% during May from a recent peak of 20.8% during February 2020 ([Fig. 11](#)).

(3) *Youngins.* The populations aged 0-15 years old and 16-24 years old have been essentially flat for the past two decades ([Fig. 12](#)). The labor force hasn't been replenished by a crop of more young people. Instead, it's been boosted by senior Baby Boomers working longer. But now they are dropping out of the labor force either because they are retiring or because they're passing away.

(4) *Median age.* Even before the pandemic, the median age of the population was

increasing ([Fig. 13](#)). It bottomed at 28.4 during 1970. Since then, it increased to 38.3 during 2020. This too reflects the fact that we have fewer babies and more old people who are living longer.

(5) *Wages*. These demographic trends explain why today's labor shortages are likely to be chronic rather than temporary. In fact, there's no shortage of white-collar workers, including college-educated professionals, administrators, supervisors, and executives. There is a serious shortage of blue-collar workers, which became increasingly apparent in 2019 and just before the pandemic when the unemployment rate fell to a cyclical low of 3.5% during January and February 2020.

Last week, Debbie and I observed that the average hourly earnings (AHE) of lower-wage production and nonsupervisory workers—who currently account for 81% of payroll employment—rose 9.3% over the past 24 months through May ([Fig. 14](#)). That's twice as fast as the 4.8% increase in the AHE for higher-wage workers.

US Inflation I: Just Passing Through? In congressional testimony on Tuesday, June 22, Federal Reserve Chair Jerome Powell repeated the central bank's position that continued pandemic-related economic aid is necessary, that higher prices will be temporary, and that it would be "very, very unlikely" for the US to see 1970s-level inflation rates anytime soon. He also said the Fed would not raise rates until it saw "actual inflation or other imbalances."

Whew, what a relief to know that inflation is just passing through and will soon be gone. What about the y/y spurts of 3.6% and 3.9% in the headline PCED during April and May? That's mostly a "base effect," reflecting a rebound from prices that were depressed a year ago by the lockdowns, according to Powell.

One problem with this base-effect theory is that a comparison of three-month price changes shows that some of the prices that were most depressed have rebounded much more than they fell a year ago. Consider the following:

(1) *Headline & core PCED*. Here are the three-month inflation readings (saar) through May of this year versus the same period a year ago for the headline (6.6%, -2.5%) and core PCED (6.4, -1.3) ([Fig. 15](#)).

(2) *Base effect outliers*. Here is the same drill for the PCED categories that were most depressed last year: gasoline (25.9, -122.0), lodging away from home (56.3, -66.7), airfares (36.8, -51.6), and car & truck rental (182.2, -100.1) ([Fig. 16](#)).

(3) *Durable goods*. And here are the similar comparisons for durable goods (16.2, -4.5), used cars & trucks (80.7, -7.6), household furniture & bedding (15.3, -3.5), and household major appliances (3.4, 5.3) ([Fig. 17](#)). The Manheim Index suggests that used car prices remain under upward pressure ([Fig. 18](#)).

(4) *Rent*. Unlike during the Great Financial Crisis, rent inflation didn't turn negative during the Great Virus Crisis. Here are the three-month increases (saar) over the past three months through May versus the same period a year ago for rent of primary residence (2.4, 3.1) and owners' equivalent rent (3.0, 2.8) ([Fig. 19](#)).

US Inflation II: The Dissenters. Not all Fed officials agree with the party line that Powell continues to promote. He told lawmakers on Tuesday that “a pretty substantial part or perhaps all of the overshoot in inflation comes from categories that are directly affected by the reopening of the economy,” and should therefore be expected to dissipate over the course of the year.

Powell still seems to have the majority of FOMC participants onboard with this view. Others, like St. Louis Fed President James Bullard—and his counterparts in Atlanta and Dallas, Raphael Bostic and Robert Kaplan—all cited in recent public appearances the risk of persistent higher inflation, arguing that it would probably be appropriate to begin raising their benchmark rate from its current near-zero level sometime in 2022. Those in this camp have made it clear over recent days that they are less confident that inflationary pressures will recede by next year.

On June 16, at the conclusion of its latest two-day policy meeting, the FOMC surprised investors when it published updated quarterly projections showing 13 of 18 officials saw a likely need for higher rates by the end of 2023, with seven of them seeing a need to begin raising rates as soon as next year.

That marked a notable shift from the last time projections were updated in March, when 11 of 18 officials expected there would be no need for rate increases before 2024, and only four thought tightening would be needed in 2022.

We expect to see more 2022 rate-hiking forecasts in September's Dot Plot. We also expect that the Fed will start to taper its bond purchases following the September 21-22 FOMC meeting after discussing doing so at the July 27-28 meeting.

Movie. “The Gentlemen” (+) ([link](#)) is directed by Guy Ritchie, who has previously explored the darkly comedic exploits of British gangsters. He does it again in this flick. Matthew McConaughey plays a marijuana kingpin in the UK who is trying to sell his business. Mayhem results when rival criminal gangs get involved.

Calendars

US: Mon: Dallas Fed Manufacturing Index, Williams. **Tues:** Consumer Confidence 119.0, S&P Case-Shiller Composite 20-City Index 1.7%*m/m*/14.5%*y/y*, API Weekly Crude Oil Inventories, Barkin. (Bloomberg estimates)

Global: Mon: Japan Unemployment Rate 13.7%, Weidmann. **Tues:** Eurozone Business & Consumer Sentiment 116.5, Germany CPI 0.4%*m/m*/2.3%*y/y*, France Unemployment Rate, France Consumer Confidence 100.0, Spain CPI 2.4% *y/y*, Japan Industrial Production - 2.4%, China M-PMI 50.7, Lowe. (Bloomberg estimates)

Strategy Indicators

Global Stock Markets Performance ([link](#)): Last week saw the US MSCI index rise 2.8% for its biggest gain since early February and ended the week at a new record high. The US ranked 13th of the 49 global stock markets that we follow in a week when 41 of the 49 countries rose in US dollar terms. The AC World ex-US index rose 1.5% as all regions moved higher w/w. EM Latin America was the best-performing region last week with a gain of 2.2%, ahead of EM Eastern Europe (2.0%), EMU (2.0), and BRIC (1.9). EMEA was the biggest underperformer, albeit with a gain of 1.2%, followed by EM Asia (1.3) and EAFE (1.5). Norway was the best-performing country last week, with a 6.6% gain, followed by Ireland (6.0), Mexico (4.6), Poland (4.5), and Peru (4.4). Pakistan was the worst performer with a decline of 4.4%, followed by Jordan (-2.9), Thailand (-2.5), Malaysia (-2.2), and Indonesia (-1.5). EM Eastern Europe is now the top-performing region so far in 2021 with a gain of 17.9%, ahead of EMEA (17.2), the US (13.6), EMU (12.6), and the AC-World ex-US (9.1). The following regions are lagging, albeit with gains: BRIC (5.0), EM Asia (5.4), EM Latin America (8.7), and EAFE (9.1). The top-performing countries ytd: Jordan (28.1), Austria (24.3), the Czech Republic (21.2), Canada (20.8), Hungary (19.6), and the Netherlands (19.6). The biggest laggards of 2021 so far: Turkey (-22.8), Peru (-19.2),

Colombia (-17.9), New Zealand (-14.2), and Egypt (-13.2).

S&P 1500/500/400/600 Performance ([link](#)): All three of these indexes rose last week and posted their biggest gains since early February. LargeCap gained 2.7% for the week, behind the 4.4% increases for MidCap and SmallCap. However, LargeCap ended the week at a new record high, while MidCap and SmallCap were 1.6% and 1.8% below their respective record highs on May 7 and June 8. All 33 sectors were higher for the week, up from just one sector rising a week earlier. SmallCap Energy rose 9.3% in the best performance for the week, followed by MidCap Energy (6.7), LargeCap Energy (6.7), MidCap Financials (6.1), and MidCap Consumer Discretionary (5.8). LargeCap Utilities was the worst performer, albeit with a gain of 0.7%, followed by LargeCap Real Estate (1.3), LargeCap Consumer Staples (1.8), and SmallCap Utilities (1.9). SmallCap continues to lead so far in 2021 with a gain of 24.1%, ahead of both MidCap (18.2) and LargeCap (14.0). All 33 sectors remain higher ytd, paced by these best sector performers: SmallCap Energy (88.3), MidCap Energy (56.0), LargeCap Energy (46.1), SmallCap Consumer Discretionary (43.1), and SmallCap Communication Services (33.0). The biggest laggards so far in 2021, albeit with gains: LargeCap Utilities (2.0), LargeCap Consumer Staples (3.3), MidCap Communication Services (4.9), MidCap Tech (8.2), and LargeCap Consumer Discretionary (9.3).

S&P 500 Sectors and Industries Performance ([link](#)): All 11 S&P 500 sectors rose last week, but only three outperformed the composite index's 2.7% gain. That compares to a 1.9% decline for the S&P 500 a week earlier, when one sector rose and four outperformed the index. Energy rose 6.7% for the biggest gain of the week, ahead of Financials (5.3%) and Industrials (3.0). The worst performers this week, albeit with gains: Utilities (0.7), Real Estate (1.3), Consumer Staples (1.8), Health Care (2.0), Materials (2.1), Tech (2.4), Communication Services (2.4), and Consumer Discretionary (2.6). With respect to 2021's performance, the S&P 500 has risen 14.0% so far, with all 11 sectors higher ytd and five beating the broader index. The leading sectors so far in 2021: Energy (46.1), Financials (25.3), Real Estate (22.7), Communication Services (19.0), and Industrials (15.5). This year's laggards to date, albeit with gains: Utilities (2.0), Consumer Staples (3.3), Consumer Discretionary (9.3), Health Care (10.7), Tech (11.3), and Materials (13.2).

S&P 500 Technical Indicators ([link](#)): The S&P 500 rose 2.7% last week and improved markedly relative to its 50-day (50-dma) and 200-day moving averages (200-dma). It moved back above its 50-dma after dropping below a week earlier for the first time since February. It was above its 200-dma for a 52nd straight week last week after being below for 13 weeks through late May of 2020. The S&P 500's 50-dma rose last week for a 34th straight week.

The price index improved to 2.1% above its rising 50-dma from an eight-month low of 0.4% below its rising 50-dma a week earlier. That's still down from its 19-week high of 5.8% above during mid-April. The index mostly has been trading above its 50-dma since late April 2020; in June 2020, it was 11.7% above, which was the highest since its record high of 14.0% in May 2009. That compares to 27.7% below on March 23, 2020—its lowest reading since it was 29.7% below on Black Monday, October 19, 1987. The price index was above its 200-dma for a 52nd week, and improved last week to 11.6% above its rising 200-dma from an eight-month low of 9.2% above a week earlier. That compares to 17.0% above in early December, which was the highest since November 2009 and up from the 26.6% below registered on March 23—the lowest reading since March 2009. At its worst levels of the Great Financial Crisis, the S&P 500 index was 25.5% below its 50-dma on October 10, 2008 and 39.6% below its 200-dma on November 11, 2008.

S&P 500 Sectors Technical Indicators ([link](#)): Seven S&P 500 sectors traded above their 50-dmas last week, up from five a week earlier and down from ten above the week before that. Consumer Discretionary moved above for the first time in seven weeks, and Financials was back above after one week below. The other five sectors still above their 50-dmas: Communication Services, Energy, Health Care, Real Estate, and Tech. That's still down from all 11 sectors above at the beginning of May and compares to just four above at the end of January. Just two sectors have a falling 50-dma now, down from five sectors with one a week earlier. The week prior to that, none did—all 11 sectors had a rising 50-dma—showing how volatile this measure can be. Sectors with a falling 50-dma: Consumer Discretionary, Utilities, and Materials for the first time since a brief visit to this camp in late March. That compares to just six sectors with a rising 50-dma in mid-March, which had been the lowest count since early November. Looking at the more stable longer-term 200-dmas, all 11 sectors traded above them for a 16th straight week and all have had rising 200-dmas for a 15th straight week. For perspective, back in April 2020, just one sector (Health Care) was trading above its 200-dma. Energy's 200-dma finally turned higher in mid-December after mostly falling since October 2018.

US Economic Indicators

Personal Income & Consumption ([link](#)): Personal spending was flat in May as personal income fell for the second month as the impact of the government's pandemic stimulus payments tapered off. Meanwhile, inflation posted a sizeable gain, with core prices climbing 0.5% during the month and 3.4% y/y—the highest since April 1992. May's personal income

fell 2.0% after plunging 13.1% in April and soaring 20.9% in March. Government social benefits fell \$562.3 billion in May after dropping \$3.4 trillion and rising \$4.0 trillion during April and March, respectively. Meanwhile, wages & salaries hasn't posted a decline since April 2020, jumping 0.8% m/m and 17.2% over the period to yet another new record high. Personal spending was flat in May at a record high—up 8.4% ytd and 18.9% y/y. Meanwhile, real consumer spending slipped 0.4% last month after reaching a new record high in April; consumer spending on services is now outpacing spending on goods as the economy has opened up. Real spending on services increased four out of the first five months of 2021, by 3.6%, while spending on goods fell 2.3% during the two months through May after a 9.6% jump in March and a 3.5% shortfall in February. There is still \$2.3 trillion sitting in personal saving; that's down from recent highs, but basically double the average \$1.2 trillion that sat in these accounts before the pandemic hit.

Consumer Sentiment Index ([link](#)): Consumer sentiment rebounded in June, driven by a jump in expectations, with all of June's gain coming from households with annual incomes above \$100,000. The Consumer Sentiment Index climbed to 85.5 (below the mid-month reading of 86.4) from 82.9 in May, with this month's level being the second highest since the start of the pandemic—moving back toward its recent peak of 88.3 in April. The expectations component leaped 4.7 points to a 16-month high of 83.5, as an all-time record number of consumers expect a net decline in unemployment; it was at 92.1 just before the pandemic hit. The present situation component fell for the second month to 88.6 (vs 90.6 mid-month) from April's 13-month high of 97.2. Meanwhile, nearly three-quarters of all consumers expect rising interest rates during the year ahead given the growing strength in the economy. Inflation remained a concern, though both the one-year (to 4.2% from 4.6%%) and five-year inflation (2.8 from 3.0) rates eased a bit after reaching decade highs in May. According to the report, "While many are optimistic about a gradual end to the pandemic, consumers still judged the risks from emerging Covid-19 variants at appreciable."

Durable Goods Orders & Shipments ([link](#)): Core capital goods shipments reached a new record high in May, while core capital goods orders barely budged from April's record level. Nondefense capital goods orders ex aircraft (a proxy for future business investment) ticked down 0.1% last month, after climbing 11 of the prior 12 months by 25.7% to a new record high, while core capital goods shipments (used in calculating GDP) rose for the 13th time since bottoming last April, by 0.9% in May and 23.3% over the period. Orders for total durable goods advanced for the 11th time in 13 months, jumping 2.3% in May and 56.5% over the period to its highest reading since March 2019. Motor vehicle orders remain on a downtrend, though did climb 2.1% in May—only its second gain so far this year—sliding 12.0% ytd. Meanwhile, durable goods billings excluding transportation has declined only

once since bottoming last April, up 0.3% in May and 29.9% over the period to a new record high. Markit's flash estimate for the M-PMI for June shows manufacturing activity expanded at a record rate this month, even though factories are being hindered by supply delays—with supplier delivery times the longest on record. Still, output and new orders growth remained well above their respective series averages.

Regional M-PMIs ([link](#)): Four Fed districts have now reported on manufacturing activity for June (Philadelphia, New York, Richmond, and Kansas City) and show the manufacturing sector expanded just below April's record pace. The composite index (to 24.3 from 25.0) eased a bit for the second month from April's record high of 31.2; it was as low as 12.2 at the end of last year. Richmond's (to 22.0 from 18.0) measure improved in June, while billings in the Kansas City (27.0 from 26.0) and Philadelphia (to 30.7 from 31.5) regions held around May's fast pace—with the former's just shy of April's record high of 31.0; New York's (17.4 from 24.3) gauge saw a slowing of growth this month. The new orders (to 23.9 from 28.6) measure indicates billings continued to expand at a robust rate this month, though slowed from May's pace, which was near its record high of 31.2 recorded at the end of 2003. Regionally, Richmond's (to 35.0 from 18.0) billings accelerated at double May's pace, while growth in Philadelphia (22.2 from 32.5), Kansas City (22.0 from 35.0), and New York (16.3 from 28.9) billings all slowed, though remained at respectable rates. In June, manufacturers continued to hire (to 22.0 from 19.5) at a near record rate, just behind March's 23.2 and June 2018's record high 23.8. Philadelphia's (to 30.7 from 19.2) and Kansas City's (26.0 from 20.0) factories hired at an accelerated rate this month, while Richmond's (19.0 from 25.0) hired at a slower though solid rate; New York (12.3 from 13.6) factories have hired at a fairly steady pace the past three months.

Regional Prices Paid & Received Measures ([link](#)): We now have prices-paid and -received data for June from the Philadelphia, New York, Richmond, and Kansas City regions, and they all show inflationary pressures remain intense. The Philadelphia, New York, and Richmond measures are diffusion indexes, while Richmond's measures are average annualized inflation rates (which we multiply by 10 for easier comparison to the other regional measures). The Richmond (to 90.0 from 98.2), Kansas City (86.0 from 79.0), and New York (79.8 from 83.5) prices-paid gauges all eased slightly from their record rates in May, while Philadelphia's (80.7 from 76.8) measure accelerated at its fastest pace since the late 1970s. The story is similar for prices received, with the Kansas City (48.0 from 51.0) and New York (33.3 from 37.1) rates holding near their May's record highs, while Philadelphia's (49.7 from 41.0) showed the fastest pace since the early 1980s. Richmond's (50.0 from 54.1) measure wasn't far from May's pace—which was the fastest since mid-2008's record rate of 57.6.

Global Economic Indicators

Germany Ifo Business Climate Index ([link](#)): “Companies assessed their current business situation as much better. Optimism regarding the second half of the year also grew. The German economy is shaking off the coronavirus crisis,” said Ifo President Clemens Fuest. Ifo’s Business Climate Index in June May rose for the fourth time in five months, from 90.4 in January to 101.8 this month—the highest since November 2018—as the lifting of some pandemic restrictions has allowed services to resume activity. The expectations component soared 12.6 points (to 104.0 from 91.4) over the five-month period to more than a decade high, while the present situation component climbed 10.2 points (99.6 from 89.4) to its highest level since July 2019. The service sector, which was hardest hit by the pandemic, jumped 18.7 points (to 22.4 from 3.7) over the two months ending June—to a 25-month high. The expectations (to 24.3 from -0.3) component was the biggest contributor over the two-month period, soaring 24.6 points, though the present situation also contributed, jumping 12.8 points (20.6 from 7.8). The manufacturing index advanced for the 13th time in 14 months, by 69.8 points (to 28.5 from -41.3)—to its highest level since spring 2018—with the present situation (39.5 from -44.5) climbing for the 12th straight month, by 84.0 points, to its highest level since September 2018. The expectations component slipped for the third month to 18.1 in June, after climbing 10.8 point the first three months of this year to 25.1 in March—which was the highest since November 2010. The business climate index for construction continues to bounce around zero, though increased for the second month this month to 4.2 after falling from 2.5 to 0.7 during April. The present situation component continues to move sideways in positive territory, while the expectations component is beginning to trend higher, though remained in negative territory in June at -13.8—the best reading since last February.

Contact us by [email](#) or call 480-664-1333.

Ed Yardeni, President & Chief Investment Strategist, 516-972-7683
Debbie Johnson, Chief Economist, 480-664-1333
Joe Abbott, Chief Quantitative Strategist, 732-497-5306
Melissa Tagg, Director of Research Projects & Operations, 516-782-9967
Mali Quintana, Senior Economist, 480-664-1333
Jackie Doherty, Contributing Editor, 917-328-6848
Valerie de la Rue, Director of Institutional Sales, 516-277-2432
Mary Fanslau, Manager of Client Services, 480-664-1333
Sandy Cohan, Senior Editor, 570-228-9102

Copyright (c) Yardeni Research, Inc. Please read complete [copyright and hedge clause](#).

