

# Angeles



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Box of Chocolate

February 2023

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**B**  
**Corporation**

## 2022 — Investors' *Annus Horribilis*

### 7<sup>th</sup> Worst Year for Stocks

Year	Return
1931	-43.3%
2008	-37.0%
1937	-35.0%
1974	-26.5%
1930	-24.9%
2002	-22.1%
2022	-18.1%
1973	-14.7%
2001	-11.9%
1941	-11.6%

### Worst Year ever for Bonds

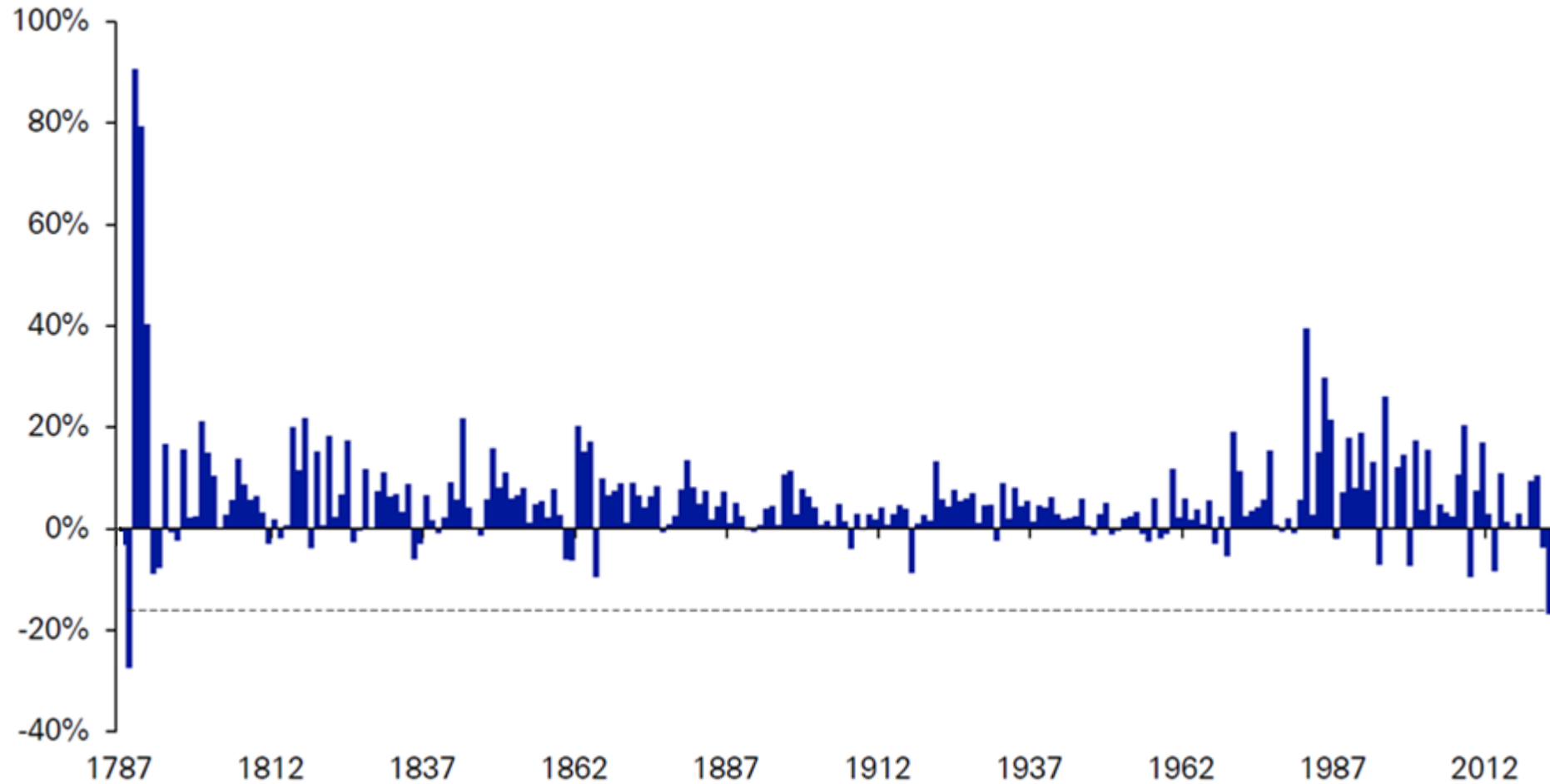
Year	Return
2022	-13.0%
1994	-2.9%
1931	-2.3%
2013	-2.0%
2021	-1.5%
1958	-1.3%
1999	-0.8%
1969	-0.7%
1955	-0.7%
1956	-0.4%



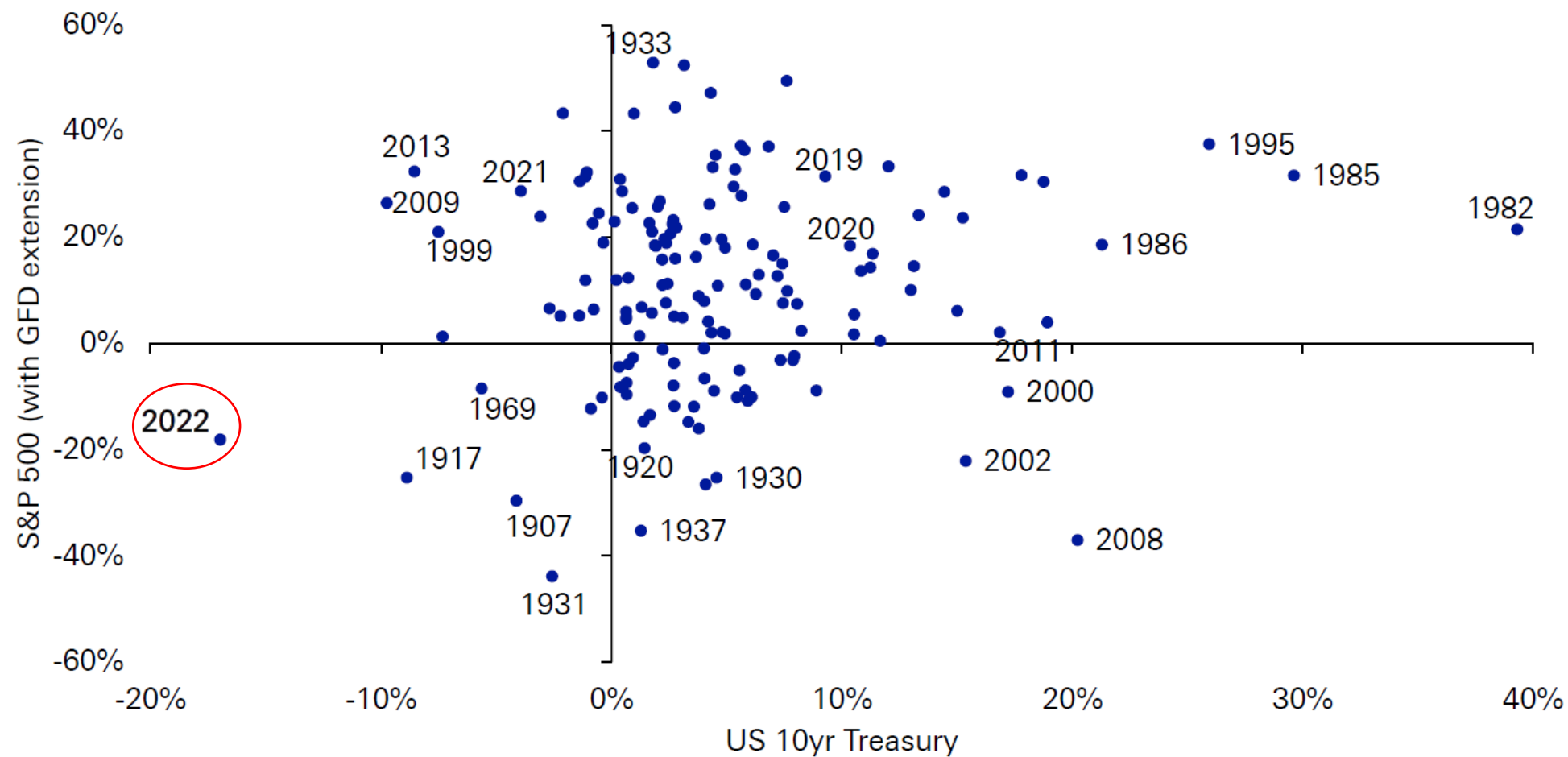
## 2022 — Bond Market *Annus Horribilis*

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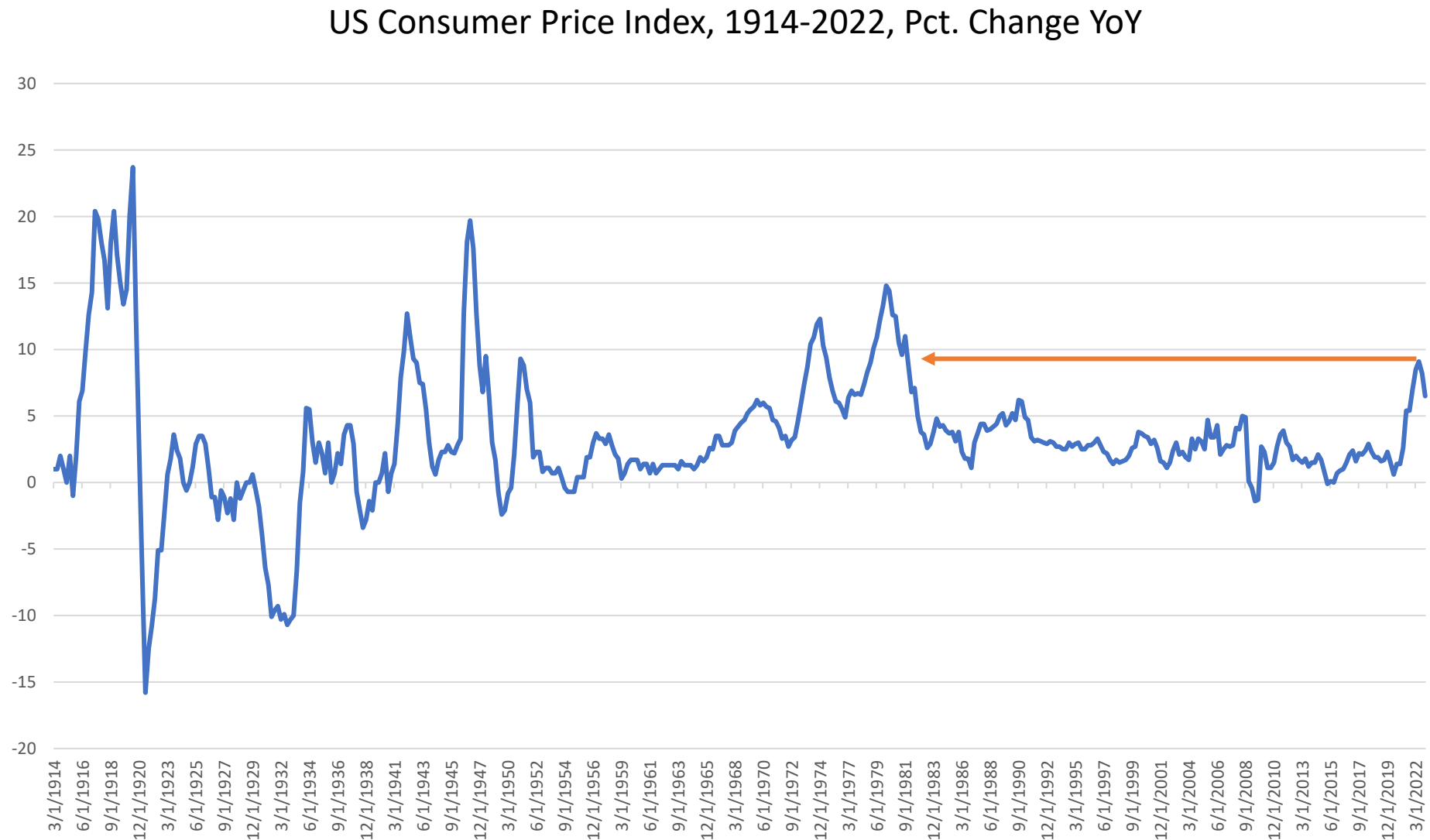
10-Year Treasury Total Return, 1797-2022, Annual Pct. Change



Annual Performance S&P 500 Index and 10-Year Treasury, 1872-2022



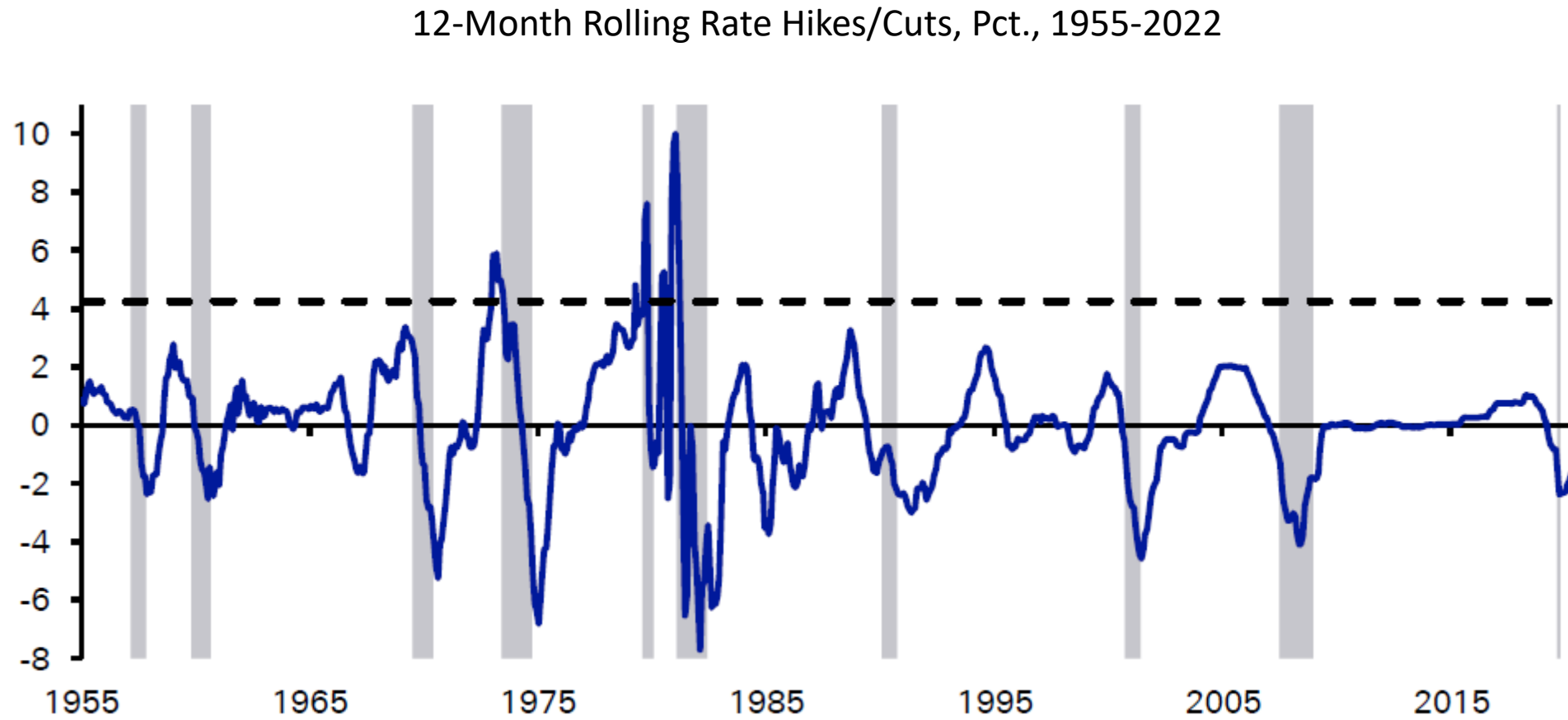
# 2022 — *Annus Horribilis* Inflation



Source: Bureau of Labor Statistics

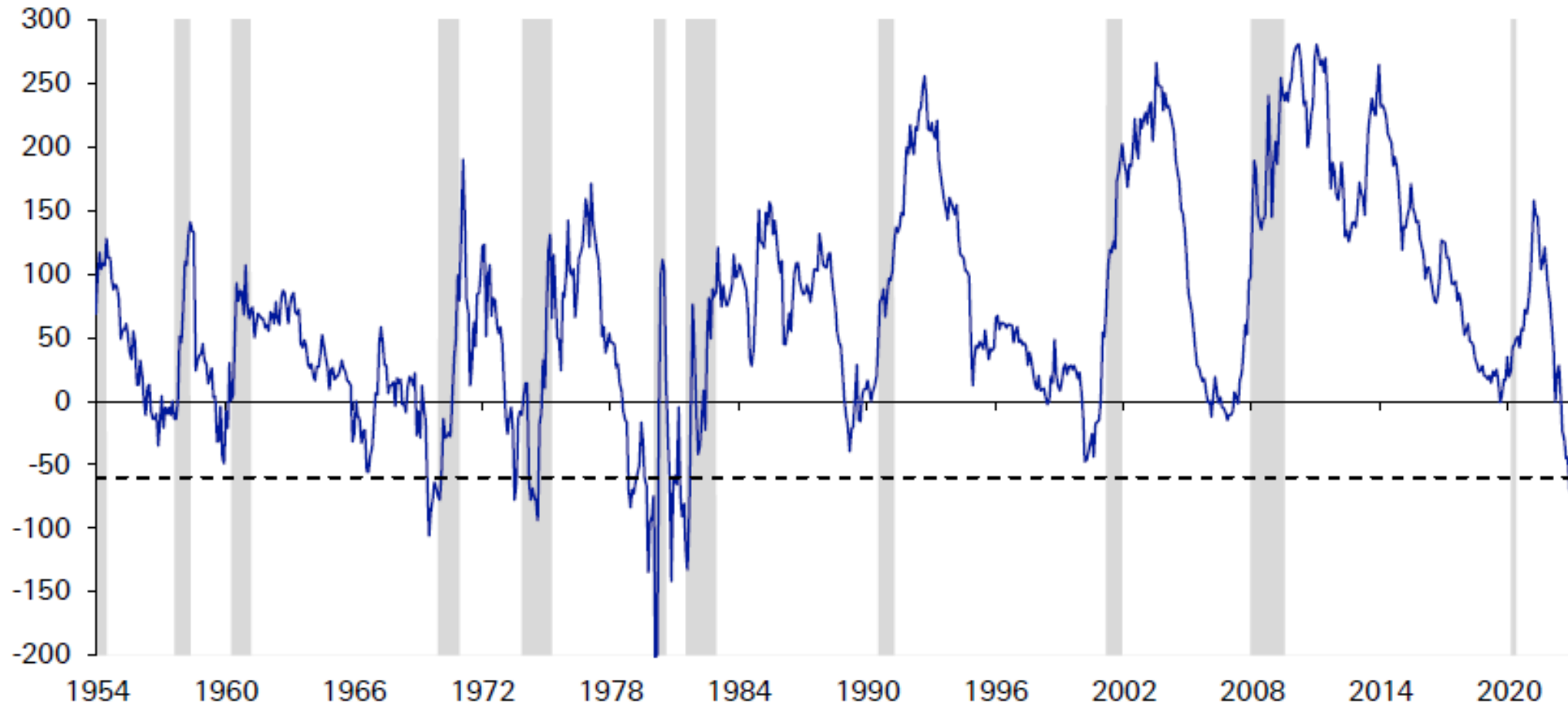


# Fastest Monetary Tightening in Forty Years

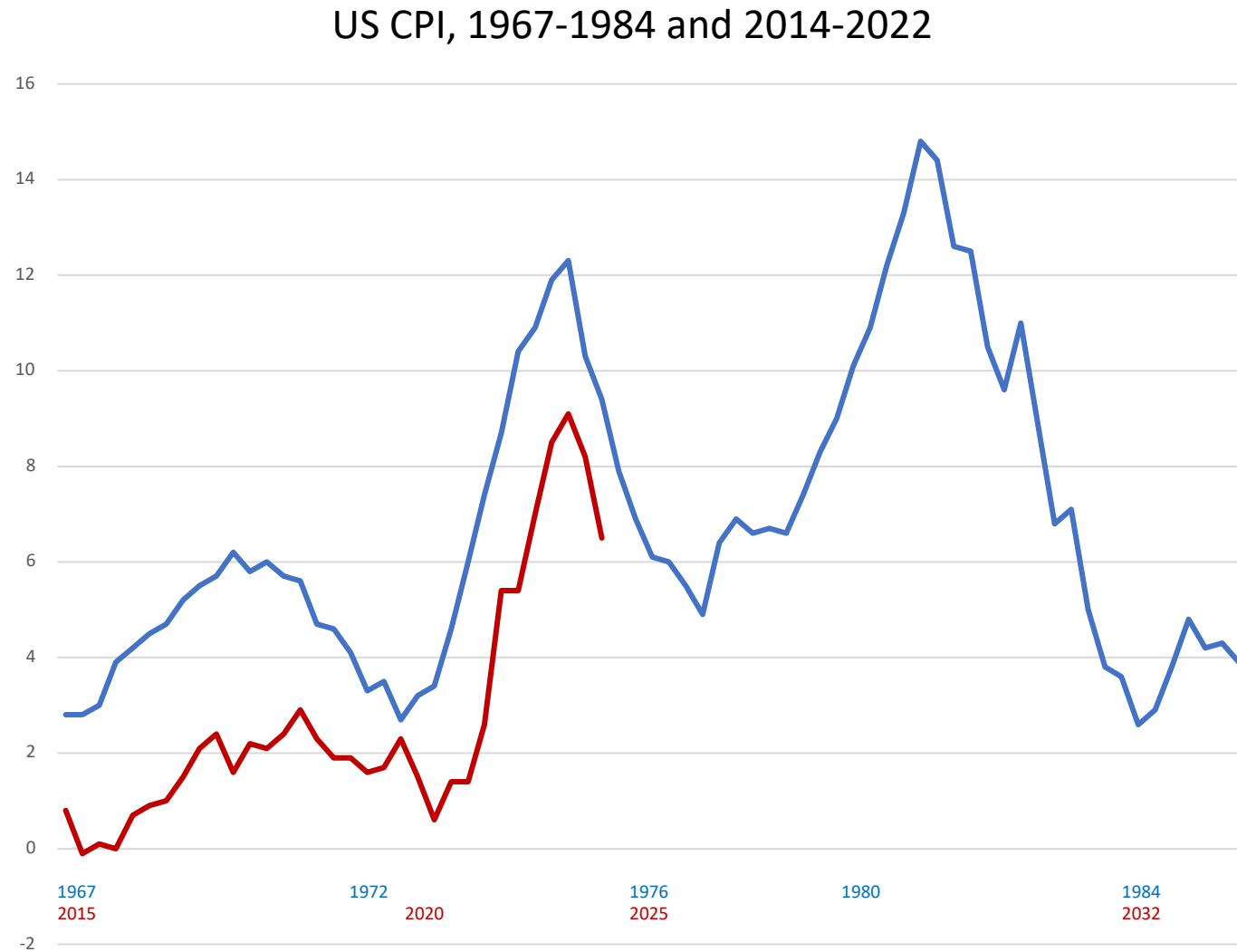


# Most Inverted Yield Curve in Forty Years

Treasury Yield Curve, 2y/10y, Bps., 1954-2022



# Inflation is Falling, But....



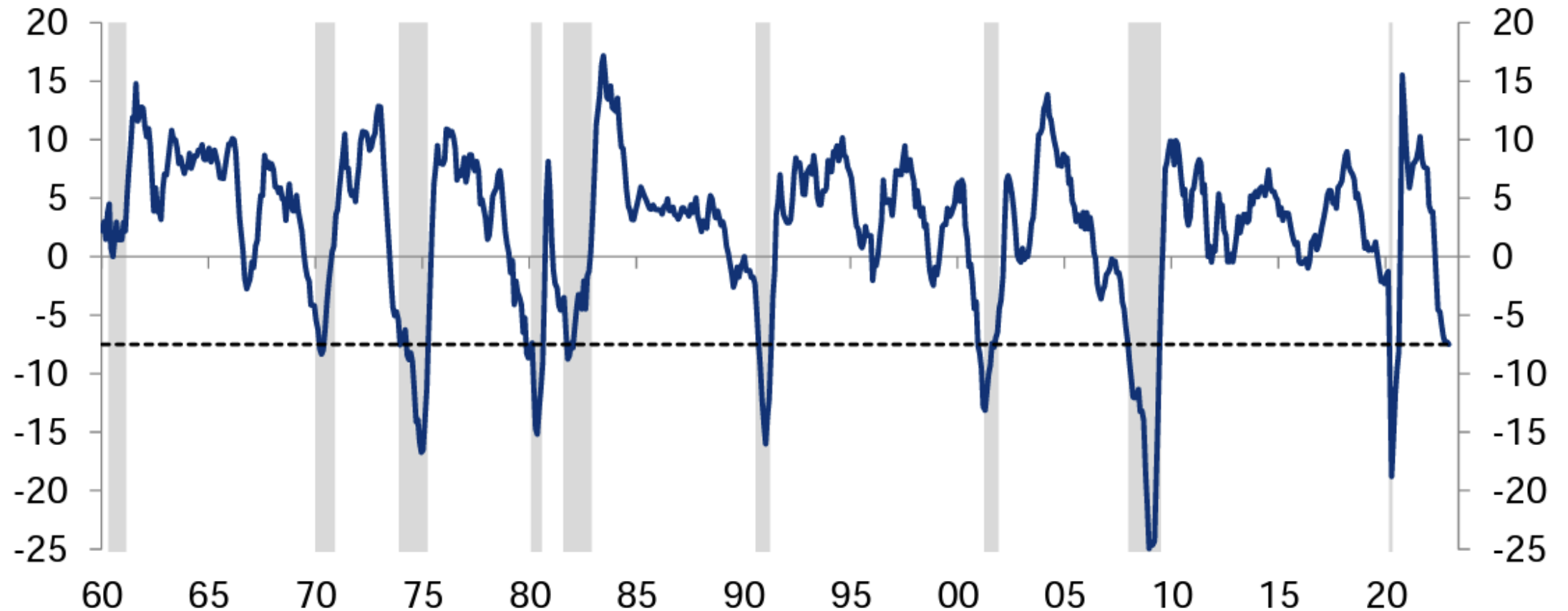
Source: Bureau of Labor Statistics





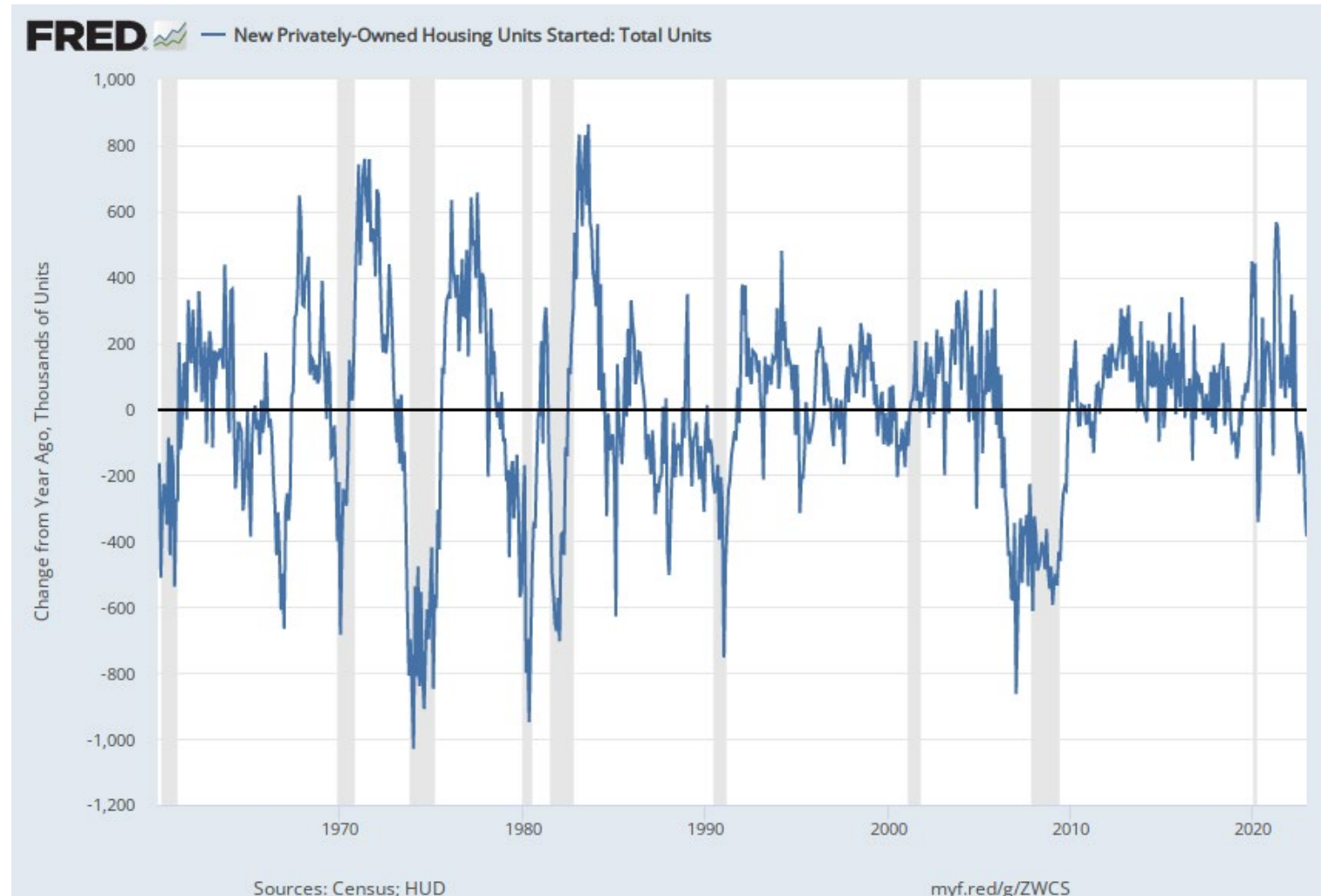
# Recession Ahead?

US Leading Economic Indicators, 6-mo Pct Change, 1960-2022



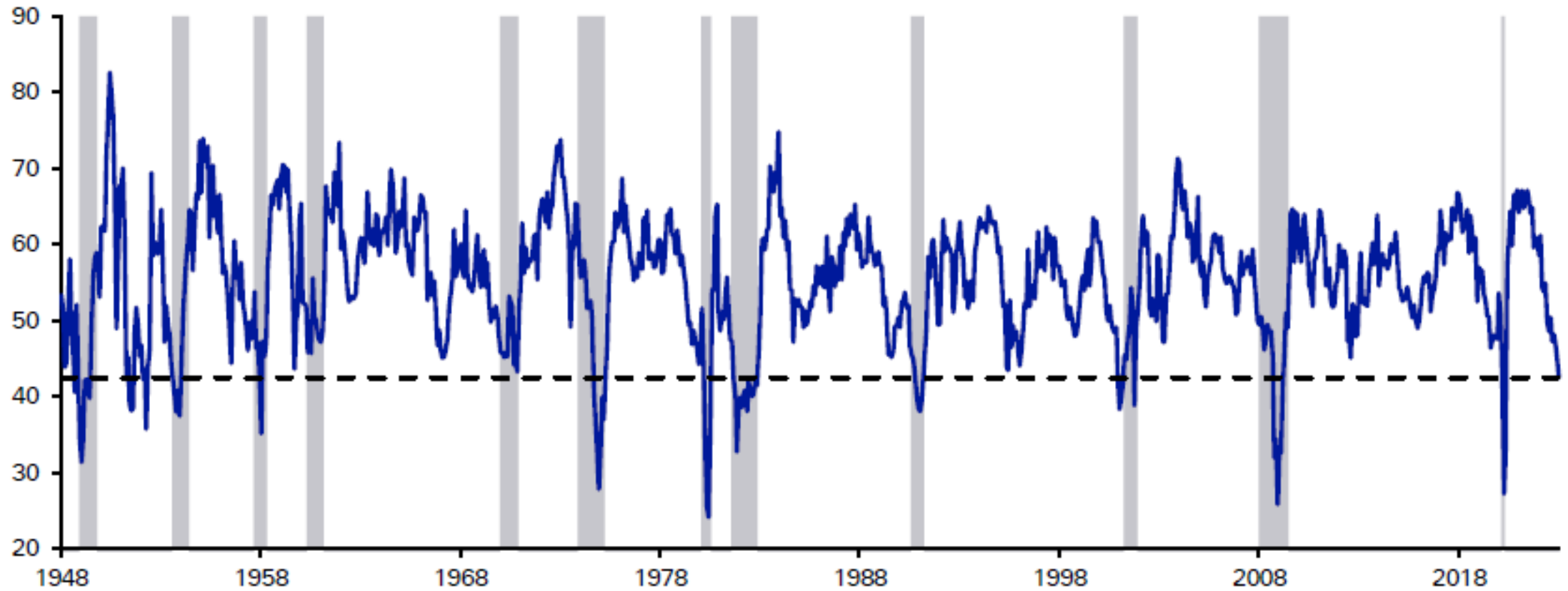
# Recession Ahead?

Housing Starts, Change YoY, 1960-2022, Thousands of Units



# Recession Ahead?

ISM Manufacturing New Orders, 1948-2022

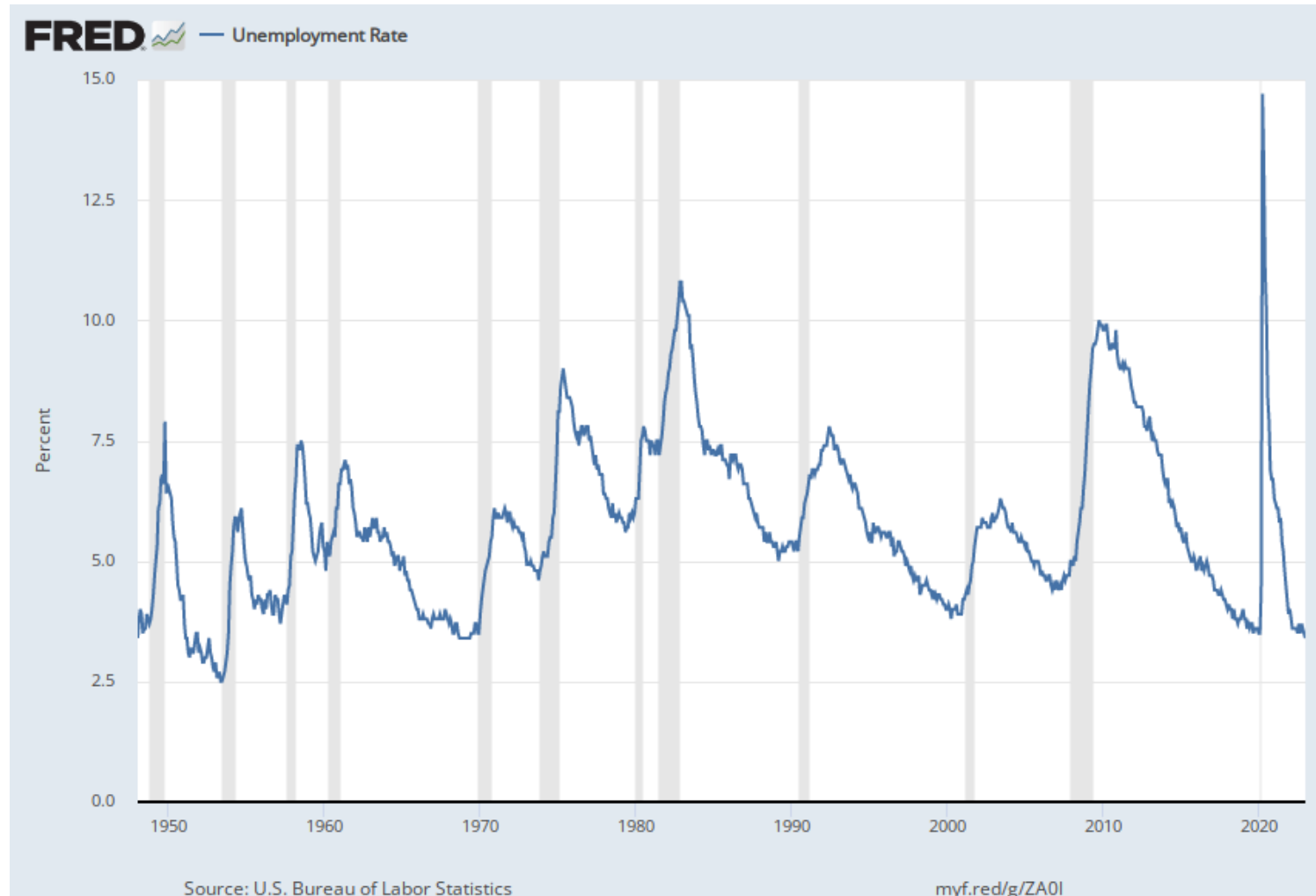


Source: ISM, Courtesy: Deutsche Bank



# Unemployment Rate Lowest Since 1953

US Unemployment Rate, 1948-2022

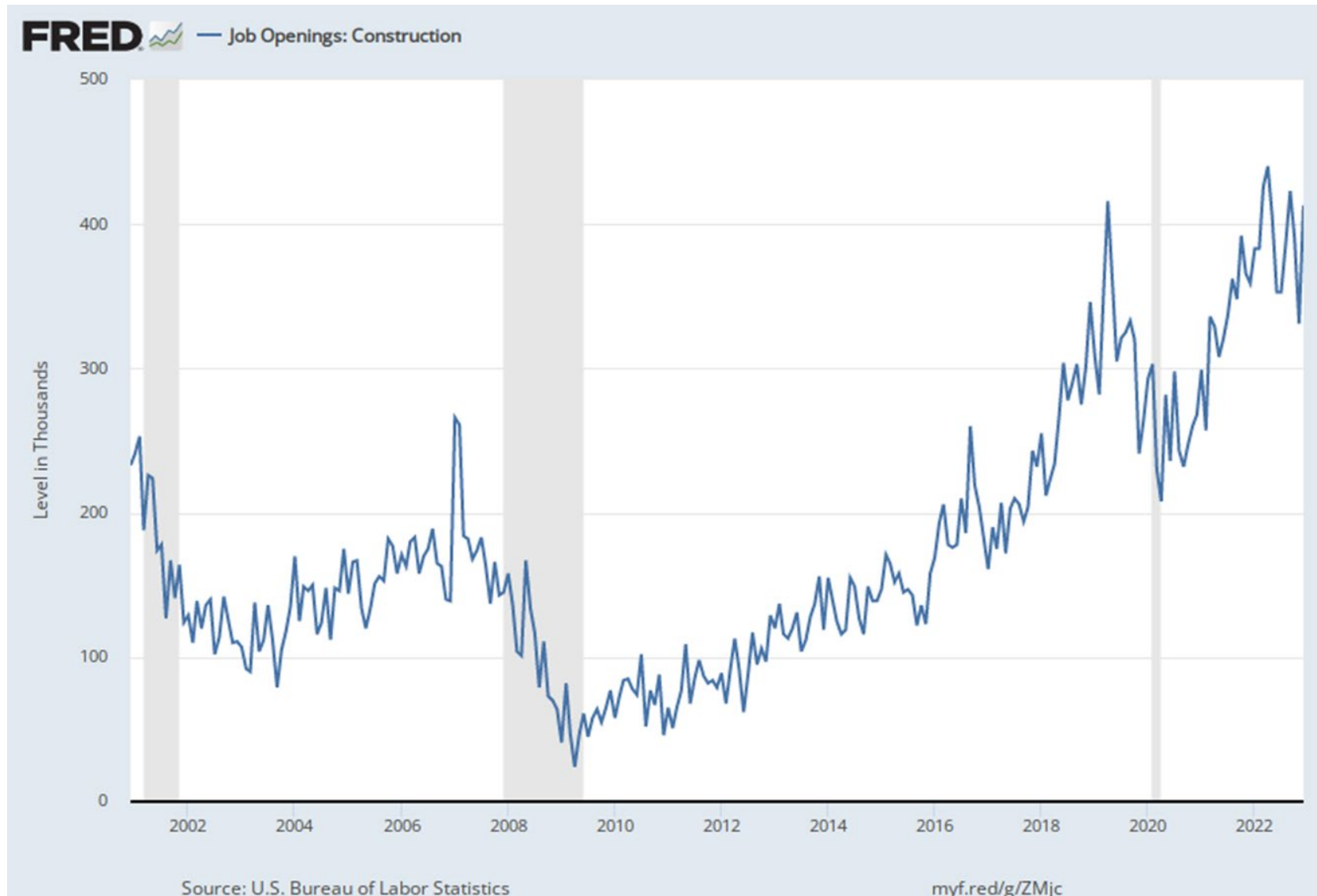


# Eleven Million Job Openings

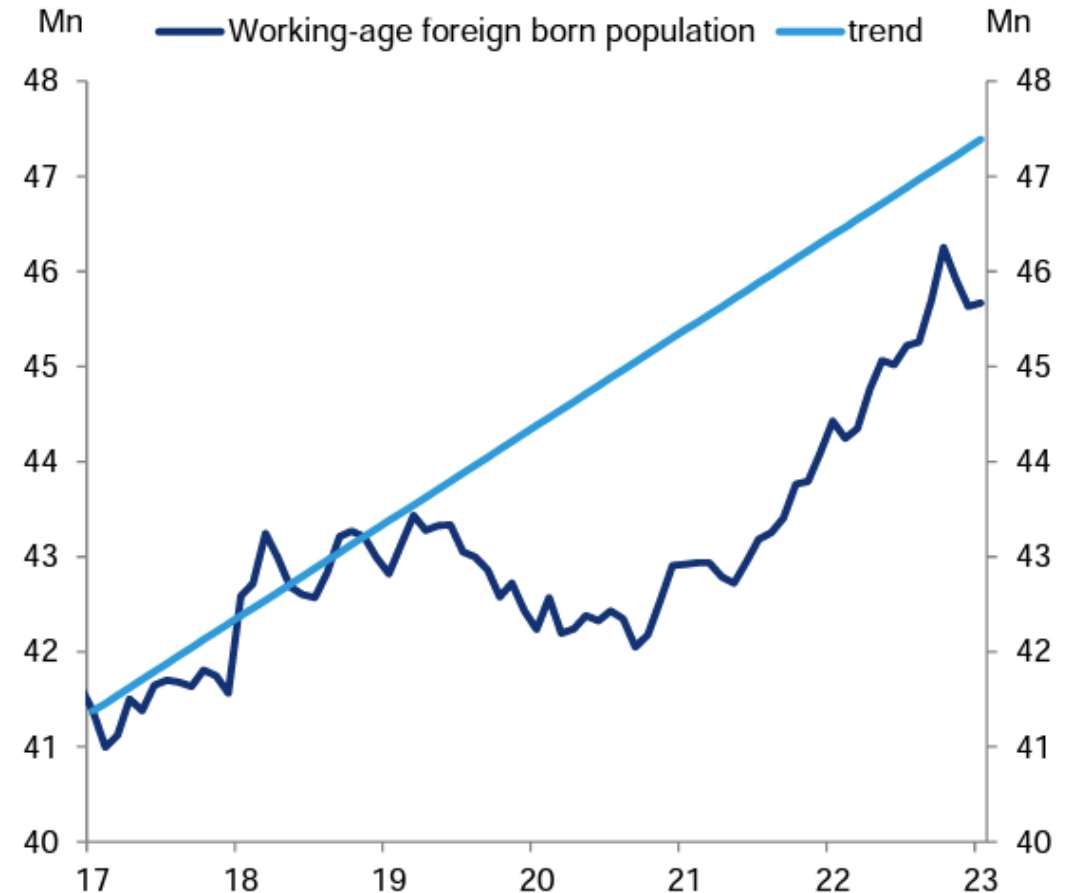
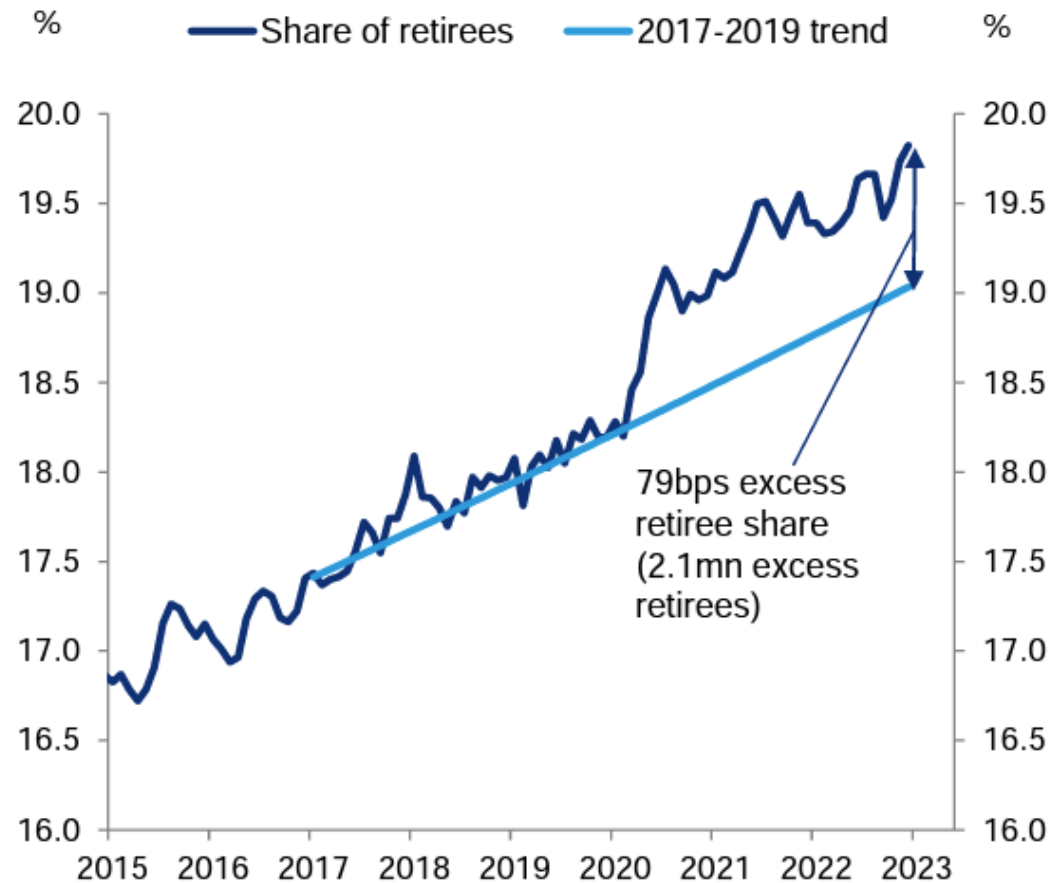
Job Openings, 2000-2022



# 413,000 Job Openings in Construction



# Tight Labor Market — Too Many Retirees and Too Few Immigrants



## Economic Summary

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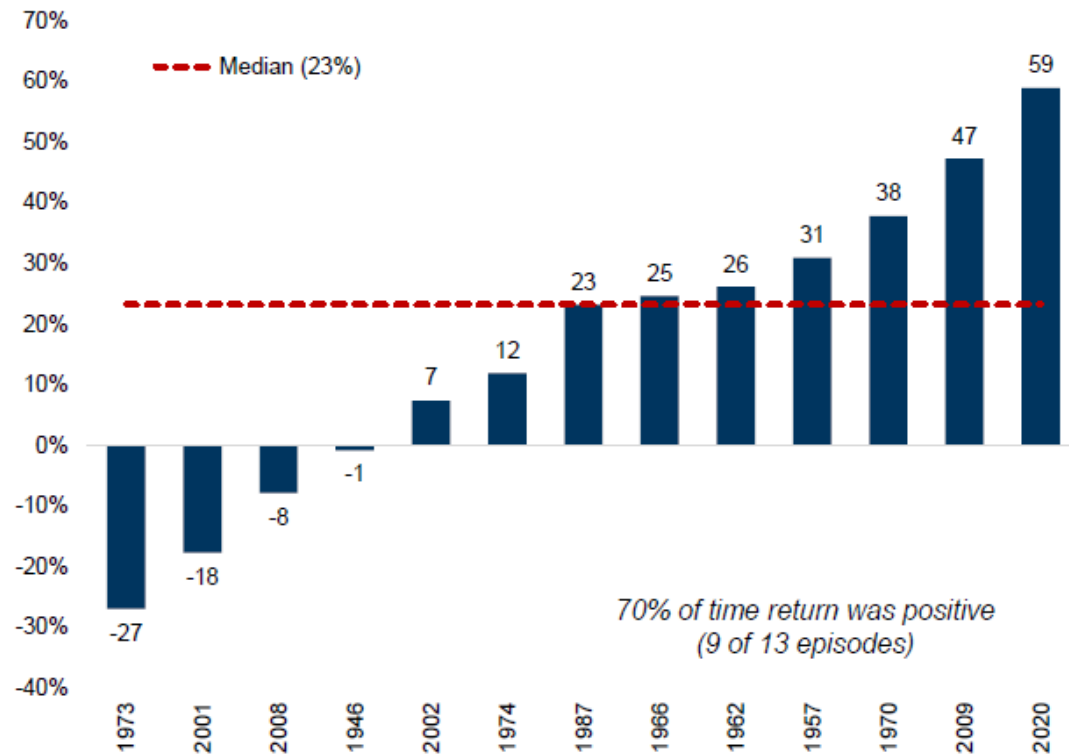
- Highest Inflation in Forty Years
  - Biggest hike in interest rates in forty years
    - Most inverted yield curve in forty years
- Most economic indicators, housing and manufacturing especially, signal recession ahead
- BUT tightest labor market in seventy years with eleven million unfilled job openings (and 5.5 million unemployed)
- Stocks and Bonds crushed in 2022



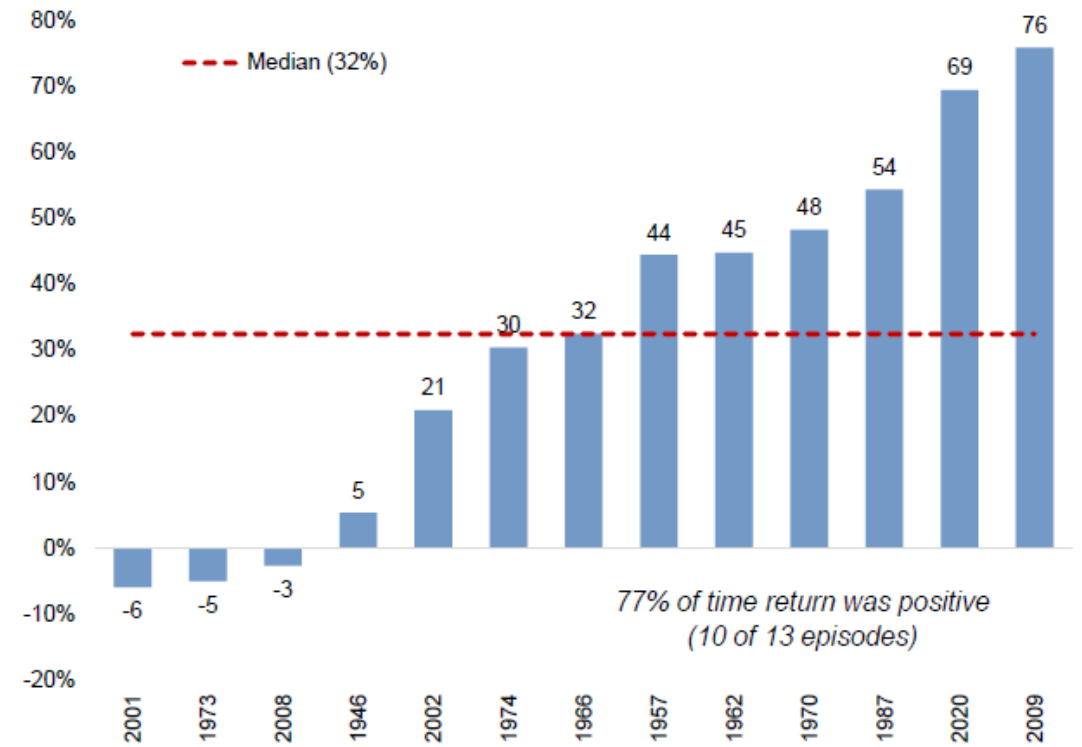


# Strong Recoveries Usually Follow Sharp Declines

S&P 500 Index Return in 12 Months After  
20%+ Decline in Calendar Year



S&P 500 Index Return in 24 Months After  
20%+ Decline in Calendar Year



# Structural Bull Market?

## S&P 500 Index Breakouts in 1950, 1980 and 2013



Courtesy: BofA

Source: BofA Global Research, Bloomberg





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