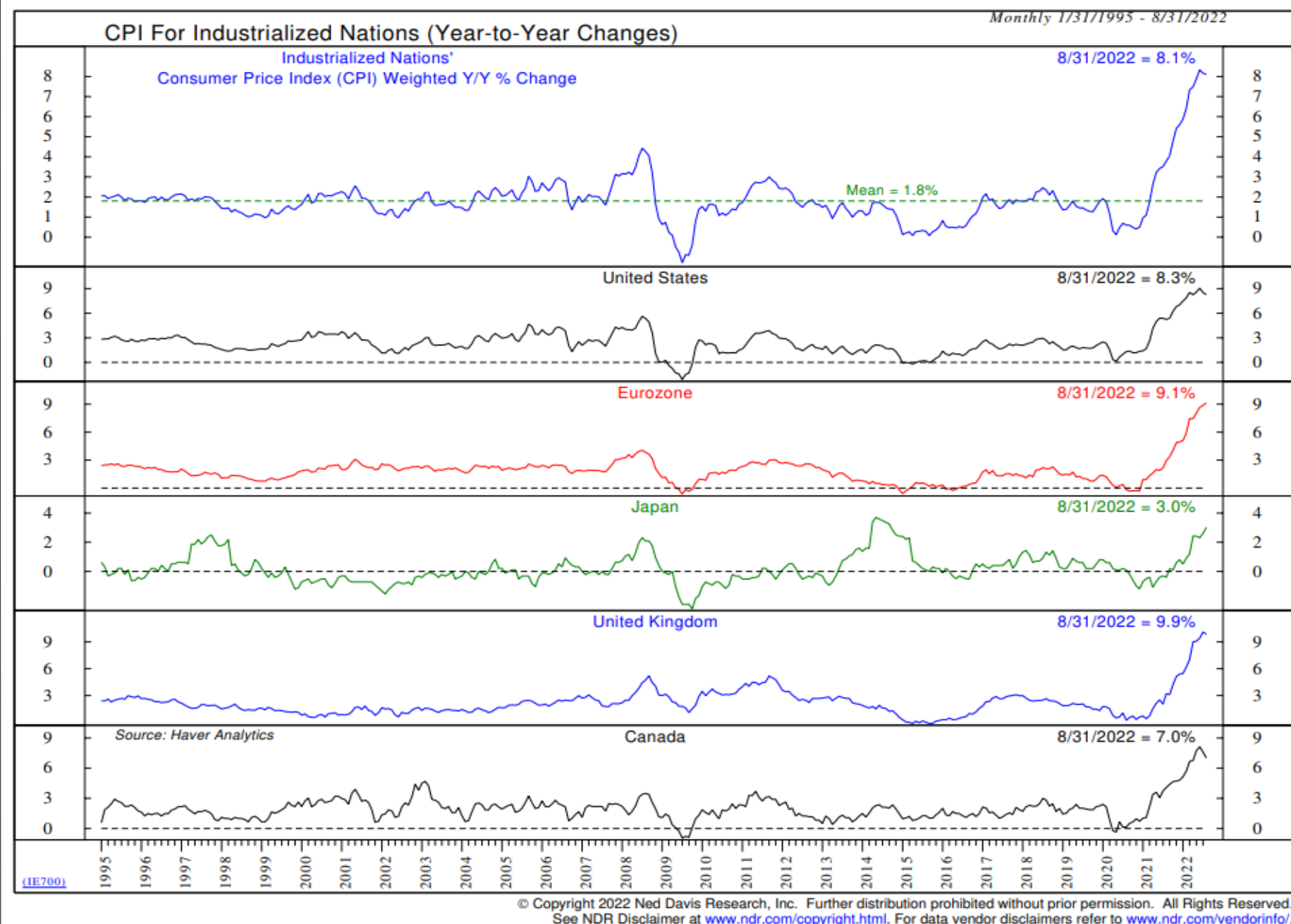




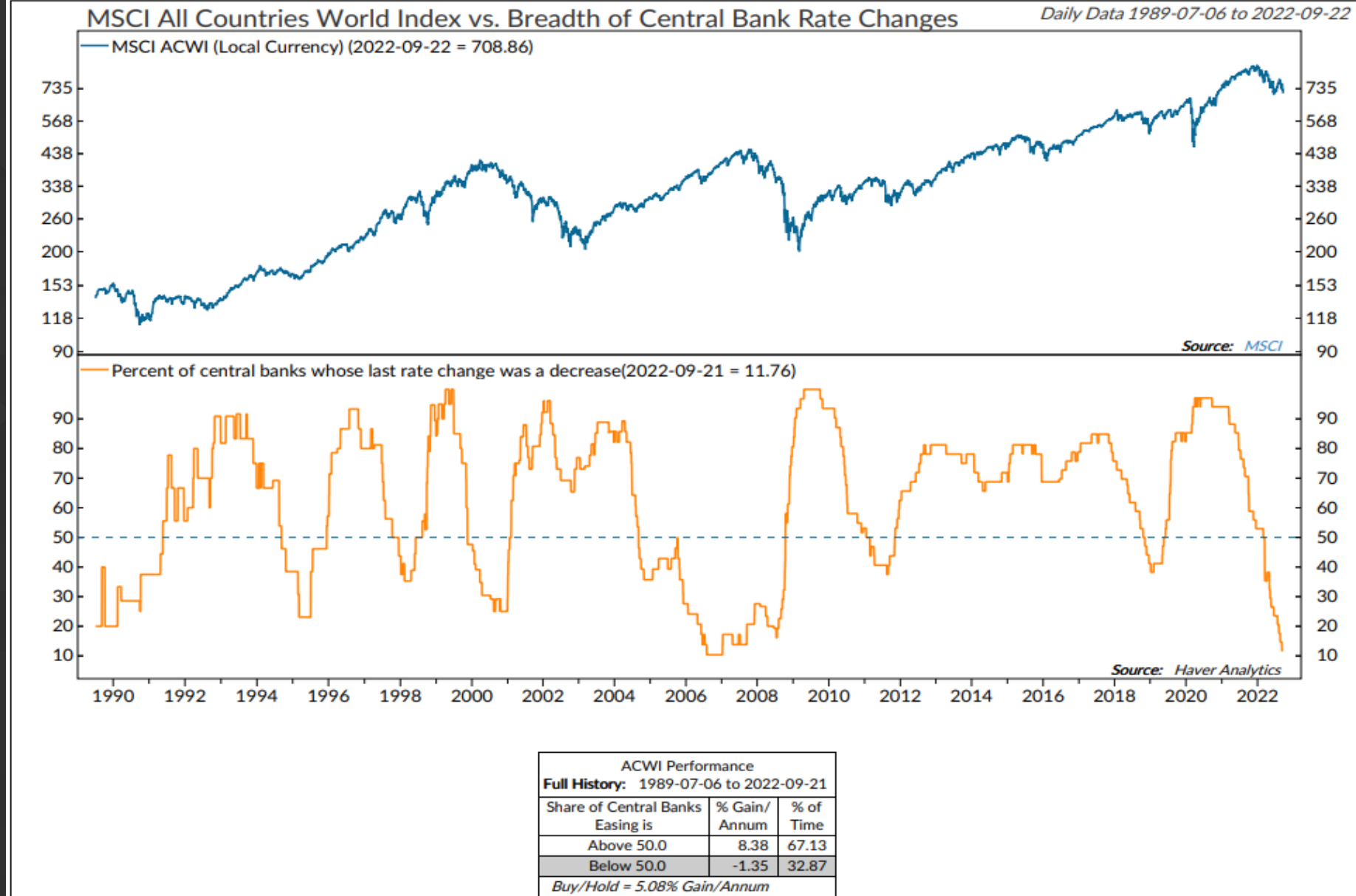
BWM Investment Strategy Tough Talking Fed Rattles Markets

Stubborn inflation across the globe



Please see important disclosures, chart explanations, summary and commentary at the end of this report.

Causing Central Banks to act



IE509K

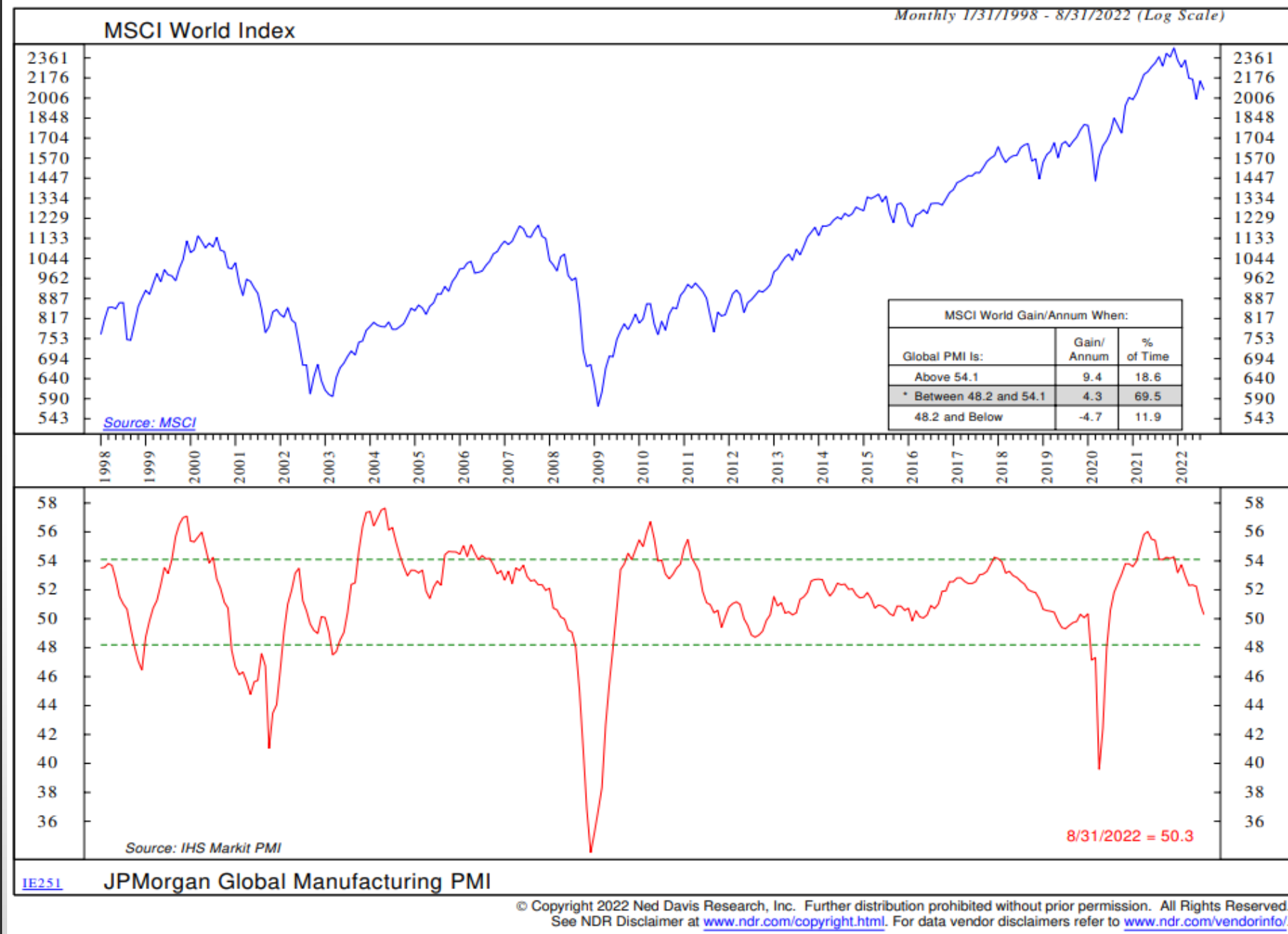


© Copyright 2022 Ned Davis Research, Inc. Further distribution prohibited without prior permission. All Rights Reserved. See NDR Disclaimer at www.ndr.com/copyright.html. For data vendor disclaimers refer to www.ndr.com/vendorinfo/

BWM
FINANCIAL

Please see important disclosures, chart explanations, summary and commentary at the end of this report.
© Copyright 2018 Ned Davis Research, Inc. Further distribution prohibited without prior permission. All Rights Reserved. See NDR Disclaimer at www.ndr.com/copyright.html. For vendor disclaimers refer to www.ndr.com/vendorinfo/

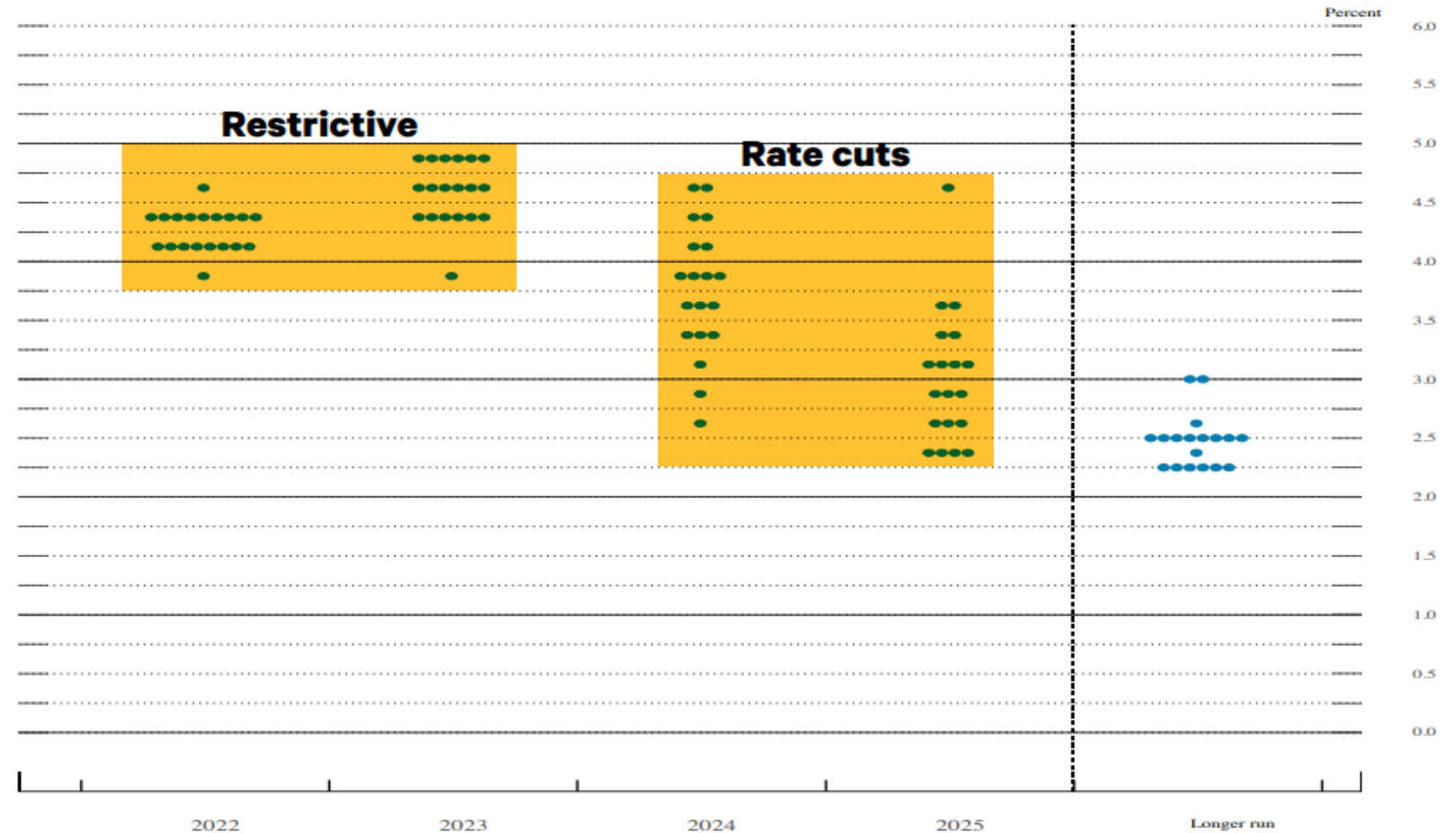
Higher rates
starting to take
effect



Please see important disclosures, chart explanations, summary and commentary at the end of this report.

Fed now talking
'tough'....

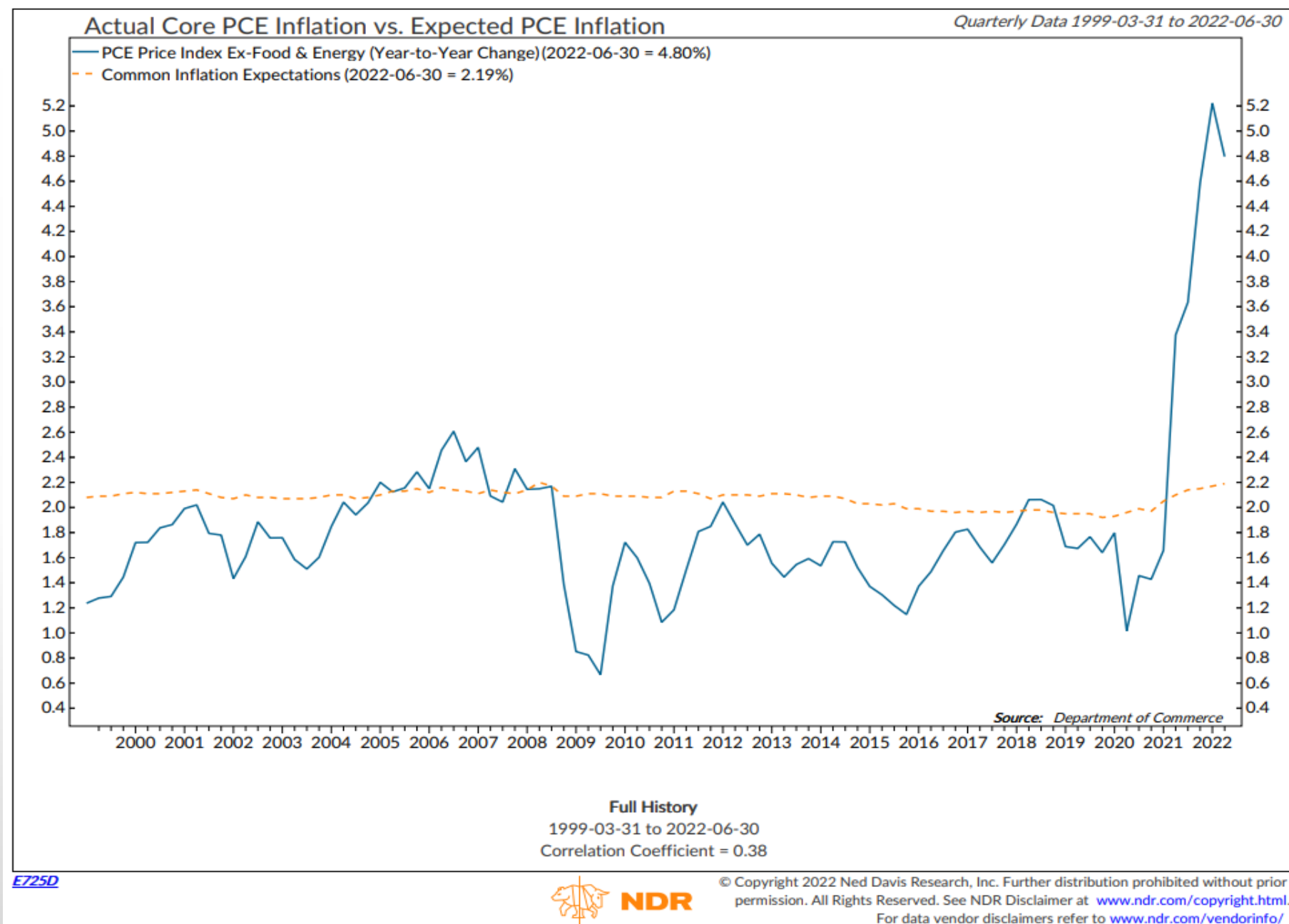
FOMC Participants' Assessments of Appropriate Monetary Policy (as of September 21, 2022)



NOTE: Each shaded circle indicates the value (rounded to the nearest $\frac{1}{8}$ percentage point) of an individual participant's judgment of the midpoint of the appropriate target range for the federal funds rate or the appropriate target level for the federal funds rate at the end of the specified calendar year or over the longer run. One participant did not submit longer-run projections for the federal funds rate.

Source: Federal Reserve

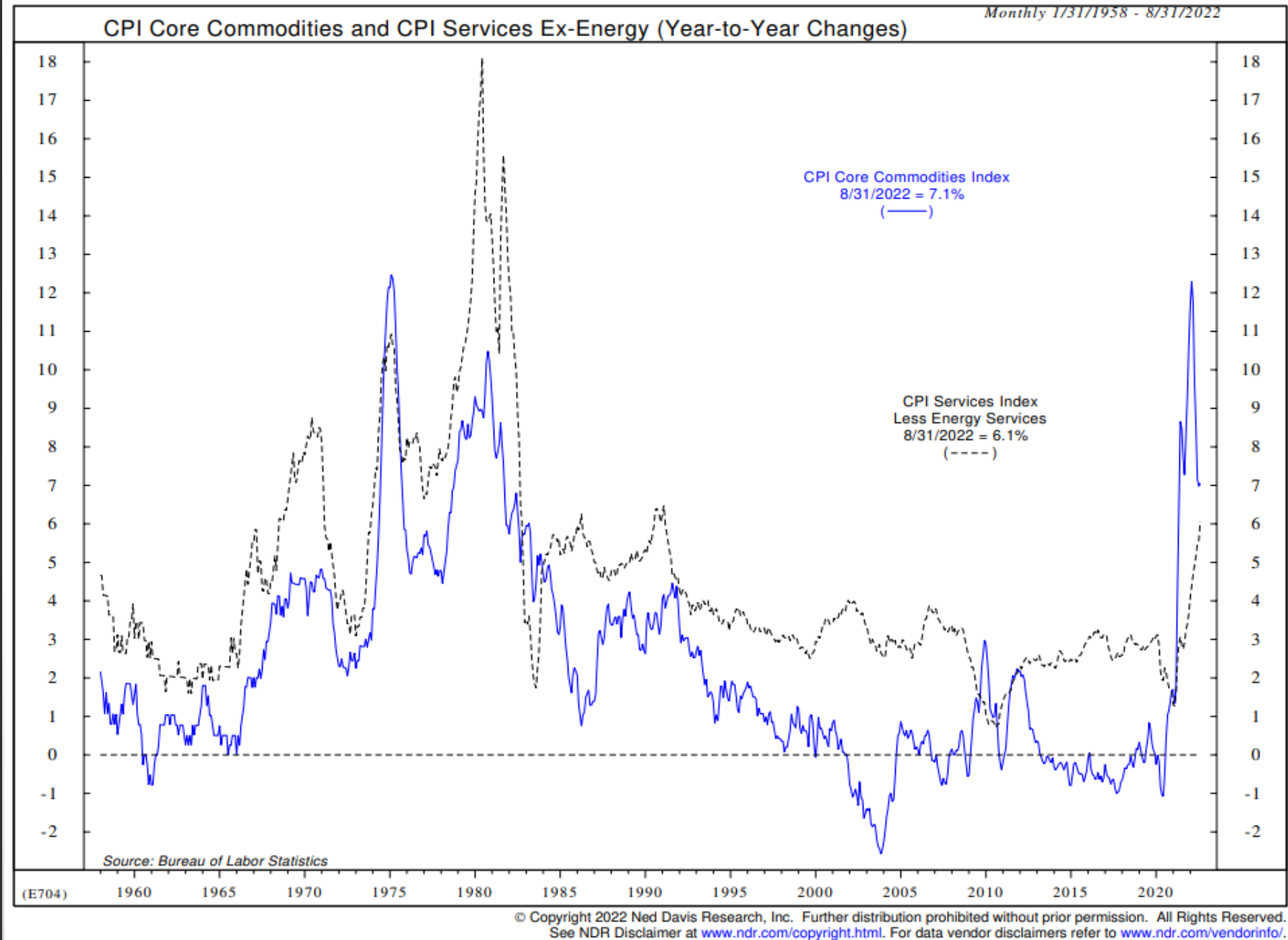
To keep inflation expectations 'anchored'



Please see important disclosures, chart explanations, summary and commentary at the end of this report.

Core commodity
prices continue
to fall

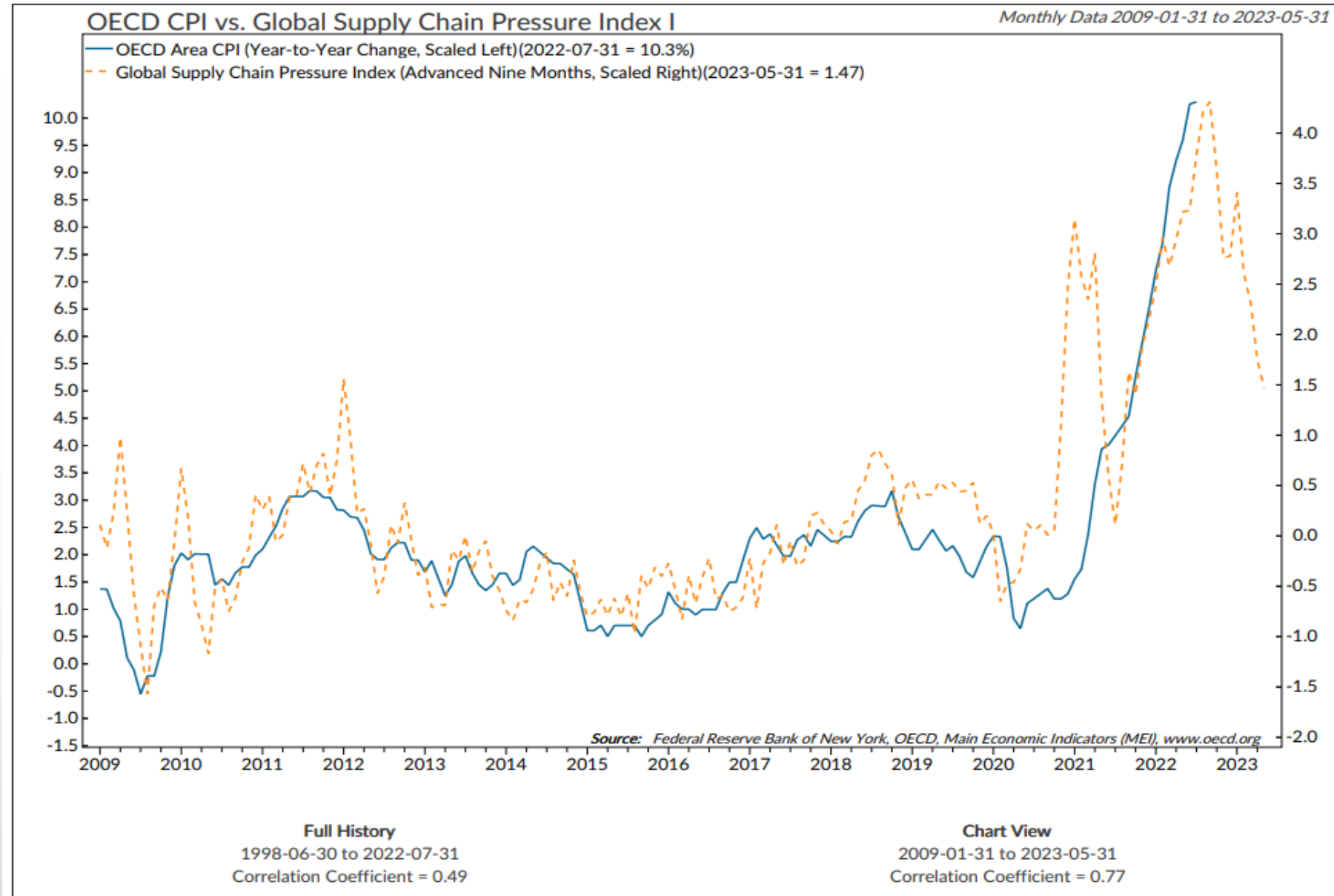
BWM
FINANCIAL



Please see important disclosures, chart explanations, summary and commentary at the end of this report.

© Copyright 2018 Ned Davis Research, Inc. Further distribution prohibited without prior permission. All Rights Reserved. See NDR Disclaimer at www.ndr.com/copyright.html. For vendor disclaimers refer to www.ndr.com/vendorinfo/.

Supply Chain Issues Easing



IE770



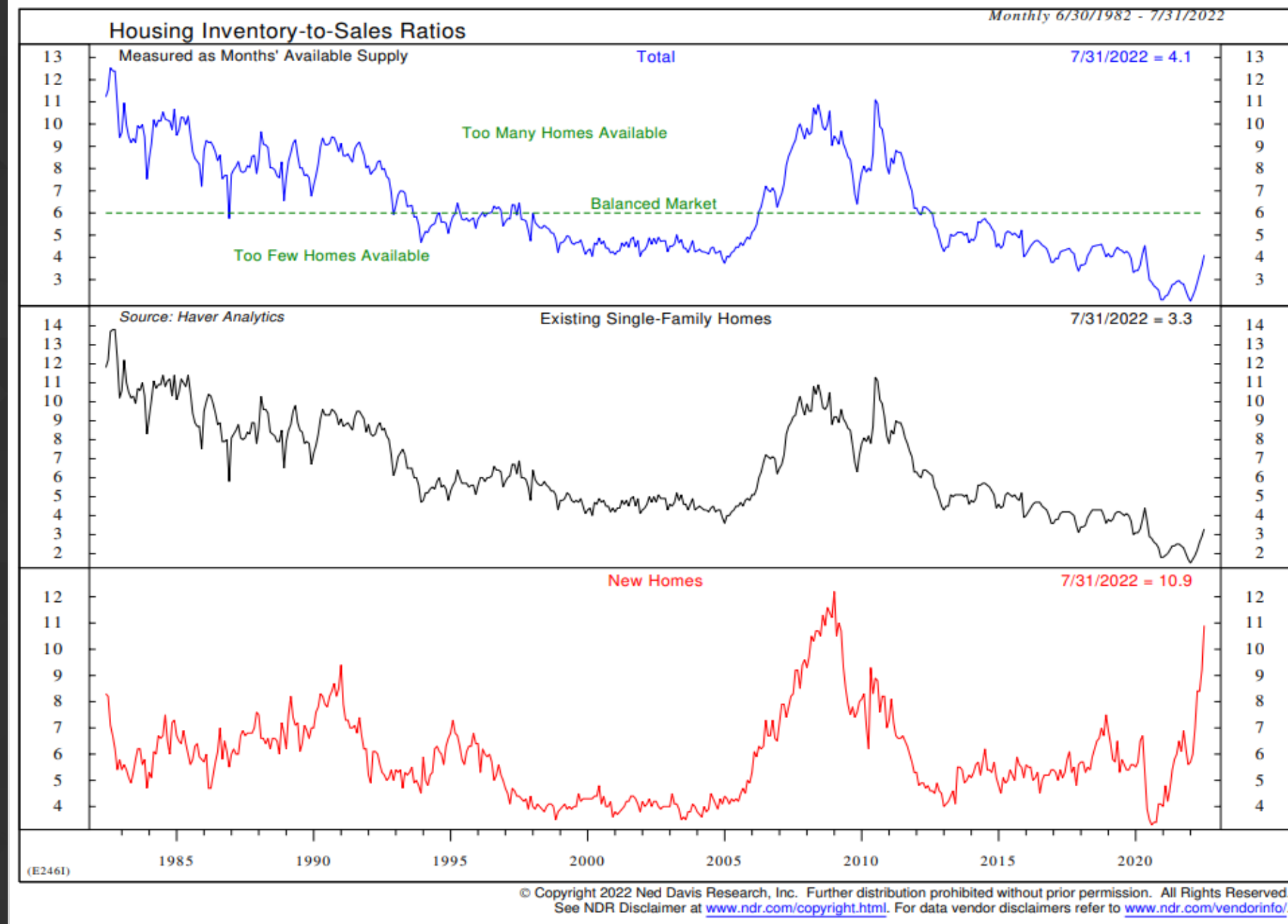
© Copyright 2022 Ned Davis Research, Inc. Further distribution prohibited without prior permission. All Rights Reserved. See NDR Disclaimer at www.ndr.com/copyright.html. For data vendor disclaimers refer to www.ndr.com/vendorinfo/

BWM
FINANCIAL

Please see important disclosures, chart explanations, summary and commentary at the end of this report.
 © Copyright 2018 Ned Davis Research, Inc. Further distribution prohibited without prior permission. All Rights Reserved. See NDR Disclaimer at www.ndr.com/copyright.html. For vendor disclaimers refer to www.ndr.com/vendorinfo/

Housing market beginning to crack

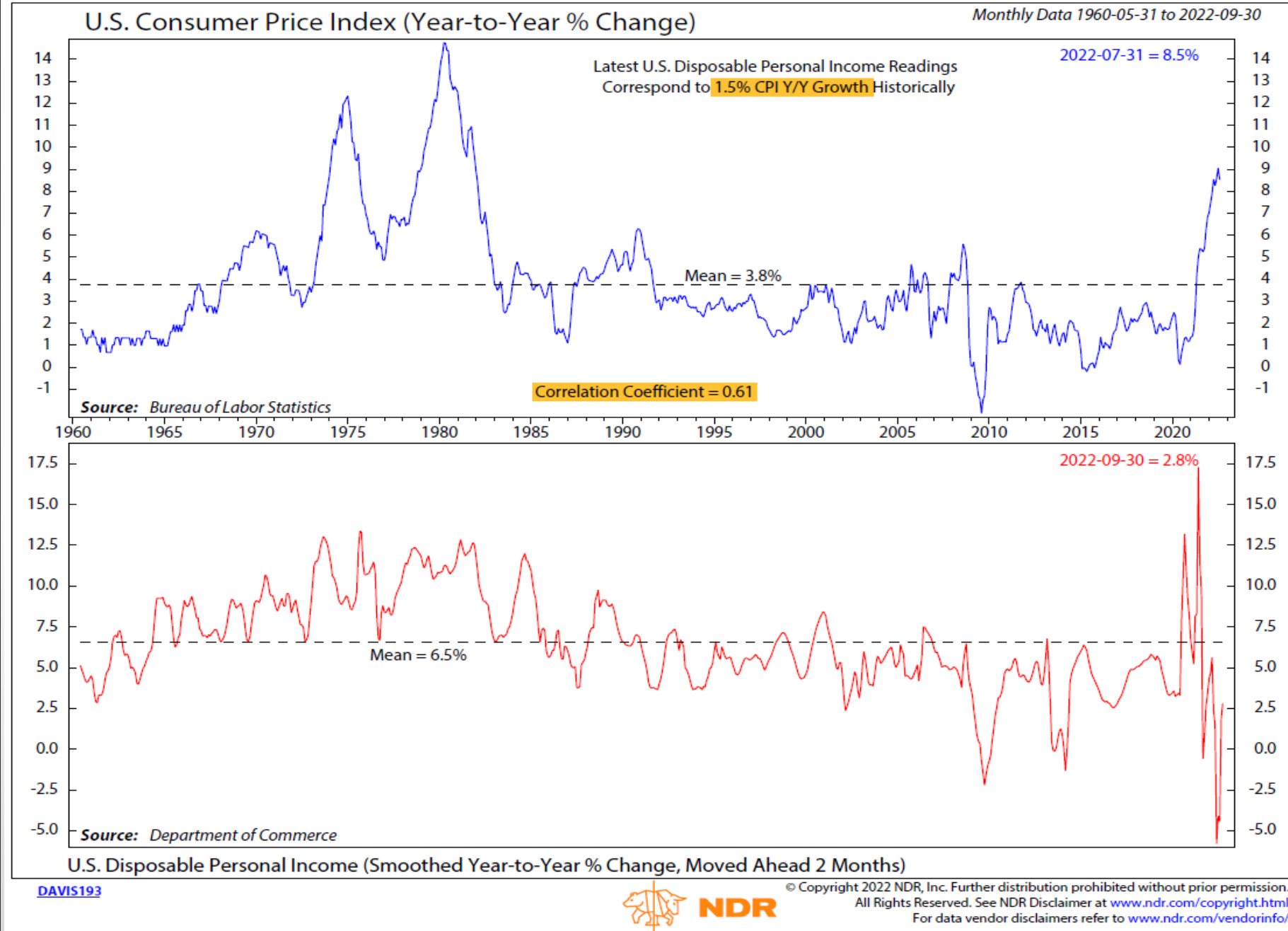
BWM
FINANCIAL



Please see important disclosures, chart explanations, summary and commentary at the end of this report.

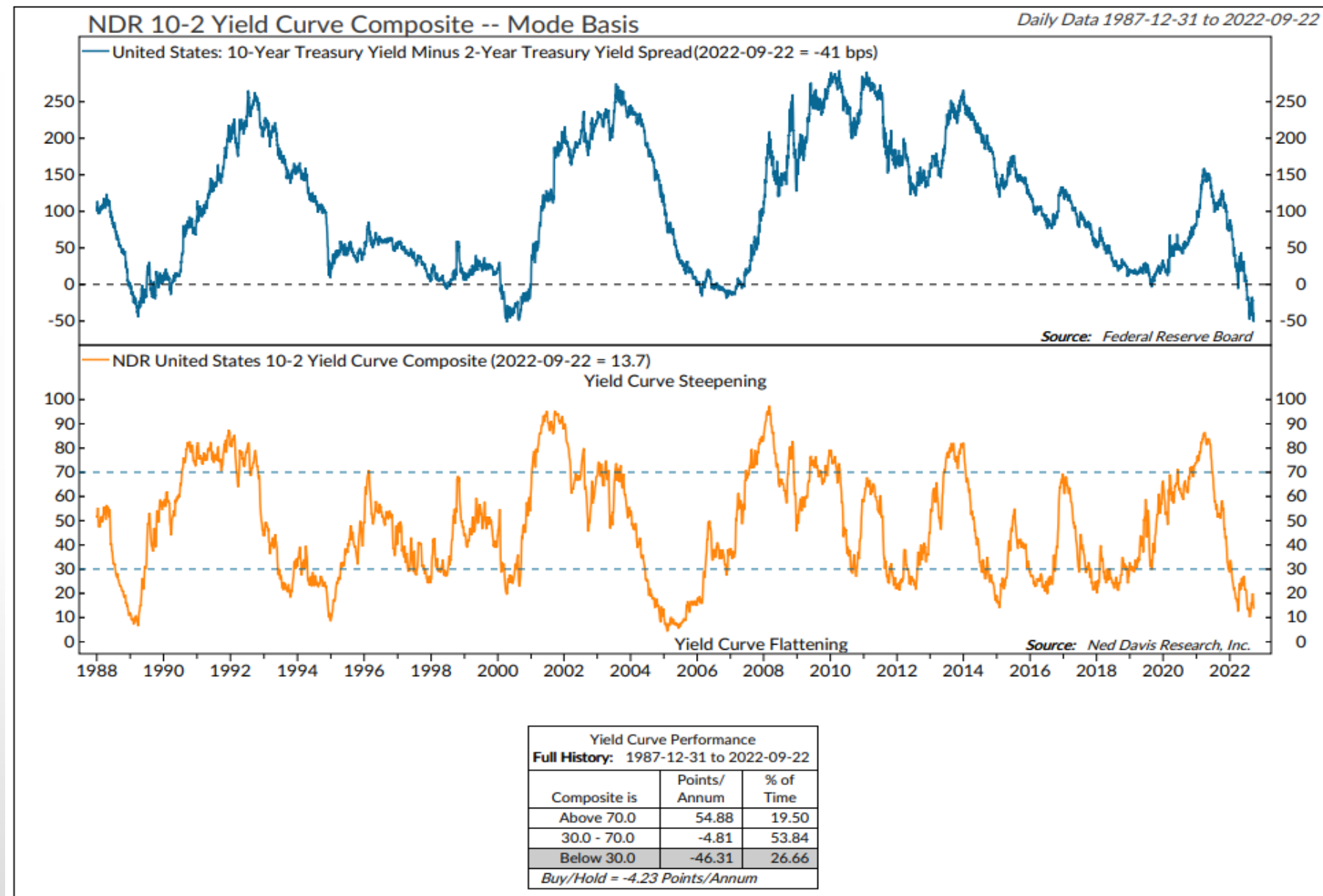
© Copyright 2018 Ned Davis Research, Inc. Further distribution prohibited without prior permission. All Rights Reserved. See NDR Disclaimer at www.ndr.com/copyright.html. For vendor disclaimers refer to www.ndr.com/vendorinfo/.

Current income
growth
consistent with
just 1.5% CPI
growth

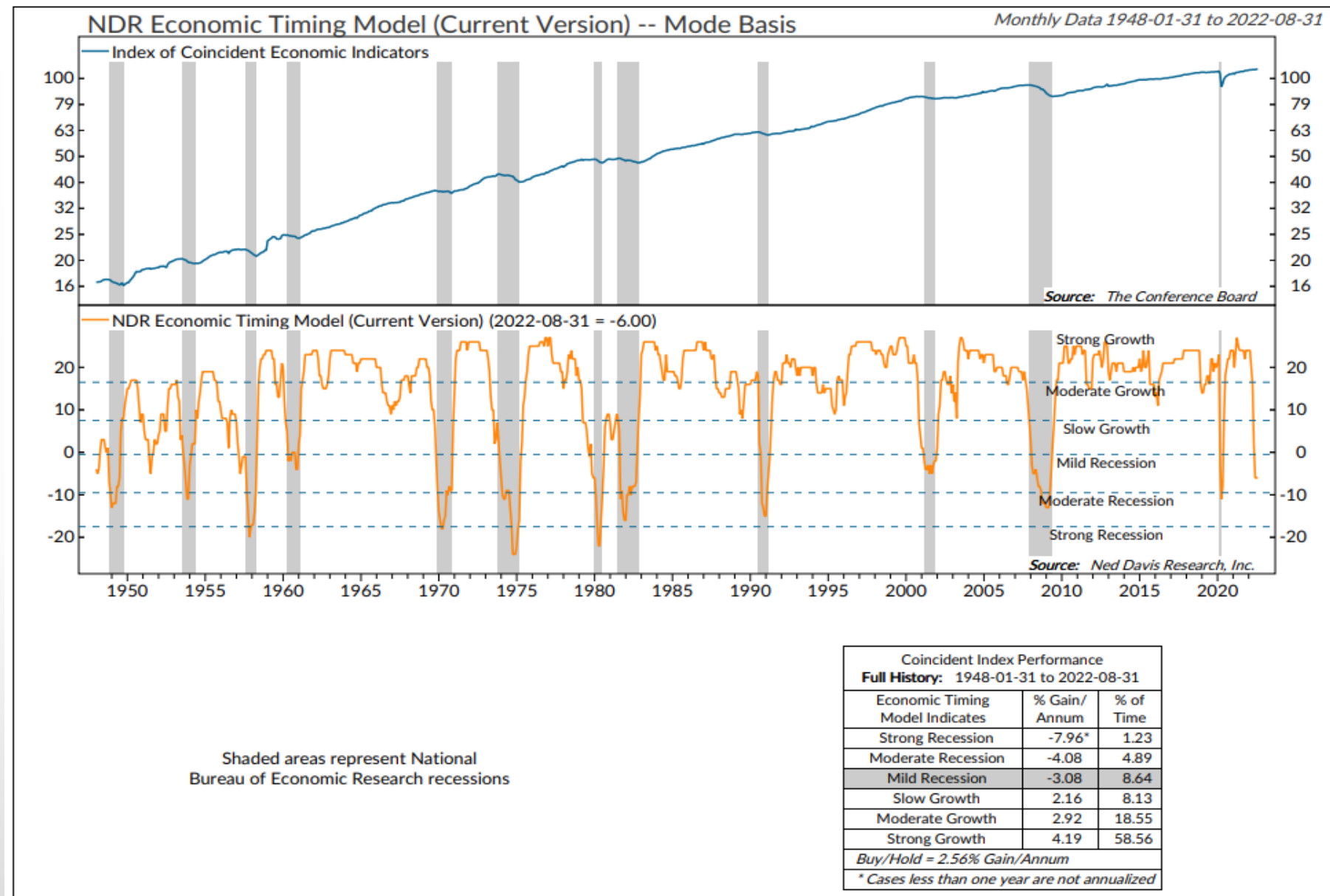


Please see important disclosures, chart explanations, summary and commentary at the end of this report.

Yield curves inverting



Are we in a 'Mild Recession'?



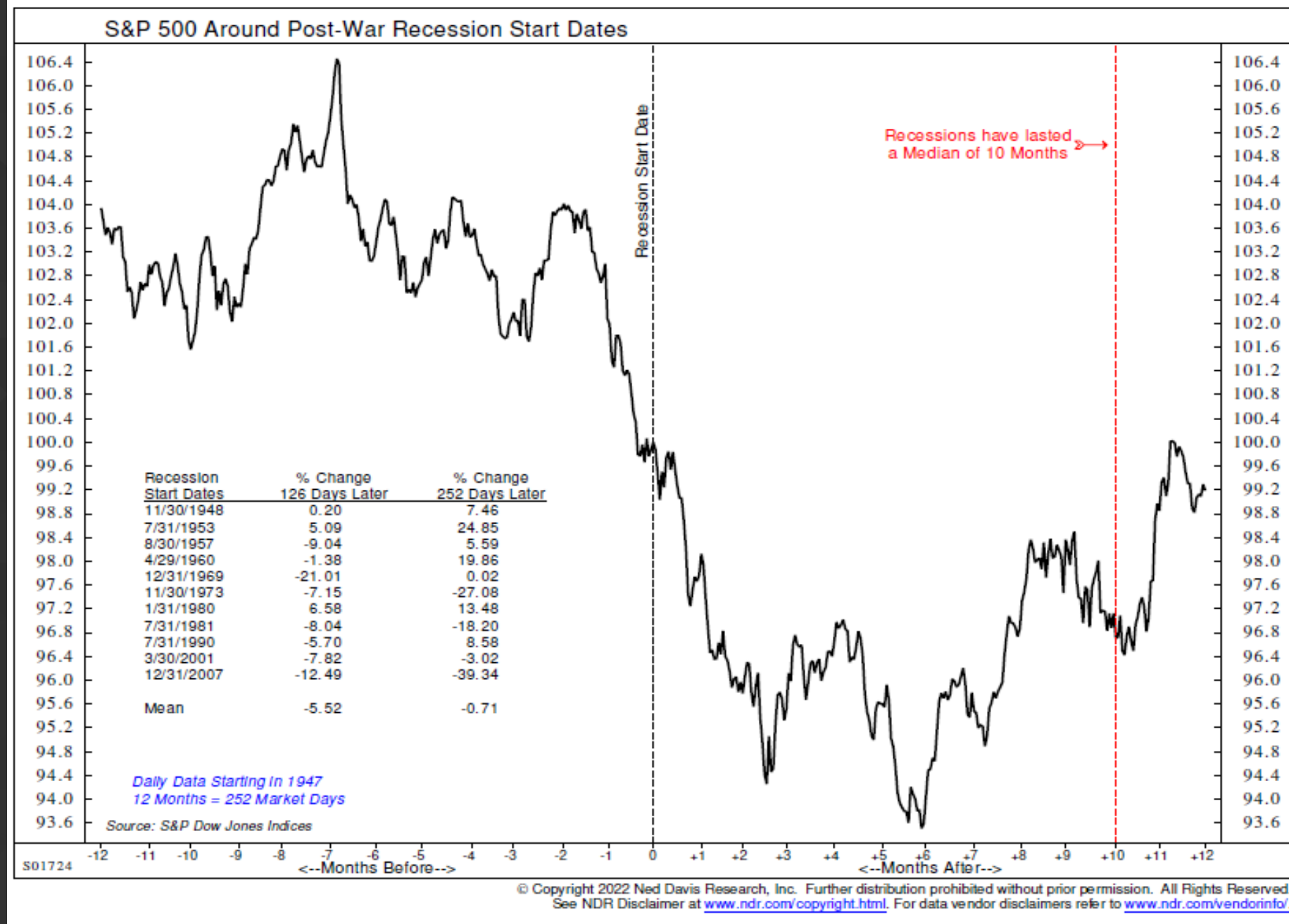
E2A



© Copyright 2022 Ned Davis Research, Inc. Further distribution prohibited without prior permission. All Rights Reserved. See NDR Disclaimer at www.ndr.com/copyright.html. For data vendor disclaimers refer to www.ndr.com/vendorinfo/

Market timing around recessions is tricky

BWM
FINANCIAL

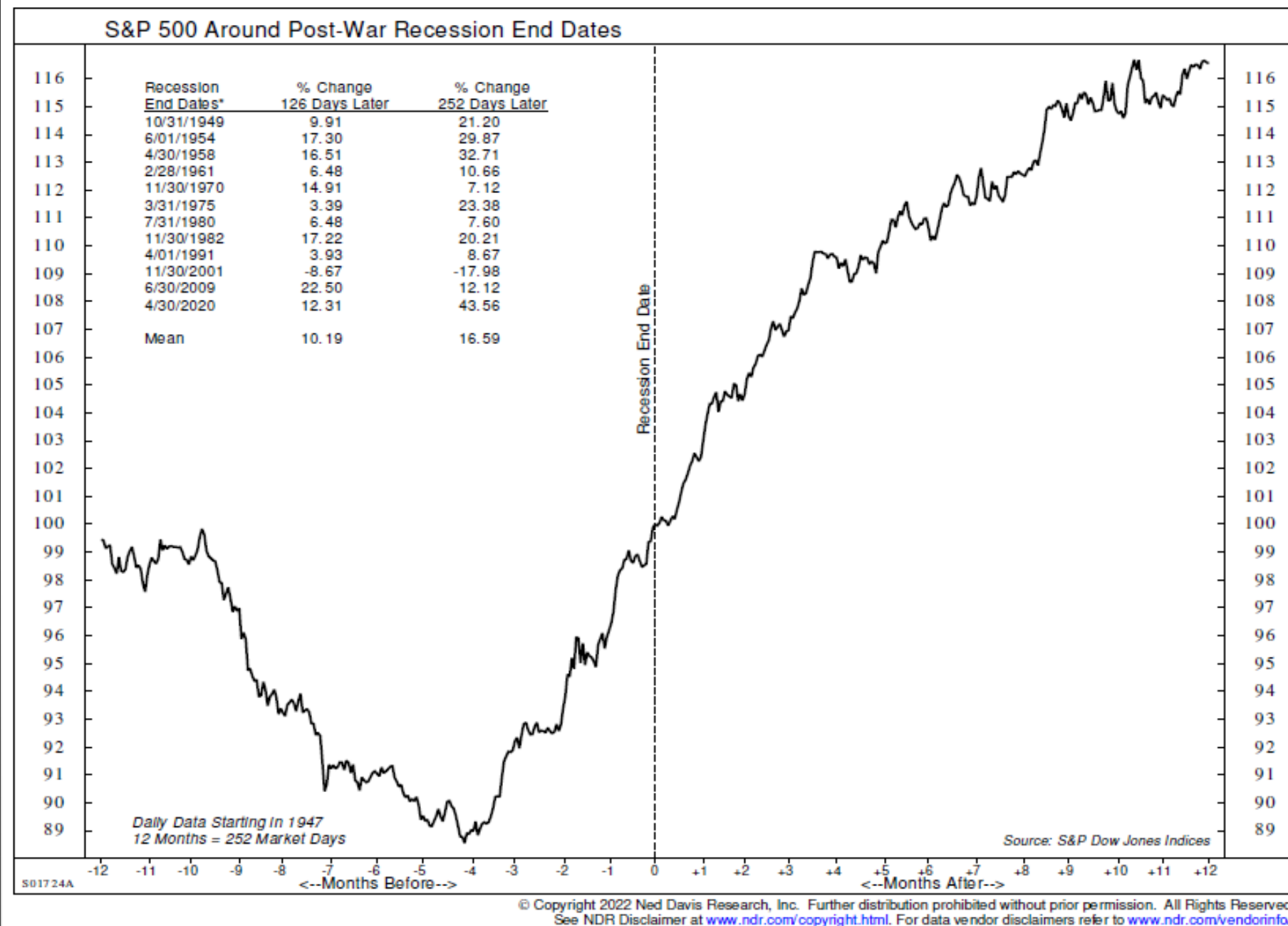


Please see important disclosures, chart explanations, summary and commentary at the end of this report.

© Copyright 2018 Ned Davis Research, Inc. Further distribution prohibited without prior permission. All Rights Reserved. See NDR Disclaimer at www.ndr.com/copyright.html. For vendor disclaimers refer to www.ndr.com/vendorinfo/

With the best
time to buy
during the
recession

BWM
FINANCIAL



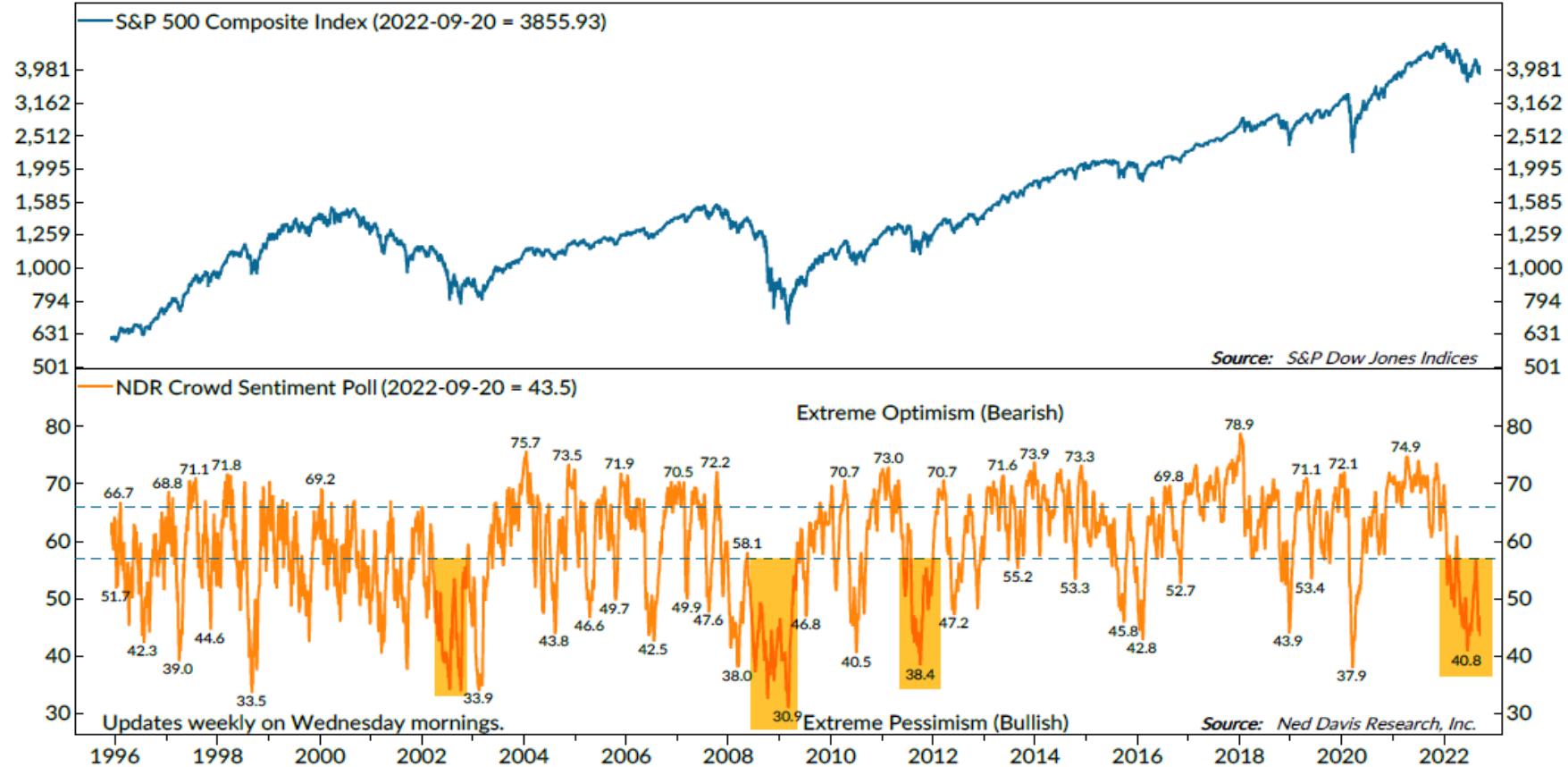
Please see important disclosures, chart explanations, summary and commentary at the end of this report.

© Copyright 2018 Ned Davis Research, Inc. Further distribution prohibited without prior permission. All Rights Reserved. See NDR Disclaimer at www.ndr.com/copyright.html. For vendor disclaimers refer to www.ndr.com/vendorinfo/.

Third longest
stretch of
extreme
pessimism

S&P 500 Index vs. NDR Crowd Sentiment Poll - Transitional Mode Basis

Daily Data 1995-12-01 to 2022-09-20



S&P 500 Index Performance		
Full History: 1995-12-01 to 2022-09-20		
NDR Crowd Sentiment Poll is	% Gain/Annum	% of Time
Above 66.0	-0.41	27.57
57.0 - 66.0 From Above	1.95	17.77
57.0 - 66.0 From Below	20.13	18.52
Below 57.0	9.74	35.73
Buy/Hold = 7.14% Gain/Annum		

S574A



© Copyright 2022 Ned Davis Research, Inc. Further distribution prohibited without prior permission. All Rights Reserved. See NDR Disclaimer at www.ndr.com/copyright.html. For data vendor disclaimers refer to www.ndr.com/vendorinfo/

1 year after 100
days of
pessimism show
gains with
drawdowns

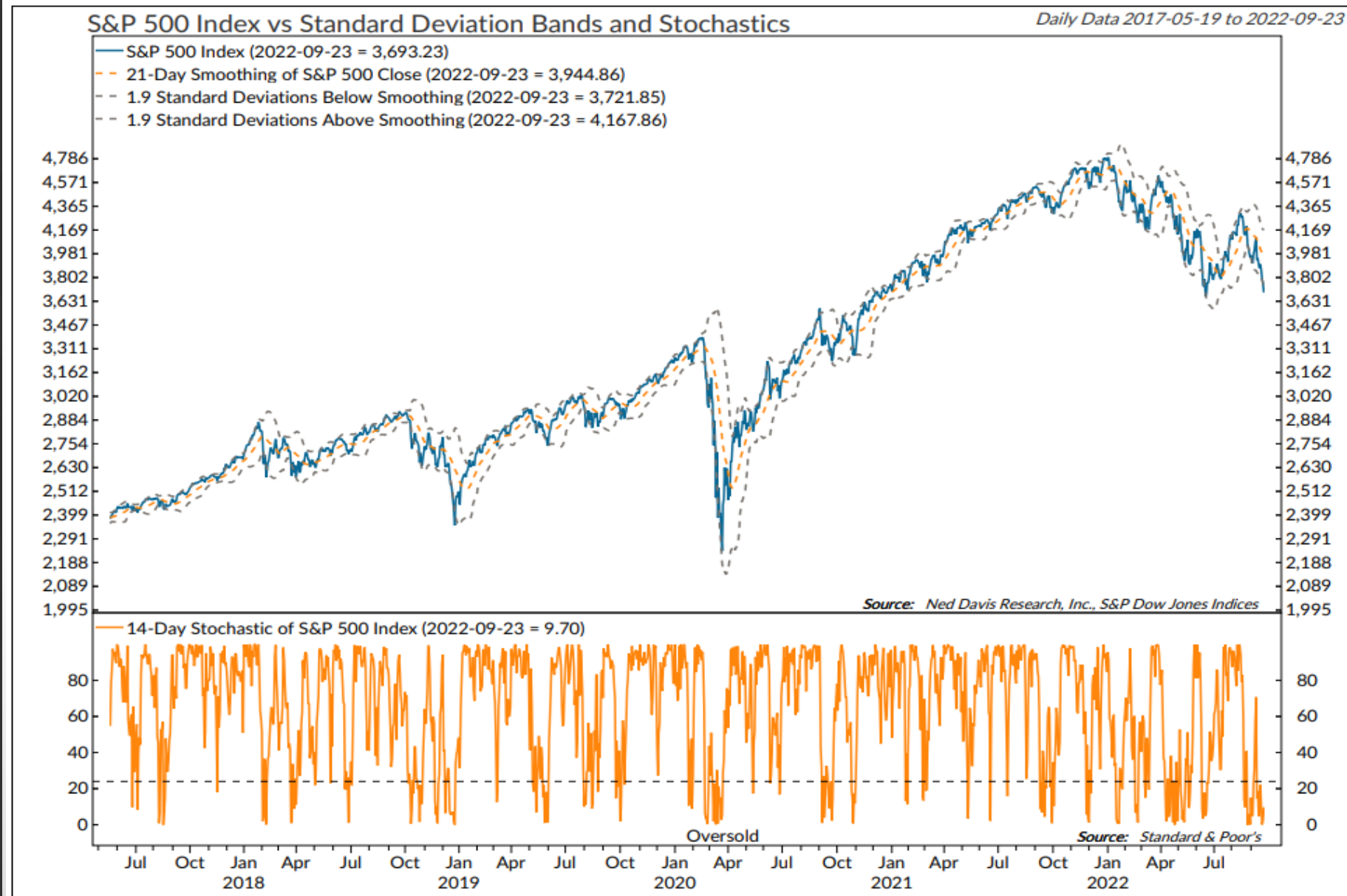
**S&P 500 Index Performance After NDR Crowd Sentiment Poll
in Extreme Pessimism Zone for Exactly 100 Days**

100th Day in Extreme Pessimism	5 Days (%)	21 Days (%)	63 Days (%)	126 Days (%)	252 Days (%)	Max Drawdown 252 Days (%)
8/14/02	3.2	-3.2	-4.0	-11.1	7.7	-19.3
10/10/08	4.6	2.2	-3.2	-6.4	19.7	-32.7
12/19/11	5.0	9.1	16.4	12.5	19.8	-9.9
9/1/22*	2.5*	??	??	??	??	??
Median	4.6	2.2	-3.2	-6.4	19.7	-19.3

*2022 case not included in summary statistics. Days = trading days.

Four Steps to Bottoming Process: 1 – Oversold 2 – Rally 3 - Retest

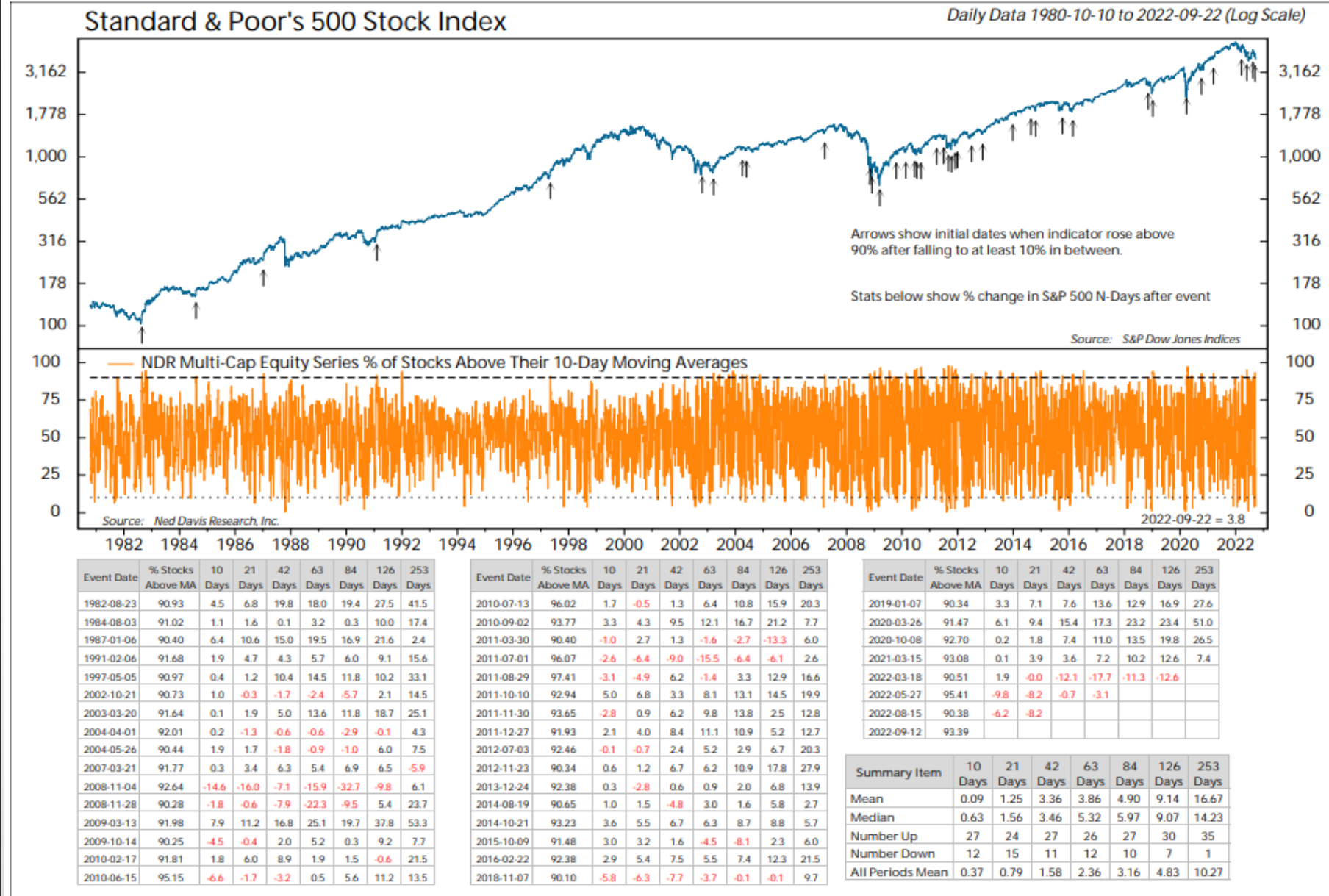
BWM
FINANCIAL



© Copyright 2022 Ned Davis Research, Inc. Further distribution prohibited without prior permission. All Rights Reserved. See NDR Disclaimer at www.ndr.com/copyright.html. For data vendor disclaimers refer to www.ndr.com/vendorinfo/

Please see important disclosures, chart explanations, summary and commentary at the end of this report.
 © Copyright 2018 Ned Davis Research, Inc. Further distribution prohibited without prior permission. All Rights Reserved. See NDR Disclaimer at www.ndr.com/copyright.html. For vendor disclaimers refer to www.ndr.com/vendorinfo/

4. Breadth Thrusts



BWM Tactical Positioning

BWM
FINANCIAL

Please see important disclosures, chart explanations, summary and commentary at the end of this report.

	OVERWEIGHT	MARKETWEIGHT	UNDERWEIGHT
Stocks	○		
Bonds			○
Cash	○		
U.S.		○	
Large Cap		○	
Mid/Small Cap		○	
International		○	
Credit		○	
Duration			○
Gold			

No strategy assures success or protects against loss.

Bottom Line

- Its all about inflation and central banks
- While there are signs inflation has peaked, we have been surprised before
- Fed hike expectations have dropped dramatically in recent weeks
- Recession indicators have increased, the timing and 'declaration' is not the best strategy for tactical asset mgt
- Extreme Pessimism a positive in an otherwise dreary market
- BWM will monitor the four-step bottoming process of: Oversold, Rally, Retest and Breadth thrusts to determine next equity portfolio adjustment.



Please see important disclosures, chart explanations, summary and commentary at the end of this report.

Executive Summary



Please see important disclosures, chart explanations, summary and commentary at the end of this report.

- Slide 2 – this chart graphs the year-to-year change of a GDP-weighted average Consumer Price Index (CPI) for five major countries/regions in the top clip and the individual country/region CPIs in clips two through six. The Consumer Price Index measures the change in the prices of goods and services in a given country or region. This chart provides broad perspective on the inflationary pressures in the world's major economies.
- Slide 3 – This chart compares the MSCI All Country World Index (ACWI) to central bank interest rates changes. The top clip in this chart plots the MSCI ACWI in local currency. The bottom clip plots the percentage of central banks whose last rate change was a decrease in interest rates. As can be seen, global equity returns trend lower when more than half of the world's central banks are tightening policy.
- Slide 4 – This chart represents the relationship between business conditions and global equity returns. The top clip plots the MSCI world Index. The bottom clip plots J.P. Morgan's Global Manufacturing Purchasing Managers' Index (PMI), an index based on monthly surveys which tracks changes in production, new orders, inventories, employment, and prices. Global equity returns trend lower when PMI is lower.
- Slide 5 – this chart represents each FOMC participant's projection for the federal funds rate. The dots reflect what each participant thinks will be the appropriate midpoint of the fed funds rate at the end of each calendar year. The chart currently indicates higher rates through the end of 2023 with rates falling below 3% by the end of 2026.
- Slide 6 – This chart shows the PCE Price Index Ex-Food & Energy versus the Federal Reserve's Index of Common Inflation Expectations, which combines 21 market and survey-based measures of expected inflation. The chart currently shows that market expectations for inflation have remained close to historical levels despite significantly higher levels of actual inflation.
- Slide 7 – this chart plots the year-to-year change in Core Commodities CPI and Service CPI (Ex-Energy). As can be seen, Core Commodity CPI has fallen from recent highs while Services CPI has risen.
- Slide 8 – this chart represents relationship between inflation (measured by OECD CPI) and supply chain conditions (measure by GSCPI). The GSCPI (Global Supply Chain Pressure Index) is a composite of 27 indicators of supply chain pressure published by the Federal Reserve Bank of New York. The chart indicates that CPI follows supply chain pressure, suggesting that easing supply chain pressure could lead to lower inflation.
- Slide 9 – This chart plots total, existing, and new housing inventory measured in months' of available supply (top, middle, and bottom clip respectively). Six months of available supply indicates a balanced market, while greater than 6 months indicates too many homes for sale, and lower than six months indicates too few homes for sale. The chart currently indicates too few homes are available, but inventories are trending higher.
- Slide 10 – This chart plots the year-to-year percent change in the consumer price index versus disposable personal income. The chart suggests that personal income is a driver inflation. Based on this relationship, the current DPI level indicates 1.5% CPI growth year-over-year.
- Slide 11 – The top clip of this chart plots the US 10-year treasury yield minus the 2-year treasury yield. The curve is currently inverted, with short term yields higher than long term yields. The bottom clip plots Ned Davis' US 10-2 Yield Curve composite, a technical indicator of the direction of the yield curve. The model currently suggests that the yield curve is flattening.

Executive Summary

- Slide 12 – this chart shows the performance of the economy (measured by the Index of Coincident Economic Indicators, top clip) and the latest version of NDR's Economic Timing Model (bottom clip), along with its hypothetical performance. The NDR Economic Timing Model consists of 27 different economic indicators that monitor a different sector of the economy. The individual indicators are combined to produce an indication on the direction of the economy. Currently the model indicates mild recession.
- Slide 13 – This chart plots S&P 500 performance 12 months before and after the start of a recession. The chart indicates that, on average, the market falls in the months leading into a recession and continues to fall for about 6 months before bottoming. The median recession has lasted 10 months and the average performance 12 months after the start of the recession has been -0.71%.
- Slide 14 – This chart plots S&P 500 performance 12 months before and after the end of a recession. The chart indicates that, on average, the market begins to rise 4 months before the end of a recession. The average performance 12 months after the end of the recession has been 16.59%.
- Slide 15 – This chart provides perspective on a composite sentiment indicator designed to highlight short- to intermediate-term swings in investor psychology. The composite is based on seven individual sentiment indicator and the reading shows what percentage of all the investors represented by the data can be classified as bullish on the stock market at any given time. Sentiment is currently in the extreme pessimism zone (most investors are bearish), indicating stock prices may be near a bottom.
- Slide 16 – this table shows S&P 500 returns after the NDR Crowd Sentiment poll is in the extreme pessimism zone for 100 days. The table indicates that equity returns have historically been strong, but with large drawdowns during the following year.
- Slide 17 – This chart plots the S&P 500 in the top clip along with the 21-day moving average, and 1.9 standard deviations below and above that moving average. The bottom clip shows the 14-day stochastics, a measurement of whether stocks are closing near the top or bottom of their price range. A stochastic level below the dashed line may indicated that a market is oversold.
- Slide 18 – This chart represents the percentage of stocks in Ned Davis' "Multi-Cap Institutional Equity Series" that are above their 10-day moving averages. The top clip represents the Standard & Poor's 500 Stock Index, where the bottom clip represents the percentage of stocks trading above their 10-day moving average. The arrows in the top clip represent the initial dates when the indicator rose above 90% of stocks trading above their 10-day moving averages, after falling to at least 10% in between. The table in the upper left hand corner of the top clip represents statistics for the indicator arrows. The table in the bottom right hand corner of the top clip represents each signal date, the actual percentage above their 10-day moving average on that date, and the gain on the S&P 500 from 10 to 253 days out from each date.
- Slide 19 - We are currently overweight stocks, underweight bonds, and overweight cash. Within the equity allocation, we are marketweight US, large cap, mid/small cap, and international. Within fixed income, we are marketweight credit and have a focus on owning bonds with shorter duration.

Investment advice offered through Stratos Wealth Partners, Ltd., a Registered Investment Advisor DBA BWM Financial.

The economic forecasts set forth in the presentation may not develop as predicted and there can be no guarantee that strategies promoted will be successful. All performance referenced is historical and there is no guarantee of future results. All indices are unmanaged and may not be invested into directly. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment. Past performance is no guarantee of future results.



Questions?

To Unmute Line: Click microphone button on screen or press *6 on phone. Please re-mute after by clicking microphone again/pressing *6

Please follow BWM Financial on LinkedIn and Facebook for real-time updates on future events, in-house written content, and other shares!