



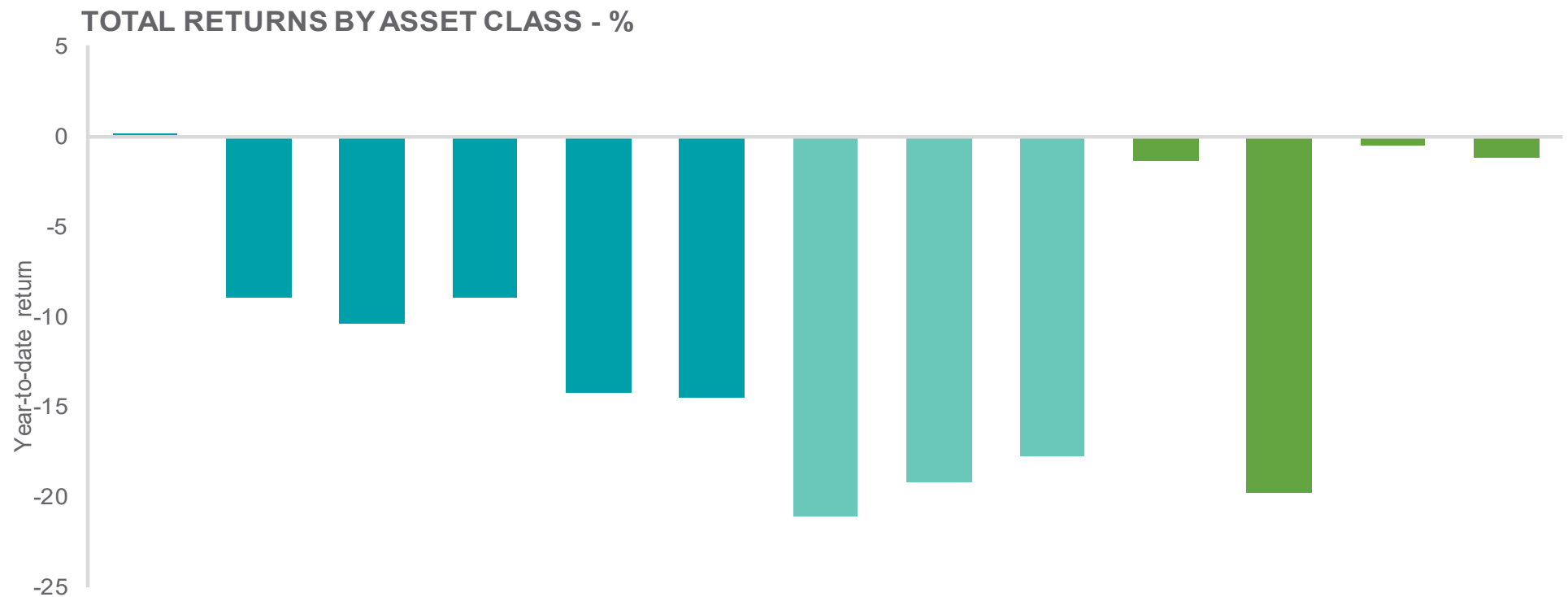
# *Mid-Year Update & Outlook*

*August 2022*

***Prepared By:***

William Fitzgerald  
Vice President, Senior Portfolio Manager  
First Interstate Wealth Management  
Billings, MT

# ASSET CLASS RETURNS



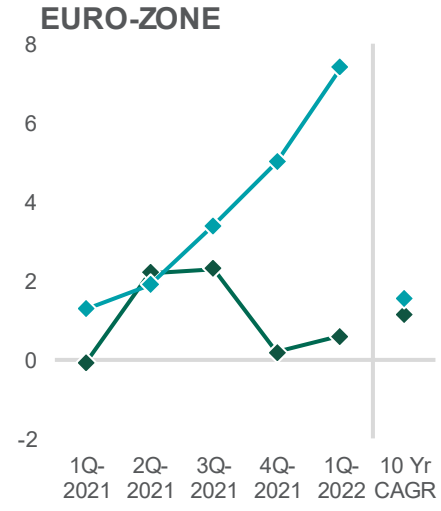
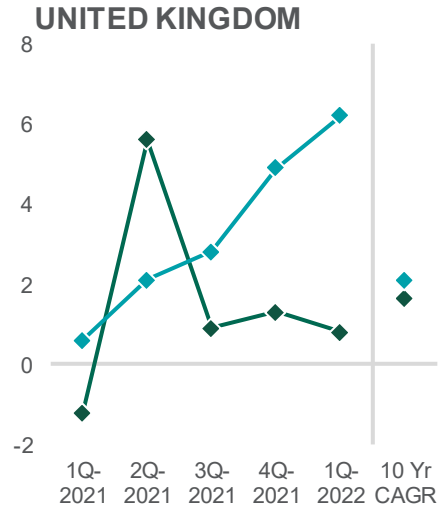
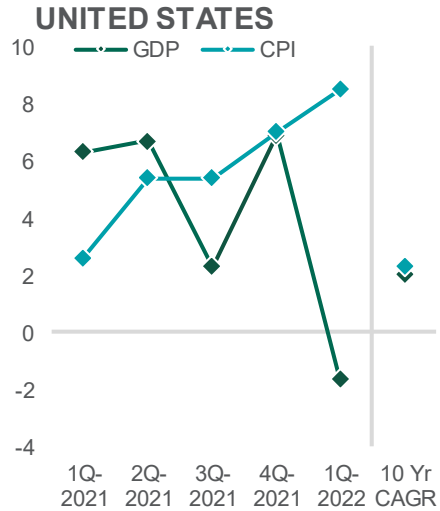
	RISK CONTROL						RISK ASSETS						
	FIXED INCOME						EQUITIES			REAL ASSETS			
	Cash	Municipal Bonds	Inv. Grade	TIPS	High Yield	EM Debt	U.S.	Dev. Ex-U.S.	Emerging Markets	Natural Resources	Gbl. Real Estate	Gbl. Listed Infra.	Gold
■ ■ ■ YTD	0.2	-9.0	-10.3	-8.9	-14.2	-14.5	-21.2	-19.2	-17.8	-1.4	-19.8	-0.5	-1.2
2021	0.0	1.5	-1.5	6.0	5.3	-8.7	26.1	12.9	0.1	25.2	23.3	11.9	-3.5
2008-YTD	0.6	3.5	3.0	3.4	6.1	1.3	8.9	2.3	1.4	1.4	3.4	3.7	5.4

Source: Northern Trust Investment Strategy, Bloomberg. Gross total returns in USD, year-to-date through 6/30/2022. Equity proxies are MSCI Investable Market Indexes.

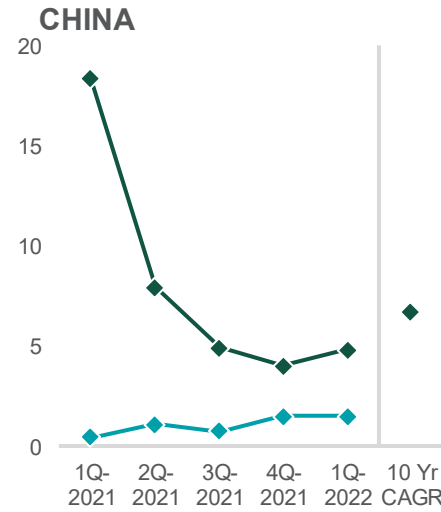
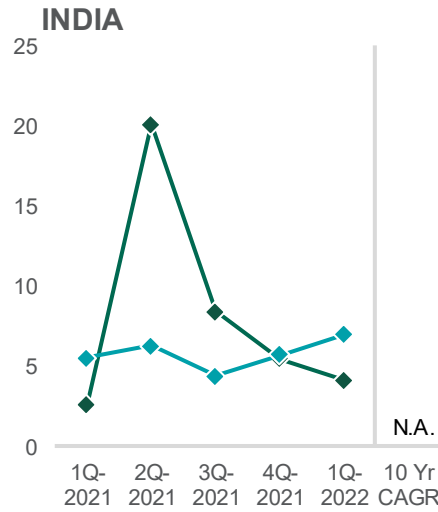
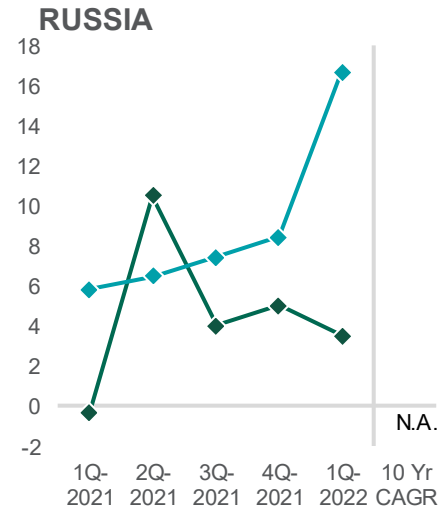
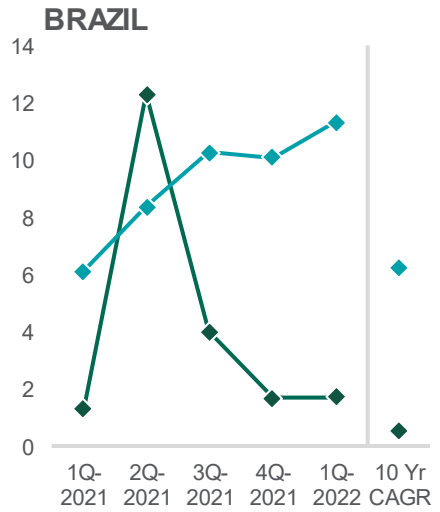
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# GLOBAL GROWTH & INFLATION

DEVELOPED MARKETS



EMERGING MARKETS



Source: Northern Trust Global Asset Allocation, Bloomberg. Developed market GDP growth is quarter-on-quarter growth annualized, emerging market GDP growth is year-on-year growth. 10 year compound annual growth rate (CAGR) measured from 3/31/2012 through 3/31/2022.

Region: United States »

Instrument: Fed Funds Futures »

Target Rate 2.50

Pricing Date

08/01/2022

Effective Rate 2.32

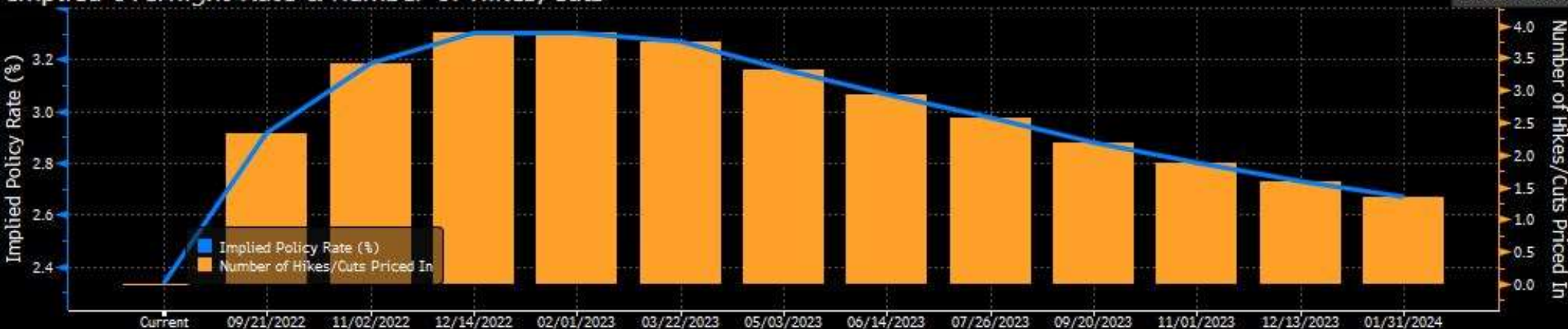
Cur. Imp. O/N Rate

2.331

Meeting	#Hikes/Cuts	%Hike/Cut	Imp. Rate Δ	Implied Rate	A.R.M. ▲
09/21/2022	+2.338	+233.8%	+0.584	2.916	0.250
11/02/2022	+3.419	+108.1%	+0.855	3.186	0.250
12/14/2022	+3.885	+46.6%	+0.971	3.302	0.250
02/01/2023	+3.896	+1.1%	+0.974	3.305	0.250
03/22/2023	+3.745	-15.1%	+0.936	3.267	0.250
05/03/2023	+3.324	-42.1%	+0.831	3.162	0.250
06/14/2023	+2.937	-38.8%	+0.734	3.065	0.250
07/26/2023	+2.565	-37.2%	+0.641	2.972	0.250
09/20/2023	+2.200	-36.5%	+0.550	2.881	0.250
11/01/2023	+1.874	-32.6%	+0.469	2.800	0.250
12/13/2023	+1.579	-29.5%	+0.395	2.726	0.250 ▼

Implied Overnight Rate &amp; Number of Hikes/Cuts

Maximize



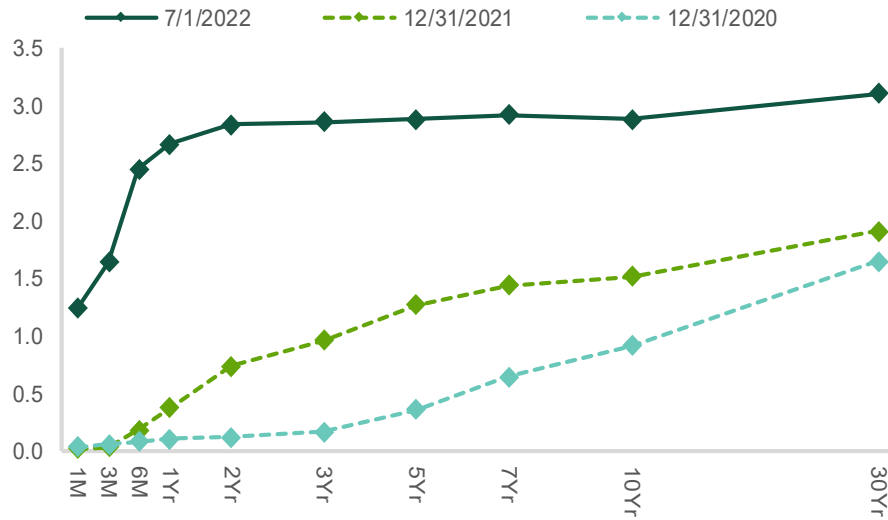
EUR Curncy (Euro Spot)



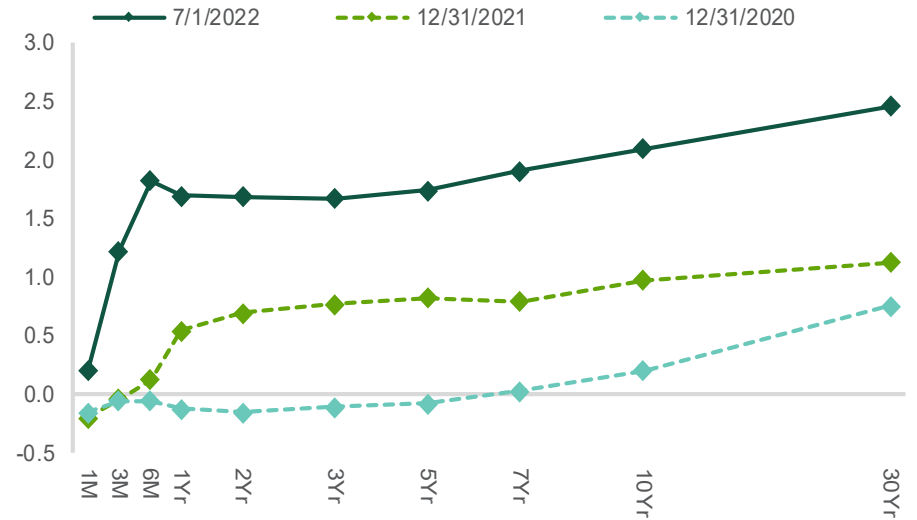
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# FIXED INCOME: YIELD CURVES

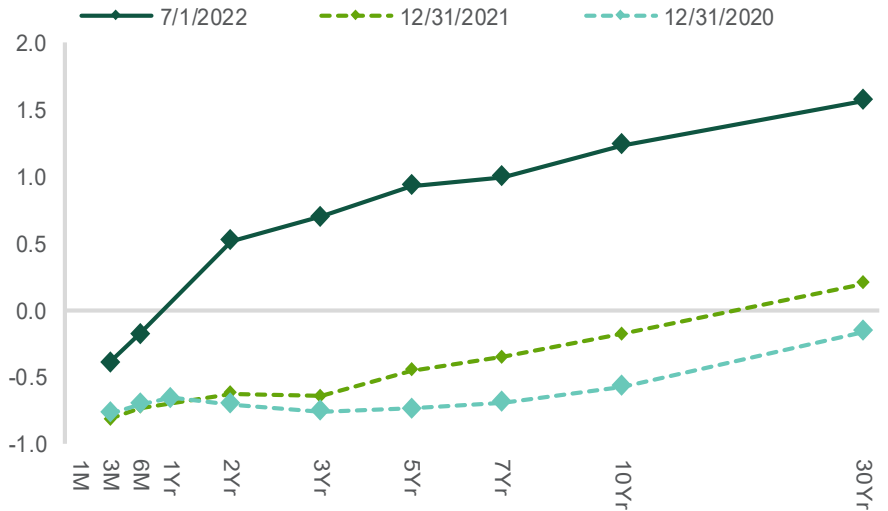
## U.S. TREASURY YIELD CURVE - %



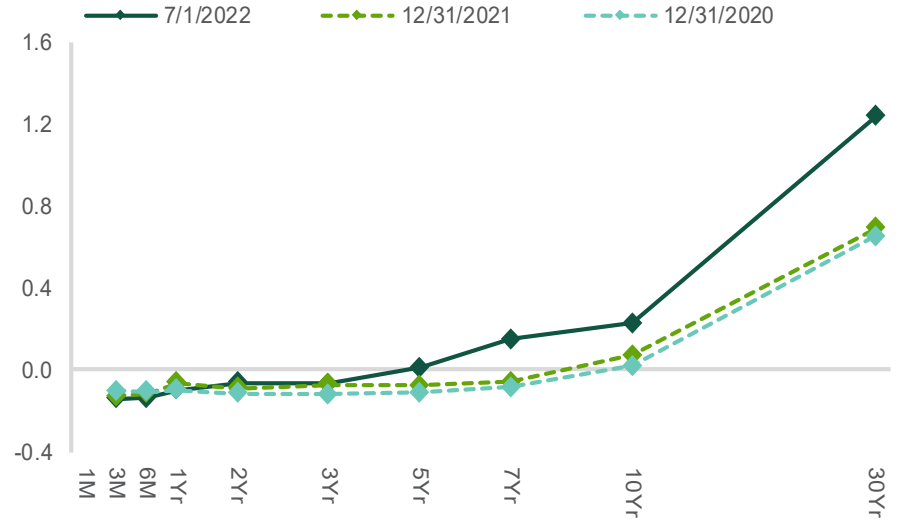
## U.K. GOVERNMENT YIELD CURVE - %



## EURO BENCHMARK YIELD CURVE - %

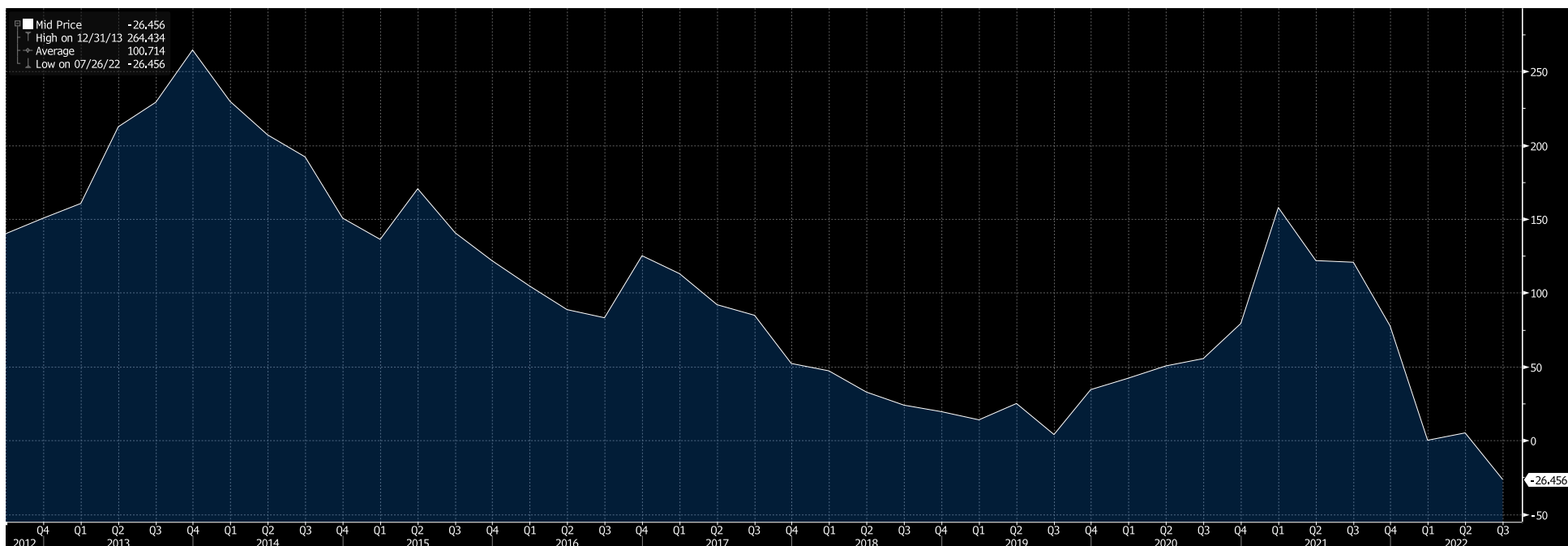


## JAPAN GOVERNMENT YIELD CURVE - %



Source: Northern Trust Global Asset Allocation, Bloomberg. Data as of 7/1/2022.

USYC2Y10 Index (Market Matrix US Sell 2 Year & Buy 10 Year Bond Yield Spread)



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# FIXED INCOME PERFORMANCE

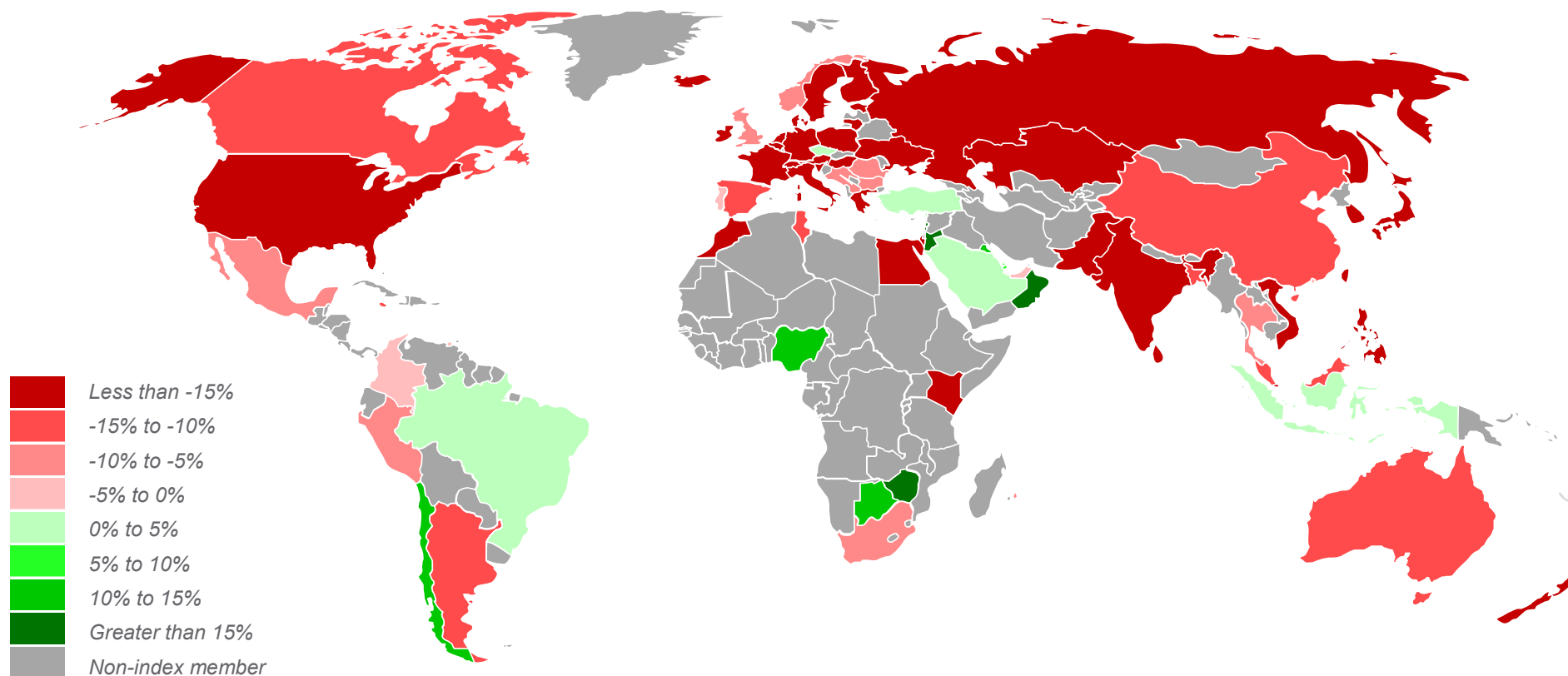
FIXED INCOME		WEIGHT	YTD	1-MONTH	3-MONTH	6-MONTH	1-YEAR	3-YEAR	5-YEAR	10-YEAR
Cash			0.2%	0.0%	0.1%	0.2%	0.2%	0.6%	1.1%	0.6%
U.S. TIPS			-8.9%	-3.2%	-6.1%	-8.9%	-5.1%	3.0%	3.2%	1.7%
U.S. Investment Grade			-10.3%	-1.6%	-4.7%	-10.3%	-10.3%	-0.9%	0.9%	1.5%
Sector	Securitized	30.1%	-8.7%	-1.5%	-3.9%	-8.7%	-9.0%	-1.3%	0.5%	1.3%
	U.S. Treasury	40.5%	-9.1%	-0.9%	-3.8%	-9.1%	-8.9%	-0.9%	0.7%	1.0%
	Corporate	24.0%	-14.4%	-2.8%	-7.3%	-14.4%	-14.2%	-1.0%	1.3%	2.6%
	Agency	1.8%	-6.0%	-0.7%	-1.9%	-6.0%	-6.5%	-0.2%	1.1%	1.2%
	Government-Related	3.5%	-9.2%	-1.3%	-4.0%	-9.2%	-9.3%	-0.8%	1.0%	1.6%
Rating	AAA	73.5%	-8.9%	-1.2%	-3.8%	-8.9%	-8.9%	-1.0%	0.7%	1.1%
	AA	3.1%	-12.3%	-1.7%	-5.6%	-12.3%	-12.0%	-1.2%	0.9%	1.7%
	A	10.7%	-13.3%	-2.4%	-6.5%	-13.3%	-13.3%	-1.0%	1.1%	2.4%
	BBB	12.7%	-15.2%	-3.2%	-7.9%	-15.2%	-14.9%	-1.0%	1.5%	2.9%
Credit				-2.6%	-6.9%	-13.8%	-13.6%	-1.0%	1.2%	2.5%
Sector	Corporate	85.6%	-14.4%	-2.8%	-7.3%	-14.4%	-14.2%	-1.0%	1.3%	2.6%
	Industrial	50.2%	-15.3%	-3.0%	-7.9%	-15.3%	-15.0%	-1.2%	1.2%	2.4%
	Utility	7.2%	-16.6%	-2.7%	-8.5%	-16.6%	-16.2%	-1.5%	0.9%	2.4%
	Financial Institutions	28.2%	-12.1%	-2.5%	-5.7%	-12.1%	-12.1%	-0.4%	1.5%	3.0%
	Non-Corporate	14.4%	-10.2%	-1.5%	-4.7%	-10.2%	-10.2%	-1.0%	1.0%	1.8%
U.S. High Yield			-14.2%	-6.7%	-9.8%	-14.2%	-12.8%	0.2%	2.1%	4.5%
Rating	Ba	52.3%	-13.9%	-6.4%	-8.4%	-13.9%	-12.3%	1.2%	2.8%	4.8%
	B	36.1%	-13.9%	-7.1%	-10.8%	-13.9%	-12.7%	-0.5%	1.8%	4.0%
	Caa	11.4%	-16.4%	-7.0%	-13.0%	-16.4%	-15.3%	-1.8%	0.3%	4.3%
Municipals			-9.0%	-1.6%	-2.9%	-9.0%	-8.6%	-0.2%	1.5%	2.4%
Emerging Market Debt (local)			-14.5%	-4.5%	-8.6%	-14.5%	-19.3%	-5.8%	-2.3%	-1.5%
Emerging Market Debt (hard)			-20.3%	-6.2%	-11.4%	-20.3%	-21.2%	-5.2%	-1.2%	2.2%

Source: Northern Trust Global Asset Allocation, Bloomberg. Total returns through 6/30/2022. Periods > 1 year annualized. Weights updated as of 6/30/2022.

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# YEAR-TO-DATE GLOBAL EQUITY PERFORMANCE



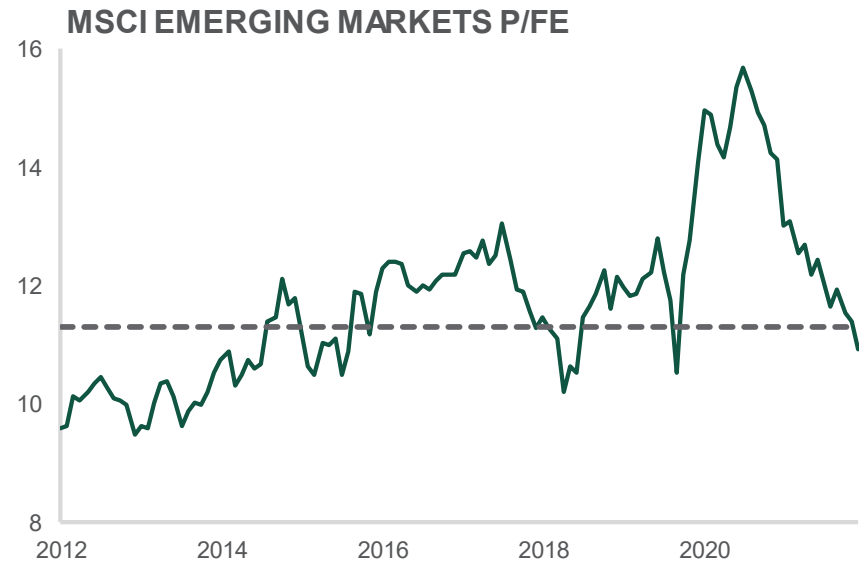
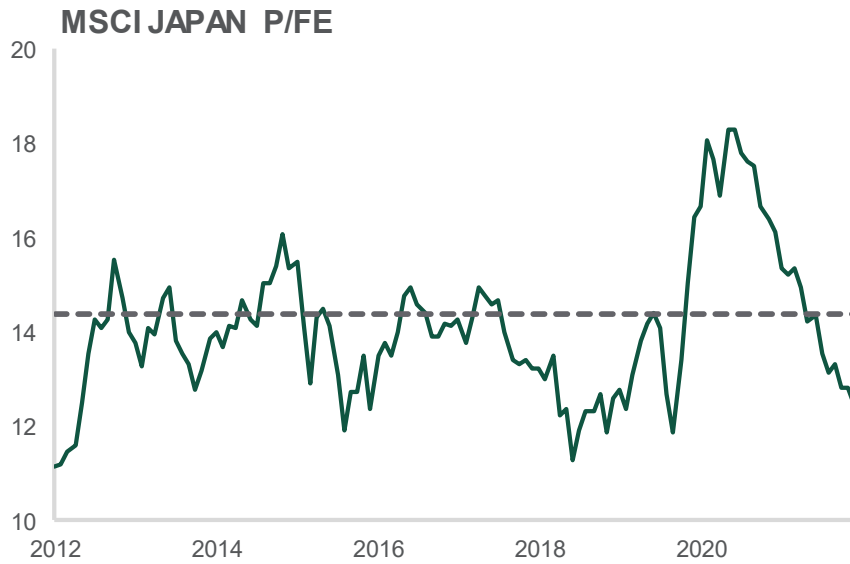
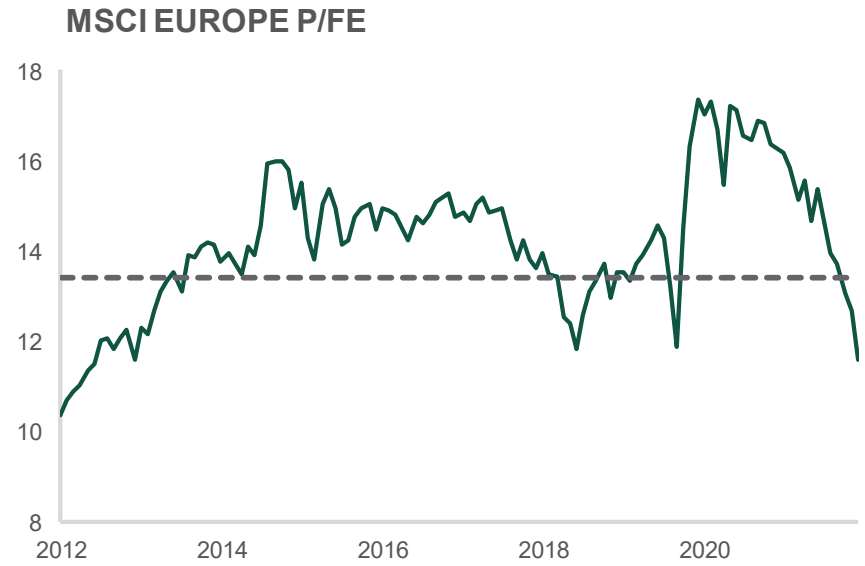
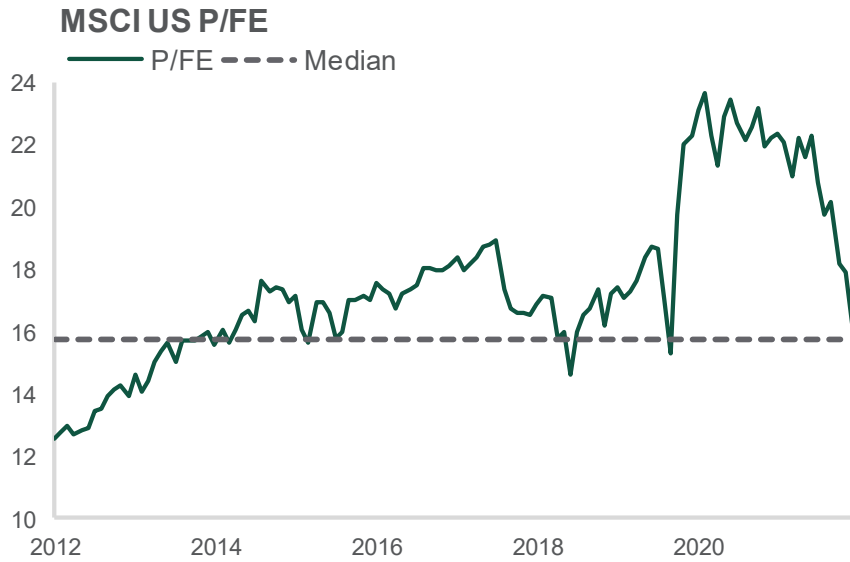
SELECT COUNTRY PERFORMANCE	AMERICAS	EMEA	ASIA PACIFIC			
Developed Markets	United States	-21.1%	Europe ex-UK	-23.6%	Japan	-20.1%
	Canada	-11.6%	United Kingdom	-8.8%	Australia	-12.1%
Emerging Markets	Brazil	2.9%	South Africa	-7.0%	China	-11.2%
	Mexico	-7.7%	Qatar	6.7%	India	-15.1%
Frontier Markets		Morocco	-19.5%	Vietnam	-27.4%	
		Nigeria	11.0%	Bangladesh	-13.7%	

Source: Northern Trust, MSCI, Bloomberg. Year-to-date gross total returns in USD through 6/30/2022.

Table: Returns of select countries in each category.

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# GLOBAL PRICE-TO-FORWARD EARNINGS



Source: Northern Trust Global Asset Allocation, Bloomberg, MSCI. Monthly data through 6/30/2022.  
 Gray line represents the median level of data since June 2003.

Past performance is no guarantee of future results.

Range **Current Season**

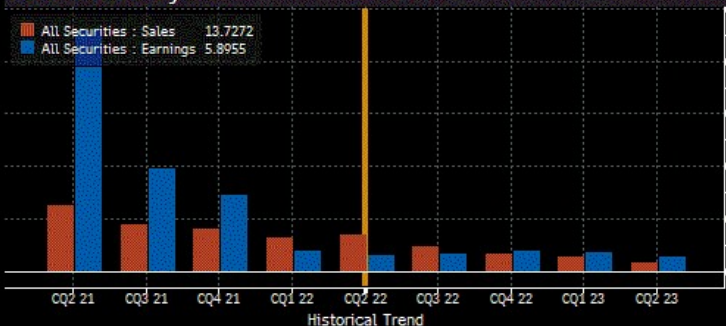
CQ2 Ending: 5/16/2022 - 8/15/2022

Periodicity **Quarter**

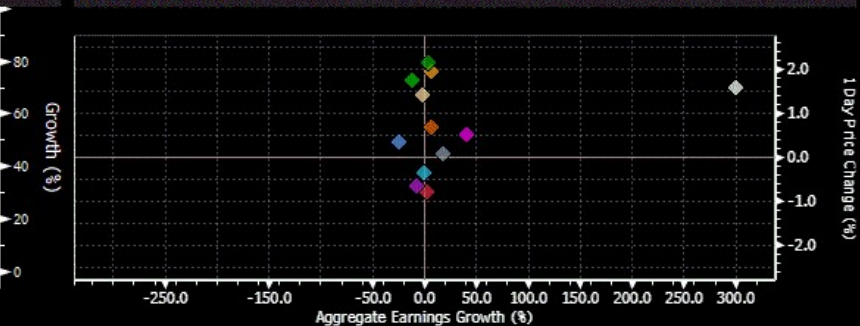
S&P 500 INDEX

	Surprise	Growth	Sales Growth		Earnings Growth	
Sector (GICS)	Reported					
1) All Securities	282 / 498			13.73%		5.90%
12) > Energy	9 / 21			72.42%		299.63%
13) > Materials	15 / 28			13.78%		-0.88%
14) > Industrials	47 / 71			12.86%		40.25%
15) > Consumer Discretionary	30 / 57			15.07%		-12.36%
16) > Consumer Staples	19 / 32			5.45%		2.37%
17) > Health Care	32 / 64			12.97%		17.77%
18) > Financials	55 / 66			0.65%		-25.47%
19) > Information Technology	37 / 76			6.11%		-1.67%
20) > Communication Services	11 / 23			-2.30%		-7.70%
21) > Utilities	10 / 29			21.81%		7.07%
22) > Real Estate	17 / 31			11.08%		3.96%

Historical Analysis



Price Reaction



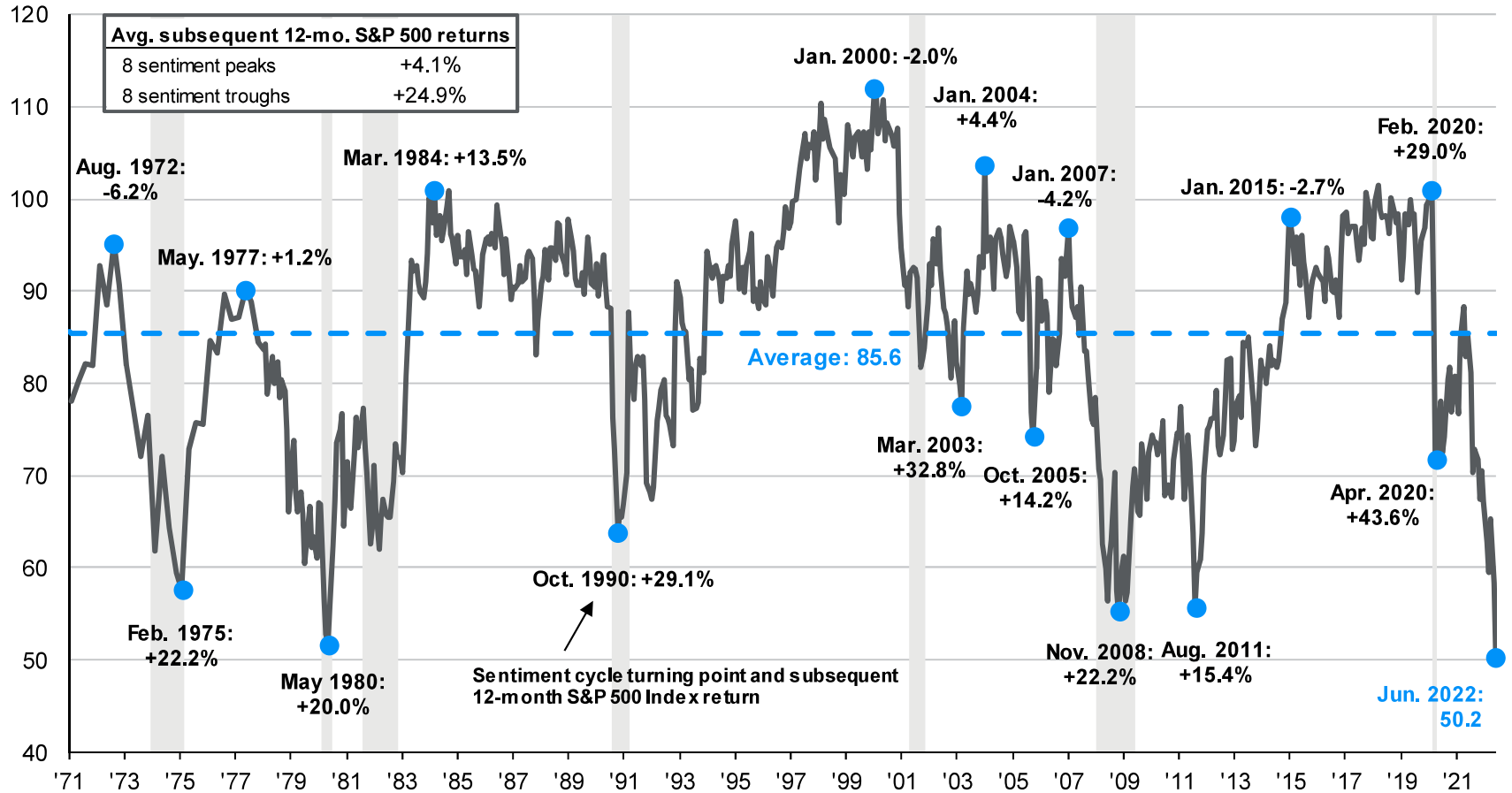


# Consumer confidence and the stock market

GTM U.S.

Economy

## Consumer Sentiment Index and subsequent 12-month S&P 500 returns



Source: FactSet, Standard & Poor's, University of Michigan, J.P. Morgan Asset Management.  
 Peak is defined as the highest index value before a series of lower lows, while a trough is defined as the lowest index value before a series of higher highs. Subsequent 12-month S&P 500 returns are price returns only, which excludes dividends. Past performance is not a reliable indicator of current and future results.  
 Guide to the Markets – U.S. Data are as of June 16, 2022.

Commodities	Level	1 Wk	1 Mo	3 Mos	6 Mos	MTD	QTD	YTD	12 Mos	24 Mos
CRB Commodity Index	\$292.06	2.57%	0.08%	-5.26%	13.73%	0.00%	0.31%	25.69%	33.93%	103.25%
Precious Metals	Level	1 Wk	1 Mo	3 Mos	6 Mos	MTD	QTD	YTD	12 Mos	24 Mos
Gold Spot (\$/troy oz.)	\$1,771.29	3.00%	-2.22%	-6.62%	-1.66%	0.30%	-1.99%	-3.17%	-2.36%	-10.35%
Silver Spot (\$/troy oz.)	\$20.39	11.46%	4.05%	-11.50%	-9.76%	0.96%	0.53%	-12.68%	-20.19%	-15.80%
Platinum (\$/troy oz.)	\$909.83	3.04%	1.91%	-3.14%	-11.64%	1.16%	1.46%	-6.08%	-13.48%	0.52%
Industrial Metals	Level	1 Wk	1 Mo	3 Mos	6 Mos	MTD	QTD	YTD	12 Mos	24 Mos
Copper (\$/Pound)	\$3.97	6.47%	-5.70%	-18.84%	-17.00%	0.00%	-4.03%	-18.63%	-19.12%	22.40%
Aluminum (\$/metric tonne)	\$100.05	0.79%	1.78%	-17.60%	-19.41%	0.00%	2.83%	-10.77%	-4.31%	47.37%
Nickel (\$/metric tonne)	\$23,589	6.74%	-0.66%	-25.70%	3.85%	0.00%	4.14%	13.01%	18.93%	70.43%
Energy	Level	1 Wk	1 Mo	3 Mos	6 Mos	MTD	QTD	YTD	12 Mos	24 Mos
Crude Oil (WTI \$/bbl)	\$93.90	-2.90%	-13.40%	-10.31%	6.46%	-4.79%	-11.21%	24.85%	26.98%	133.18%
Heating Oil (\$/Gal)	\$3.46	-1.58%	-12.14%	-27.62%	26.25%	-4.52%	-11.22%	48.53%	57.36%	184.36%
Nat. Gas (\$/MMBtu)	\$8.32	2.48%	25.98%	21.72%	47.69%	28.18%	28.18%	127.81%	107.62%	370.84%
Cheyenne Hub Nat. Gas	\$7.80	-0.86%	22.89%	20.03%	60.69%	28.76%	28.76%	98.45%	108.76%	366.77%
Northwest Pipeline Wyoming	7.70	-2.78%	21.26%	18.64%	68.12%	27.48%	27.48%	8.30%	97.94%	350.29%
Powder River Basin Coal	\$16.55	1.22%	0.00%	5.41%	-30.75%	1.22%	0.00%	-45.02%	38.49%	37.92%
Wyoming Rig Count	19.00	0.00%	0.00%	26.67%	26.67%	0.00%	0.00%	26.67%	46.15%	1800.00%
Unleaded Gas (\$/gal)	4.21	-2.09%	-13.01%	0.60%	24.65%	-13.01%	-13.01%	28.18%	32.75%	92.77%
Diesel (\$/gal)	5.28	-1.60%	-8.35%	-0.32%	41.41%	-8.35%	-8.35%	47.83%	60.75%	117.15%
Agriculture	Level	1 Wk	1 Mo	3 Mos	6 Mos	MTD	QTD	YTD	12 Mos	24 Mos
Wheat (\$/bu.)	\$7.95	3.21%	-4.39%	-23.86%	3.35%	-1.61%	-8.52%	3.11%	12.93%	49.60%
Corn (\$/Bushel)	\$6.00	3.36%	-20.54%	-26.73%	-5.55%	-2.72%	-19.39%	1.05%	9.60%	89.72%
Sugar (cents/lb.)	\$0.18	0.92%	-2.43%	-8.89%	-4.60%	0.51%	-6.37%	-6.62%	-1.56%	39.48%
Coffee (\$/lb.)	\$2.12	1.12%	-7.03%	-4.56%	-10.27%	-2.21%	-9.08%	-6.06%	18.30%	78.56%
Cotton (\$/lb.)	\$1.00	2.10%	-3.96%	-34.64%	-21.80%	-3.45%	-4.20%	-11.57%	10.84%	59.82%
Soybean (\$/1Bushel)	\$15.88	7.82%	-2.32%	-7.02%	3.91%	-2.98%	-5.18%	19.53%	12.26%	76.96%
Lumber (\$/1000 Bd Feet)	\$542.60	-5.17%	-17.41%	-47.81%	-41.96%	2.94%	-18.20%	-52.73%	-12.65%	-7.37%
Livestock	Level	1 Wk	1 Mo	3 Mos	6 Mos	MTD	QTD	YTD	12 Mos	24 Mos
Live Cattle (cents/lb.)	\$136.60	-0.83%	1.49%	-3.74%	-2.64%	0.11%	-1.01%	-1.66%	11.90%	32.85%
Feeder Cattle (cents/lb.)	\$179.70	0.22%	2.98%	14.93%	9.77%	0.63%	3.51%	7.69%	13.61%	24.21%
Lean Hogs (cents/lb.)	\$120.13	2.47%	9.60%	19.05%	36.27%	-0.44%	10.08%	47.44%	13.11%	131.01%
Baltic Dry Index	1895.00	-10.36%	-14.41%	-21.17%	31.60%	0.00%	-15.40%	-14.52%	-42.44%	40.37%

# SUMMARY OUTLOOK

7/5/2022

## U.S. Economic Outlook & Asset Allocation (6-9 Months)

<i>Indicator</i>	<i>Outlook</i>
Gross Domestic Product	Moderating
Consumer Spending	Softening
Business Spending	Positive
Govt. Spending	Moderating
Housing	Moderating
Manufacturing	Positive
Labor Markets	Neutral
Inflation	Elevated
Monetary Policy	Tightening
Global Listed Infrastructure	Positive
Natural Resources	Positive
Global Real Estate	Overweight
<i>Asset Allocation</i>	<i>View</i>
Cash	Neutral
Fixed Income	Underweight
Equities	Overweight
Alternatives	Neutral

## Capital Markets (6-9 Months)

<i>Equities Sector</i>	<i>Outlook</i>
Corporate Earnings	Increasing
Profit Growth Rate	Slowing
Valuations	Overvalued
Stock Prices (Directional)	Neutral
Growth vs. Value	Neutral
Large Cap	Underweight
Mid Cap	Neutral
Small Cap	Overweight
International - Developed	Overweight
International - Emerging	Overweight
International - Small Cap	Neutral
<i>Fixed Income Sector</i>	<i>Outlook</i>
Interest Rates - Direction	Increasing
Interest Rates - Level	Low
Duration vs. Benchmark	Shorter
Yield Curve	Neutral
U.S. Treasuries	Underweight
TIPS	Underweight
Government Agencies	Underweight
Mortgages	Underweight
Corporate (Investment Grade)	Overweight
High Yield	Overweight
Global Floating Rate	Overweight
International	Underweight
Municipals	Underweight

↑↓ Indicates a change from prior period