MORNING BRIEFING
January 13, 2022

The next *Morning Briefing* will be on January 18.

Financials, China, and Wireless Charging

Check out the accompanying chart collection.

(1) Higher interest rates boosting Financials. (2) Commercial and investment bank stocks at or near highs. (3) Jefferies' earnings disappointment spooks market. (4) Could SPACs be to blame? (5) China roiled by Covid shutdowns. (6) The push for Olympic blue skies disrupts plants in northern China. (7) China's property developers still digging out from debt. (8) Keeping an eye on hypersonic missile developments in China and North Korea. (9) Pulling the plug on electricity outlets. (10) Wireless electricity transmission at home, in space, at the office, and on the road.

Financials: In the Lead Out of the Gate. The S&P 500 Financials sector has had a strong start to 2022 thanks to the robust economy, higher interest rates, and a steeper yield curve. Here's the performance derby for the S&P 500 and its sectors ytd through Tuesday's close: Energy (14.1%), Financials (5.9), Industrials (0.1), Consumer Staples (-0.5), S&P 500 (-1.1), Materials (-1.4), Communication Services (-1.7), Consumer Discretionary (-2.2), Health Care (-2.9), Utilities (-3.1), Information Technology (-3.4), and Real Estate (-5.7) (Fig. 1).

Q4 earnings for many of the largest players in the industry hit the tape on Friday. Financials shares rallying prior to earnings can often be a sign of "buying the rumor" and may result in "selling the news" as occurred Wednesday when Jefferies Financial Group's earnings report missed expectations and its shares tumbled. More on that below. That said, let's examine what investors have been excited about:

(1) *Steeper yield curve.* Federal Reserve officials haven't been shy signaling their intention to raise interest rates and reduce the Fed's Treasury bond holdings. The need to act was reinforced Wednesday after the Labor Department reported that the Consumer Price Index (CPI) jumped 7.0% in December and the core CPI rose 5.5%.

The new direction hasn't been lost on investors, who sent the yield on the 10-year Treasury up to 1.75% as of Tuesday's close even as the fed funds target rate remained at 0.13% (Fig. 2). As a result, the yield-curve spread has widened to 163bps, up from its 2021 low of 81bps at the start of the year, and a 2020 low of -60bps (Fig. 3).

(2) *Strong economy.* Banks stand to profit as the US economy continues to recover from Covid. The economy got strong marks from JP Morgan CEO Jamie Dimon in a January 10 CNBC *interview*. "The consumer balance sheet has never been in better shape," said the banking industry giant. Stock prices, home prices, and wages are up. Debt balances are down, savings are up, and job openings are plentiful. Business confidence is high, and balance sheets are solid. The market may be volatile, he noted, but the underlying economy is strong, and if we're lucky the Fed will engineer a soft landing.

As for banks, commercial and industrial (C&I) loans have started to increase again. Recall that C&I loans spiked when Covid-19 first came on the scene in early 2020 and companies borrowed against their lines of credit in anticipation of problems. C&I loans slowly fell over the course of 2020 and 2021 and bottomed during the week of September 22; now they appear to be heading up once again (*Fig. 4*). Banks are flush with inexpensive deposits that have flooded in over the past two years as consumers have found themselves with excess cash (*Fig. 5*).

(3) *Optimistic analysts.* The y/y stock price index gains logged by S&P 500 Investment Banking and Brokerage (44.3%), Regional Banks (38.1), and Diversified Banks (32.1) have placed each of these indexes at or near their highest levels of the past decade (*Fig. 6*, *Fig. 7*, and *Fig. 8*). On their face, 2022 earnings for the three industries look terrible, each in negative territory. However, Joe notes that the industries are up against banner results in 2021, when the capital markets were red hot and earnings received a boost from the reversal of 2020's loan-loss reserves.

Here are the 2022 earnings growth forecasts for the three industries: Regional Banks (-6.5%), Investment Banking & Brokerage (-16.7), and Diversified Banks (-17.6) (*Fig. 9*, *Fig. 10*, and *Fig. 11*).

(4) *Jefferies disappoints.* For its quarter ended November 30, Jefferies *reported* strong results in investment banking, but weakness in both equity and fixed-income trading dragged down results. Advisory revenue climbed 64.7% y/y; debt and equity underwriting rose 8.0%. The declines came in equity capital markets revenue, which fell 11.3% to $290.4 million, and revenue from fixed-income capital markets, which dropped 49.5% to $132.8 million.

The company attributed the drop in capital markets results to "challenging market conditions for fixed income trading leading to lower volumes as compared with the prior year quarter, which benefitted from high levels of client level activity due to more favorable market conditions." Jefferies shares fell 9.3% on Wednesday.

The company reported adjusted profits of $1.36 per share, below analysts' consensus forecast of $1.40 a share, according to Zacks Equity Research *data*. The miss also could be tied to Jefferies' involvement in the blank-check market, which was hot in 2020 but has cooled of late. Jefferies underwrote 72 of the 1,120 blank-check companies that came to market in 2020 and 2021, reported a January 11 Reuters *article*. Of those brought to market, 17 of the Jefferies offerings trade below the $10-a-share offering price.

China: Covid & the Olympics. China's list of problems is lengthening. The government is locking down entire cities with populations in the millions as part of its "Covid Zero" strategy to stem the spread of Covid-19. It's also shutting down—or sharply reducing the production at—factories in northern China in an effort to clear its skies of smog prior to the start of the 2022 Winter Olympics. These challenges come on top of the financial woes of China's huge property development companies and the erratic proclamations by President Xi affecting tutoring companies, gaming companies, delivery companies, and others.

We've expected the country's economic growth to continue to slow from its already sluggish rates. The tougher question is whether the ripple effects will reach US shores. Here's a look at some of the more recent developments with implications for the answer:

(1) *The Covid shutdowns.* Last spring, the number of new Covid-19 cases reported daily in China was routinely below 50. But the daily new case count started ticking up in December, and in recent weeks has run north of 150 a day. That may seem ridiculously low relative to the US's 1.4 million new cases reported on Monday. But in China, where there's a zero-tolerance Covid policy, the recent increase in cases is causing shutdowns and renewed supply-chain concerns.

The uptick in new cases comes at an unfortunate time, with the Chinese New Year—when many people travel to their hometowns—on February 1 and the start of the Winter Olympics on February 4 rapidly approaching.

In various Chinese cities, the Covid shutdowns are imposing punishing conditions on residents and businesses alike. In Xi'an, citizens are angry and chip manufacturers are reporting staffing difficulties. In Tianjin, mass testing halted operations at a Toyota factor for two days. In Hong Kong, inbound cargo capacity has dropped to 20% of pre-pandemic levels, which is expected to cause shortages of everything from lobsters to flowers. Covidrelated restrictions have also disrupted life and business operations in Ningbo-Zhoushan, the world's third-busiest container port; Shenzhen, a southern technology hub; Zhengzhou; and Yuzhou. Those are just some of the examples we've seen in recent days' reporting from Reuters (*here*), the *WSJ* (*here*), and Bloomberg (*here*).

(2) *Looking up.* Presumably in an effort to turn the skies blue for the 2022 Winter Olympics, Chinese officials have reduced or stopped production at factories in 64 cities located in five provinces in addition to Beijing and Tianjin, a December 14 *article* in the *South China Morning Post* reported. Expected to remain in place until the 2022 Winter Paralympics ends on March 13, the directive impacts the world's biggest steel-producing city, the largest coal-mining province, and major producers of aluminum.

The move was expected to reduce crude steel production in H2-2021 by 13% compared to H1-2021. Three urea plants in northern Shanxi province were asked to operate at 50% capacity, a January 11 Bloomberg *article* reported. And the article speculated that as the Olympics draw closer, more plants could be asked to reduce production.

China has been working toward bluer skies since establishing air-quality standards in 2013 and winning the election to host the Olympic games two years later. China has planted trees, installed more renewable energy sources, required filters at industrial facilities, and imposed higher fuel standards for cars. The average concentration of fine particulate pollution has fallen by 13% y/y and 63% since 2013. But it's still three to four times higher than in western capitals like Washington, DC and London, a January 5 *WSJ* *article* reported.

(3) *Chinese property saga continues.* The unwinding of the Chinese property development sector proceeds, with more debt repayments due this week and an increasing number of properties hitting the market.

China Evergrande Group, which is buckling under $300 billion of liabilities, is negotiating with holders of its yuan-denominated bonds to extend the coupon payments for six months to July. The company has already defaulted on offshore, dollar-denominated bonds.

Shimao Group Holdings defaulted on a trust loan last week, and one of its subsidiaries is in negotiations to extend the maturities on two asset-backed securities due this month, a January 10 Reuters *article* reported. The company has 34.2 billion yuan of asset-backed securities and $5.7 billion of dollar bonds outstanding.

Shimao Group has put its residential and commercial properties up for sale. It has one agreement to sell a Shanghai commercial property for more than 10 billion yuan to a Chinese state-owned company. The country reportedly plans to make it easier for state-backed property developers to buy the distressed assets of troubled property developers. The loans used to fund building purchases won't be counted under restrictive borrowing caps or included when banks calculate their debt ratios.

Meanwhile, Guangzhou R&F Properties averted default by agreeing to pay $104 million for a tender offer and fees to offshore bondholders who agreed to extend the maturity of a bond due on Thursday to July.

(4) *More saber-rattling.* While China's military is expected to behave in the weeks prior to the Olympics, there's concern that the country has developed missiles that can evade US defenses. China has developed a heat-seeking hypersonic missile that's reportedly more advanced than anything the US possesses and can target almost anything, including stealth aircraft like the F-22. It can "penetrate missile defense systems and hit fixed targets on the ground at five times the speed of sound or faster," a December 31 *SCMP* *article* reported.

In the past, a hypersonic missile's surface became so hot that it interfered with the detection of heat signals from a targeted object. Chinese scientists solved that problem by creating an "air-blowing device" that cools the missile with cold air. It's expected to take the US four years to design comparable missiles.

Last summer, China tested a hypersonic glide vehicle, a maneuverable spacecraft that travels at more than five times the speed of sound, reported a December 2 FT *article*. The vehicle launched a missile while in flight, implying that the country now has the ability to launch a nuclear missile that can evade US missile defense systems and hit any part of the US. If true, this new capability could put the US at a serious military and negotiating disadvantage. North Korea also claimed this week to have launched a hypersonic missile, though it only flew for 434 miles before landing in the waters off North Korea.

(5) *Slower growth ahead?* Goldman Sachs on Tuesday cut its forecast for China's 2022 GDP growth to 4.3% from 4.8% due to the latest shutdowns. The country reported 4.9% annualized GDP growth in Q3 (*Fig. 12*). The China MSCI share price index has been signaling problems, falling 35.4% since peaking on February 7, 2021 (*Fig. 13*).

Analysts have been cutting their 2022 estimates for companies in the China MSCI index in recent months. Their consensus estimates imply revenue growth of 9.1% this year, down from an estimated 18.1% last year, and earnings growth of 14.7% versus earlier projections of nearly 19% last June and compared to a projected 13.4% for 2021 (*Fig. 14* and *Fig. 15*).

Disruptive Technology: Pulling the Plug. Companies are working on delivering electricity wirelessly. If they're successful, wireless devices truly will be wireless. You'll never need to charge your phone or change the batteries in your fire detector. Drones will be able to fly indefinitely, and electric vehicles (EVs) will charge on the run.

Wireless electricity delivery is something Nikola Tesla dreamed of 100 years ago. Let's look at how his vision might become our reality in the not-too-distant future.

(1) *Wireless power at home.* Ossia's product, Cota Real Wireless Power, claims to deliver power through the air at any distance, and it doesn't require a line of sight between the transmitter and the receiver to do so. The company also offers software and cloud services that allow customers to monitor and analyze the electricity used and the data generated by connected devices. Its sensors can be retrofitted into existing into devices.

The company talks about using wireless electricity delivery in personal health care devices, which would make the devices smaller, more reliable, and eliminate the need for batteries. Wireless electricity could be used to run all the Internet of Things devices in homes. French company Archos plans to put Cota in a wireless security camera, an air-monitoring sensor, and a pet tracker, an Ossia *press release* stated. The company is also working with a large furniture company to develop its Cota Power Table, where electricity will beam from the ceiling to conventional phone charging pads on the table.

Energous is another company working on the same technology. Its product is being used inside EarTechnic hearing aids, Williot smart tracking tags, and Posture Tracker that's being used with the Gokhale Method, a system of postures and exercises to relieve back pain by changing the way one stands, sits, and moves.

(2) *Wireless electric from space.* Caltech has a Space Solar Power Project that plans to launch a satellite that captures solar energy, converts it to electrical energy, then transmits it to Earth using radio frequency electrical power. Last summer, the school *announced* the project had received a $100 million donation from Donald Bren, chairman of the Irvine Company and member of the Caltech Board of Trustees.

(3) *Wireless EV charging.* Resonant Link is developing wireless chargers embedded in streets that can charge EV fleets while they operate. For example, buses would get quick

hits of electricity when they stop for riders instead of having to return to terminals for recharging.

(4) *Wireless electric in the office.* Aeterlink set up an office to demonstrate its wireless electricity product. The office's chairs' sensors receive electricity from transmitters in the ceiling. The chairs can then report to building management whether or not they are occupied so that air conditioning can be set precisely, a January 12 *article* in Market Research Telecast reported. (Or perhaps the technology could be used to tell bosses when employees take extended lunch breaks!) The company also sees its product being used to wirelessly power contact lenses that project images to the retina or robotic hands in factories.

(5) *Wireless electric on the front lines.* The US military is exploring how it can use the wireless transmission of electricity on the front lines of military conflict. One area of interest: wirelessly charging drones. DARPA is working with Electric Sky, which has developed Whisper Beam to wirelessly charge small drones, according to a December 16 *article* in Task & Purpose. The current range is a meter or two, but in the future it could be hundreds of meters.

The article noted that if Whisper Beam takes off, it should be renamed "Scotty." "Then at long last, the old Star Trek command 'beam me up, Scotty' can finally become a legitimate military order."

Calendars

US: Thurs: Initial & Continuous Jobless Claims 200k/1.733m; Headline & Core PPI 0.4%m/m/9.8%y/y & 0.5%m/m/8.0%y/y; Brainard. **Fri:** Retail Sales, Headline, Core, and Control Group -0.1%/0.2%/0.1%; Consumer Sentiment, Total, Current Conditions, and Expectations 70.0/73.3/66.5; Headline & Manufacturing Industrial Production 0.3%/0.5%; Capacity Utilization 77.0%; Business Inventories 1.3%; Import & Export Prices 0.3%/0.3%; Baker-Hughes Rig Count; Williams. (Bloomberg estimates)

Global: Thurs: Italy Industrial Production 0.5%m/m/3.7%y/y; Japan PPI 0.3%m/m/0.8%y/y; China Trace Balance ¥74.5b; China Exports & Imports 20.0%/26.3% y/y; ECB Economic Bulletin; Elderson; Buch; Hakkarainen. **Fri:** Eurozone Trade Balance €7.6b; France CPI 0.2%m/m/2.8%y/y; Spain CPI 1.3%m/m/6.7%y/y; UK GDP; UK Headline & Manufacturing

Industrial Production 0.2%m/m/0.5%y/y & 0.2%m/m/-0.3%y/y; UK Trade Balance –£14.2b; Lagarde. (Bloomberg estimates)

Strategy Indicators

Stock Market Sentiment Indicators (*link*): The Bull/Bear Ratio (BBR) slipped back below 2.00 this week after moving above last week for the first time since late November. The BBR sank to 1.90 this week after climbing three of the prior four weeks from 1.57 to 2.15. Bullish sentiment dropped to 43.7% this week after climbing 10.8ppts (to 50.6% from 39.8%) the prior three weeks—with last week's percentage the first above 50.0% since late November. This week's drop in bullish sentiment reflects a 7.4ppts (to 33.3% from 25.9%) jump in the correction count. Bearish sentiment edged down for the fourth week by 2.3ppts (23.0 from 25.3). The AAII Ratio dropped to 49.6% last week after rebounding the prior two weeks from 32.1% to 55.2%, as bullish sentiment dropped from 37.7% to 32.8% last week and bearish sentiment rose from 30.5% to 33.3%.

S&P 500 Earnings, Revenues, Valuation & Margins (*link*): The S&P 500's forward profit margin rose to a new record high of 13.3% last week. Since the end of April 2020, it has exceeded its prior record high of 12.4% in September 2018. It's now up 3.0ppts from 10.3% during April 2020, which was the lowest level since August 2013. Forward revenues and forward earnings per share were also at record highs. They've both been making new highs since the beginning of March 2021 after peaking just before Covid-19 in February 2020. Since the Q2-2021 earnings season came in way better than expected, analysts have been playing catch-up with their lowball estimates from the Covid-19 shutdown period. Prior to this catch-up period, consensus S&P 500 forecasts had been falling at rates paralleling the declines during the 2008-09 financial crisis. Forward revenues growth dropped 0.2ppt w/w to 7.2%, just above its 12-month low of 7.1% in early December. That's down from a record high of 9.6% growth at the end of May 2021 and should continue to move lower as base effects subside. Still, that's up from 0.2% forward revenues growth during April 2020, which was the lowest reading since June 2009. Forward earnings growth rose 0.2ppts to 8.9%, up from a 16-month low of 8.2% in early December, and should also continue to move lower due to base effects. That's down from its 23.9% reading at the end of April 2021, which was its highest since June 2010, and up substantially from its record low of -5.6% at the end of April 2020. On a positive note, this year analysts have been raising their consensus forecasts for 2021 and 2022 revenues and earnings growth; the imputed profit margin estimate that we calculate from those forecasts has been rising too. They expect revenues to rise 16.1% in 2021 (unchanged w/w) and 7.5% (unchanged w/w) in 2022 compared to the 2.1% decline reported in 2020. They expect earnings gains of 49.9% in 2021 (down 0.1ppt w/w) and 8.9% in 2022 (up 0.2ppt w/w) compared to a 13.3% decline in 2020. Analysts expect the profit margin to rise 3.0ppts y/y in 2021 to 13.1% (unchanged w/w) from 10.1% in 2020 and to improve 0.1ppt y/y to 13.2% in 2022 (unchanged w/w). The S&P 500's weekly reading of its forward P/E fell 0.6pt to 21.1 from an eight-month high of 21.7. That's up from a 17-month low of 20.4 in mid-October. That also compares to 23.1 in early September 2020, which was the highest level since July 2000 and up from a 77-month low of 14.0 in March 2020. The S&P 500 weekly price-to-sales ratio fell 0.07pt w/w to 2.81 from a record high of 2.88. That's up from its four-month low of 2.69 in mid-October and compares to its prior record high of 2.86 at the end of November and a 49-month low of 1.65 in March 2020.

S&P 500 Sectors Earnings, Revenues, Valuation & Margins (*link*): Last week saw consensus forward revenues and earnings rise for 10 of the 11 S&P 500 sectors. Nearly all sectors are at or near record highs in their forward revenues, earnings, and profit margin. Energy still has forward revenues and earnings well below record highs, but its profit margin is the highest since November 2008. Financials, Real Estate, and Utilities have forward earnings at or near record highs, but their forward revenues and margins are lagging. Only three sectors posted a higher profit margin y/y in 2020: Consumer Staples, Tech, and Utilities. For 2021, a y/y improvement is expected for all but Utilities. Four sectors are expected to see margins decline or remain flat y/y in 2022: Communication Services, Financials, Materials, and Real Estate. The forward profit margin was at record highs during 2018 for 8/11 sectors, all but Energy, Health Care, and Real Estate. Here's how they rank based on their current forward profit margin forecasts along with their record highs: Information Technology (25.0%, down from its 25.1% record high in December), Communication Services (16.8, down from its 17.0 record high in October), Real Estate (16.4, down from its 19.2 record high in 2016), Utilities (14.7, down from its 14.8 record high in April), Materials (13.3, down from its 13.4 record high in December), S&P 500 (13.3, a new record high this week), Health Care (11.3, a new record high this week), Industrials (10.3, down from its 10.5 record high in December 2019), Consumer Staples (7.6, down from its 7.7 record high in June), Consumer Discretionary (8.1, down from its 8.3 record high in 2018), and Energy (9.2 [13-year high], down from a record-high 11.2 in 2007).

S&P 500 Sectors Forward Revenues and Earnings Recovery from Covid-19 Trough (*link*): The S&P 500's forward revenues and earnings as well as its implied forward profit margin bottomed at cyclical lows on May 28, 2020 after 14 weeks of Covid-19-related declines. Forward revenues and earnings have risen 22.8% and 59.5%, respectively, since then to new record highs. The forward profit margin has risen 3.3ppts to a record high of 13.3%. That exceeds its prior pre-Covid record of 12.4% in late 2018. During the latest week, all 11 sectors posted gains in either their forward revenues, earnings, or profit margin. Here's how the S&P 500 and its 11 sectors rank by their changes in forward revenues and forward earnings since May 28, 2020: Energy (forward revenues up 42.2%, forward earnings up 7,011.0%), Materials (33.9, 102.3), Information Technology (29.8, 49.5), Industrials (28.0, 80.5), Communication Services (25.9, 57.8), S&P 500 (22.8, 59.5), Financials (20.8, 68.3), Health Care (20.9, 34.8), Consumer Discretionary (19.4, 104.0), Real Estate (14.9, 49.5), Consumer Staples (14.4, 21.2), and Utilities (2.8, 7.1).

US Economic Indicators

Consumer Price Index (*link*): Inflation at the end of last year was the highest since June 1982, outpacing wage gains by over 2ppts. The CPI advanced 0.5% last month following gains of 0.8% and 0.9% the prior two months, pushing the yearly rate to 7.0%, which is 2.3ppts above the 4.7% y/y gain in average hourly earnings for all employees in December. Core prices rose 0.6%, in line with gains the prior two months, with the yearly rate accelerating 5.5%—the highest since February 1991. On a three-month basis (annualized), the rates for both the headline and core CPI picked up to 8.8% and 6.8%, respectively, after slowing recently to 4.7% and 2.7% during the three months through September. Here's a look at yearly rates across the spectrum: Food (6.3% y/y) costs are accelerating at their fastest rate since October 2008, with the rate for food away from home (6.0) the highest since the start of 1982 and the rate for food at home (6.5) the highest since the end of 2008. Energy (29.3) costs eased a bit from November's 33.3% y/y—which was the fastest pace since September 2005—with gasoline (to 49.6% from 58.1% y/y in November), fuel oil (41.0 from 59.3), natural gas (24.1 from 25.1), and electricity (6.3 from 6.5) costs all up dramatically though down from their recent highs in November. The consumer durable goods (16.8% y/y) inflation rate accelerated to its highest rate since the early 1940s, while the consumer nondurable goods (10.2) rate was little changed from November's 10.7%—which was the highest since summer 2008. The rate for furniture & bedding (13.8) climbed to its highest reading since the record high of 14.6% during the early 1950s, while the rate for new vehicles (11.8) accelerated at its fastest pace since April 1975. Meanwhile, the rate for used cars & trucks (37.3) accelerated from November's 31.4%, though remains below June's record rate of 45.2%, while apparel (5.8) prices are also down from recent highs, though heading up again. The yearly rate for medical care commodities (0.4) was positive for the second time since September 2020—November 2021 being the first. Within services, owners' equivalent (3.8) and tenant-occupied (3.3) rents are accelerating, up from recent lows of 2.0% and 1.8%, respectively, while the rate for lodging away from home (23.9) reached a new record. Meanwhile, the yearly rate for hospitals' (3.3) services eased slightly for the second month, while the physicians' (4.3) services matched November's pace. The yearly rate for airfares had dropped precipitously, from 24.6% in June to -3.7% by November, though moved back above zero during December (1.4% y/y)—as the three-month rate for airfares rebounded from -62.0% (saar) during the three months through October to +27.5% during the three months ending December.

Global Economic Indicators

Eurozone Industrial Production (*link*): Headline production in the Eurozone, which excludes construction, increased in November for the first time since July, on widespread strength, though October's 1.1% increase was revised down to a 1.3% decrease. (The revision was largely due to a drop in output in Ireland, which is currently carrying out a review of the seasonal adjustment methodology for industrial production, according to Eurostat.) Production in the Eurozone rebounded 2.3% in November, following a three-month slide of 3.8%, with only consumer durable goods production (-0.2%) posting a decline during the month, though output remains in a flat trend around recent highs. Consumer nondurable goods (3.2) recorded the largest monthly gain, rebounding to within 3.5% of July's record high. Production of capital goods climbed for the second month, by 1.5% in November and 2.9% over the period, after contracting four of the previous five months by 5.5%. Intermediate goods production remains in a volatile flat trend, climbing 0.9% in November following a three-month drop of 1.8%—holding within 0.9% of July's recent high. Energy output recorded its fourth successive monthly gain, up 1.2% m/m and 3.5% over the period. Data are available for three of the top four economies for November—here's how they performed during November, since bottoming last April, and relative to their pre-pandemic levels: Spain (+1.8%, +51.4%, +1.2%), Germany (-0.1, +30.9, -7.9), and France (-0.5, +45.4, -5.0).

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