

WELLS
FARGO

SECURITIES

Wells Fargo Economics *Monthly Macro Manual*

Your guide to the data and events that will shape the economic outlook and drive financial markets in the month ahead

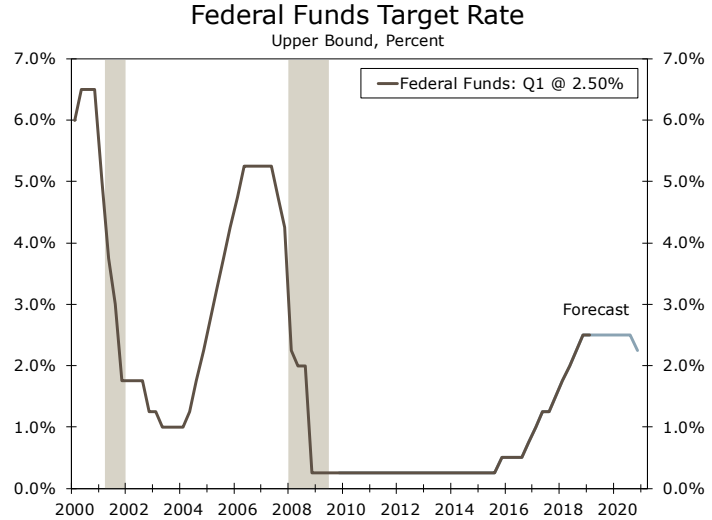
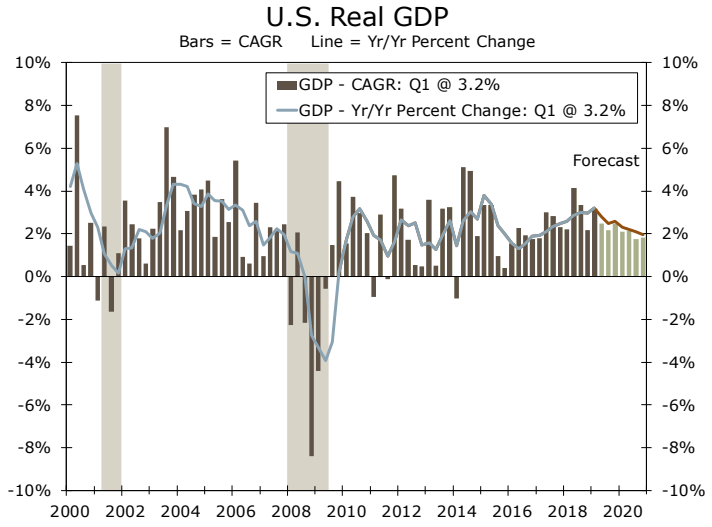
May 08, 2019

Together we'll go far



Developments since our April Monthly Economic Outlook

- **Our forecast for 2019 U.S. real GDP growth has increased to 2.8%.** Real GDP growth topped 3% in Q1, and although we expect growth to slow to 2.5% in Q2, the composition of growth should be tilted more toward domestic demand. On balance, the first half of the year is shaping up to see solid economic growth and continued labor market strength despite the recession fears that arose late last year.
- **We still expect the fed funds rate to remain unchanged for the foreseeable future, and our target year-end 10-year yield is still 2.70%.** Although we expect core inflation to bottom out and rise from here, we do not expect core PCE inflation to return to 2% in this year. To us, this is a recipe for neither rate hikes nor cuts from the FOMC in 2019.
- Economic data out of China have been encouraging, but in the aggregate the global growth environment remains sluggish. Trade uncertainty continues to wax and wane, as do the prospects for a Brexit deal. **We expect most major central banks to follow the Fed and remain on hold for remainder of the year.**



Source: U.S. Department of Commerce, Federal Reserve Board and Wells Fargo Securities

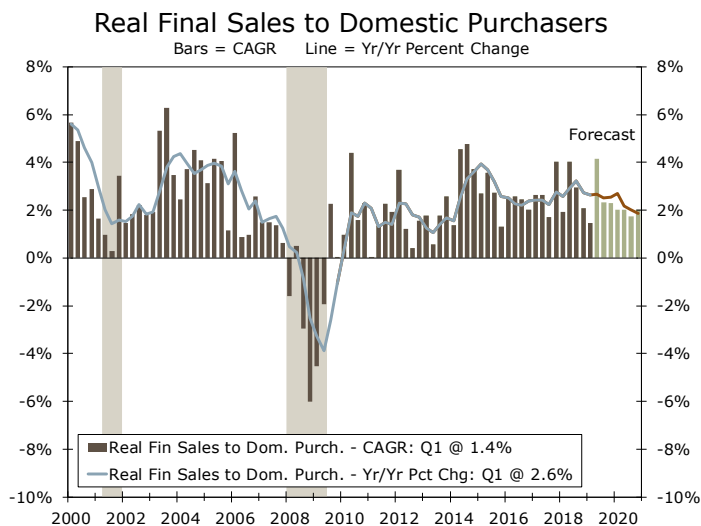
Monthly Macro Calendar: May 6-June 7

Monday	Tuesday	Wednesday	Thursday	Friday
6	7	8	9	10
Harker (Philadelphia) Speaks on the Economic Outlook	JOLTS Job Openings March 7,488 Kaplan (Dallas Fed) Speaks in Beijing on Moderated Panel Quarles* (Fed Board of Governors) Discusses Financial Regulation	Brainard* (Fed Board of Governors) Opening Remarks at 'Fed Listens' Event China CPI (YoY) March 2.3% Central Bank of Brazil Meeting Previous 6.50%	PPI Final Demand (YoY) March 2.2%; April 2.4% (W) Trade Balance February -\$49.4B; March -\$51.3B (W) Powell* (Fed Board of Governors) Speaks at Fed Community Development Conf.	CPI (YoY) March 1.9%; April 2.1% Brainard* (Fed Board of Governors) Speaks at Fed Community Development Conf. Williams* (New York Fed) Speaks to Bronx Bankers Breakfast
13	14	15	16	17
Rosengren* (Boston Fed) Remarks at Fed Listens Event Clarida* (Fed Board of Governors) Remarks at 'Fed Listens' Event	Import Price Index (YoY) March 0.0% Williams* (New York Fed) Speaks at SNB/IMF Event in Zurich George* (Kansas City Fed) Speaks to Economic Club of Minnesota	Retail Sales (MoM) March 1.6% Industrial Production (MoM) March -0.1% Eurozone Q1 GDP (SA, QoQ) Q4 0.4%	Housing Starts March 1,139K Bank of Mexico Meeting Previous 8.25%	Williams* (New York Fed) Meets with Community Leaders Possible White House Decision on Auto Tariffs
20	21	22	23	24
Powell* (Fed Board of Governors) Speaks at Atlanta Fed Fin. Markets Conf. Japan Q1 GDP (SA, QoQ) Q4 0.5%	Existing Home Sales March 5.21M Evans* (Chicago Fed) Discussed Economy and Monetary Policy Rosengren* (Boston Fed) Speaks to Economic Club of New York	Bullard* (St. Louis Fed) Speaks in Hong Kong on U.S. Econ. Outlook Bostic (Atlanta Fed) Opening Remarks at Dallas Fed Conference FOMC April/May Meetings Minutes	New Home Sales March 692K Kaplan, Daly, Bostic & Barkin Speak on Panel Japan CPI (YoY) March 0.5%	Double Goods Orders (MoM) March 2.6%
27	28	29	30	31
Memorial Day [U.S. Markets Closed]	Consumer Confidence Index April 129.2	Bank of Canada Meeting Previous 1.75%	Clarida* (Fed Board of Governors) Speaks to Economic Club of New York	Personal Income (MoM) March 0.1%
3 of June	4	5	6	7
ISM Manufacturing Index April 52.8	Powell* (Fed Board of Governors) Opening Remarks at Fed Framework Conf. Eurozone CPI (YoY) April 1.7% Reserve Bank of Australia Meeting Previous 1.50%	ISM Non-Manufacturing Index April 55.5 Clarida* (Fed Board of Governors) Opening Remarks at Fed Conference U.S. Federal Reserve Beige Book	Trade Balance February -\$49.4B European Central Bank Meeting Previous -0.40% (Deposit Rate) Reserve Bank of India Meeting Previous 6.0% (Repurchase Rate)	Nonfarm Payrolls April 263,000

Note: (W) = Wells Fargo Estimate, (C) = Consensus Estimate, * = voting FOMC member in 2019

Source: Bloomberg LP and Wells Fargo Securities

- Initial real GDP growth forecast for Q2-2019: 2.5% (seasonally adjusted annual rate)
 - Change since last *Monthly Economic Outlook*: -0.2% percentage point**
 - Commentary: Real GDP growth surprised to the upside in Q1, registering a 3.2% annualized pace.** The details of the strong print, however, were somewhat disappointing. The inventories component contributed 0.7 percentage point to headline growth, and net exports contributed another 1.0 percentage point, in part due to an outright decline in imports. Thus, the “core” domestic demand components, including personal consumption, business investment, residential construction and government spending, grew just 1.4%. Still, given the recession fears that arose late last year, and given how poorly GDP growth was tracking early in Q1, a reading north of 3% is an encouraging development. Furthermore, personal consumption looks poised to bounce back in Q2, supporting domestic demand growth.
- Real GDP growth forecast for full-year 2019: 2.8% (2.5% Q4-over-Q4)
 - Change since last *Monthly Economic Outlook*: +0.2 percentage point**
 - Commentary: Our forecast for 2019 GDP growth is a bit stronger than last month, largely due to the stronger-than expected Q1. On balance, we expect real GDP growth of about 2.5% for the rest of the year.**



Key Themes and Upside/Downside Scenarios

- The data continue to support our baseline theme for 2019: slower growth compared to last year, but no recession on the horizon.**
- Upside scenario:** Trade uncertainty across the globe dissipates after a U.S.-China deal is reached and the USMCA is passed, while the dovish shift by major central banks helps keep the expansion going.
- Downside scenario:** The lagged effect of higher interest rates pressures consumers and businesses, while trade uncertainty continues to weigh on global manufacturing. Coupled with fading fiscal stimulus, economic growth in the United States slows more sharply than we currently expect.

Inflation Forecast

- We have revised our inflation forecast down modestly. **Although we expect core inflation to bottom out and rise from here, we do not expect core PCE inflation to return to 2% in 2019.** For more on the “transitory” inflation developments, see page 10.

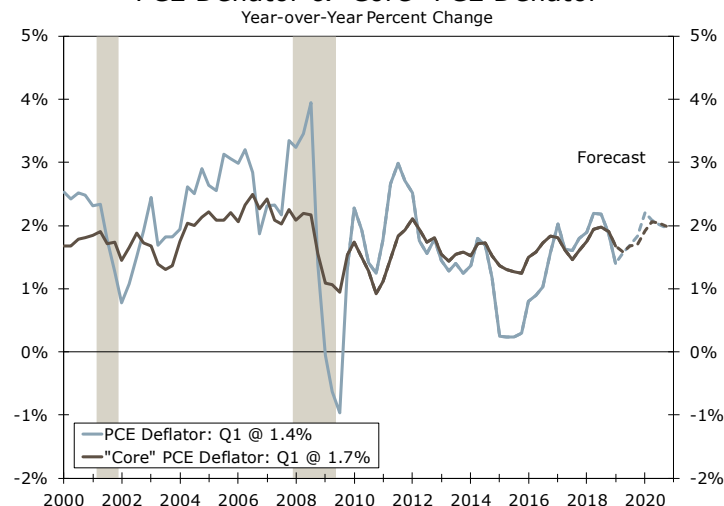
Labor Market Forecast

- Employers continue to add jobs at an impressive rate.** Year-to-date, job growth has averaged 205K per month. That marks only a modest slowdown from the 223K monthly rate of 2018. Solid jobs gains, steady wage growth and slower inflation bode well for personal consumption growth in the months ahead.

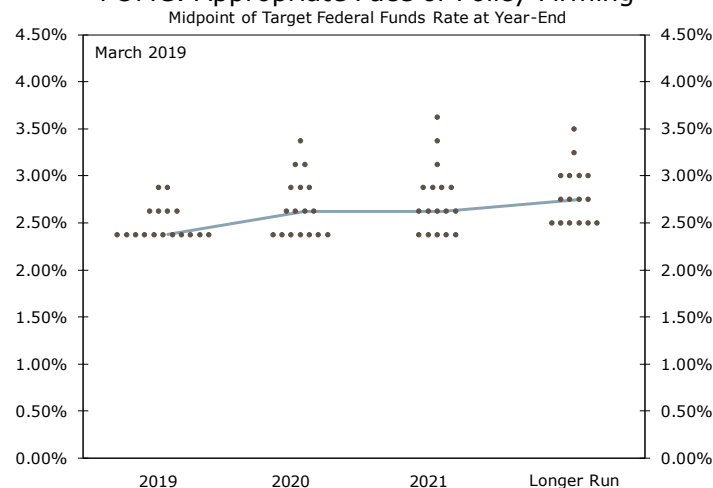
Fed Funds Outlook

- Fed Funds Forecast for 2019
 - Rates to remain unchanged at 2.25%-2.50%**
 - With inflation currently running below the Fed’s target and likely to remain so in the near-term, conditions no longer justify a rate hike in 2019, in our view. But, the Fed probably will not feel compelled to cut rates anytime soon either, as growth remains at or above potential and inflation is unlikely to slow much more.
- Fed Funds Forecast for 2020
 - One 25 bps cut in Q4-2020**
 - As quarterly economic growth falls below 2% in H2-2020, we anticipate policy may need to become less restrictive.

PCE Deflator & "Core" PCE Deflator



FOMC: Appropriate Pace of Policy Firming



Source: Federal Reserve Board, U.S. Department of Commerce and Wells Fargo Securities

Wells Fargo U.S. Interest Rate Forecast

	Actual				2019				Forecast			
	2018				2019				2020			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Quarter End Interest Rates												
Federal Funds Target Rate	1.75	2.00	2.25	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.25
3 Month LIBOR	2.31	2.34	2.40	2.81	2.60	2.65	2.65	2.65	2.65	2.65	2.65	2.40
Prime Rate	4.75	5.00	5.25	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.25
Conventional Mortgage Rate	4.44	4.57	4.63	4.64	4.28	4.20	4.25	4.30	4.35	4.30	4.25	4.15
3 Month Bill	1.73	1.93	2.19	2.45	2.40	2.40	2.40	2.40	2.40	2.40	2.35	2.15
6 Month Bill	1.93	2.11	2.36	2.56	2.44	2.45	2.45	2.45	2.45	2.40	2.35	2.15
1 Year Bill	2.09	2.33	2.59	2.63	2.40	2.50	2.50	2.45	2.45	2.40	2.30	2.10
2 Year Note	2.27	2.52	2.81	2.48	2.27	2.45	2.45	2.40	2.40	2.30	2.20	2.05
5 Year Note	2.56	2.73	2.94	2.51	2.23	2.45	2.50	2.50	2.45	2.35	2.30	2.20
10 Year Note	2.74	2.85	3.05	2.69	2.41	2.60	2.65	2.70	2.75	2.70	2.65	2.55
30 Year Bond	2.97	2.98	3.19	3.02	2.81	2.95	3.00	3.05	3.10	3.10	3.05	3.00

Forecast as of: May 8, 2019

Source: Federal Reserve Board and Wells Fargo Securities

What Are We Watching in the Month Ahead?

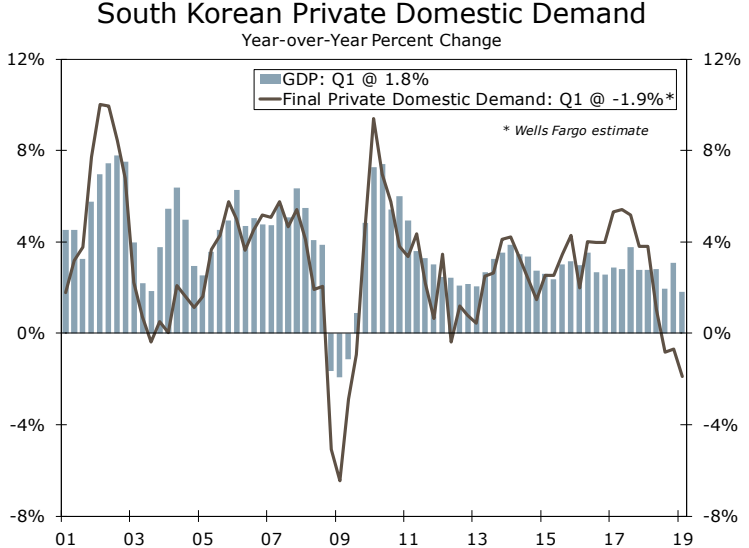
- U.S. Economic Growth: A bounce back in domestic demand?
 - U.S. real GDP growth surprised to the upside in Q1-2019, but trade and inventories accounted for more than half of the gain. **Will private domestic demand (private consumption and investment) bounce back in Q2?**
- Inflation: Stuck Below 2%?
 - It would likely take higher inflation than we currently forecast for the Fed to take a hawkish turn and resume hiking interest rates. **Will the inflation data surprise to the upside?**
- Can foreign central banks get back on track?
 - Even if the Fed were to resume hiking rates, U.S. monetary policy is much closer to neutral than is the case in most other advanced economies. **If foreign economies like the Eurozone and the United Kingdom can get back on track, tighter monetary policy abroad could push long-term U.S. rates higher even in the absence of Fed tightening.**

South Korea Slowdown Raises Eyebrows

- The South Korean economy is a relatively open, trade-oriented economy with close trade ties to China in particular. South Korea’s exports are about 44% of its GDP, and about one quarter to a third of those exports go to China. Thus, **when South Korean real GDP growth was unexpectedly negative in Q1-2019, the print raised some concern that the global economy in general and China in particular may not be out of the woods yet.**
- Korea’s merchandise export volumes have softened, with the latest month of data (March) showing a 3% year-over-year decline.

Global Economy Yet to Fully Halt Slide

- Private domestic demand in South Korea has been even softer. Based off of our calculations using the GDP data, we estimate that private domestic demand on a year-over-year basis—essentially private consumption and private investment—was the weakest since 2009.
- The more upbeat economic data out of China are an encouraging sign, and South Korea policymakers will likely enact some fiscal stimulus to prop up demand. That said, **the South Korean weakness is a clear illustration of the widespread slowdown in the global economy.**



Source: IHS Markit, Datastream and Wells Fargo Securities

Wells Fargo Central Bank Policy Forecasts

Central Bank	Current Policy Rate	Last Major Policy Change	WF Next Forecasted Policy Change
United States (FOMC)	2.50	December 2018 <i>25 bps hike</i>	Next Rate Cut: Q4-2020
Eurozone (ECB)	-0.40 (Deposit Rate)	December 2018 <i>Confirmed end of QE program at end of 2018</i>	Next Rate Hike: Q1-2020
United Kingdom (BoE)	0.75	August 2018 <i>25 bps hike</i>	Next Rate Hike: Q1-2020
Japan (BoJ)	-0.10	July 2018 <i>QQE and a greater degree of variation in 10-year govt. bond yield target</i>	No change through end-2020
Canada (BoC)	1.75	October 2018 <i>25 bps hike</i>	Next Rate Hike: Q1-2020

Forecast as of: May 08, 2019

Source: Bloomberg LP and Wells Fargo Securities

What Are We Watching in the Month Ahead?

- European Central Bank
 - With core inflation remaining stagnant near 1% and the Eurozone economy still sluggish, **we do not expect a rate hike from the ECB until Q1-2020.**
- Bank of Japan
 - **We do not expect the BoJ to make any material changes to monetary policy in 2019.** With global growth softening, other central banks adopting more dovish stances and an increase in the consumption tax scheduled to take place later this year, even small tweaks to policy are likely too much of a risk for the BoJ to undertake.
- Bank of England
 - With Brexit uncertainty likely to linger for much of the year, **we do not anticipate a rate hike from the BoE until Q1-2020.**
- Bank of Canada
 - **We have also moved out the next rate hike from the BoC.** We expect to the BoC to remain on hold until Q1-2020, at which point we expect a 25 bps hike.

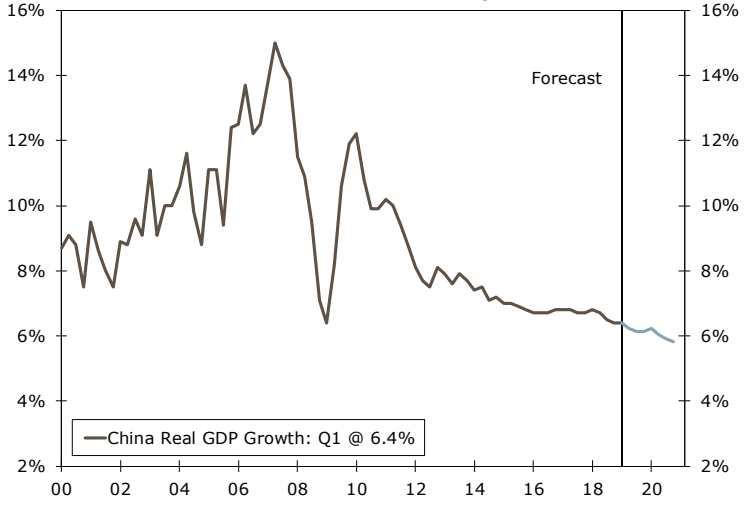
Chinese Stimulus Having an Effect

- **The Chinese economy grew 6.4% year-over-year in Q1, the same growth rate registered in Q4-2018.** Retail sales and industrial production data were much stronger than expected, offering signs that the Chinese economy is stabilizing rather than continuing to slow.
- As we have noted previously, Chinese policymakers have implemented a slew of monetary and fiscal easing measures to help stabilize the economy, and it does not surprise us that these policies have helped keep real GDP growth from slowing too sharply.

Trade Threat Still Lingerin

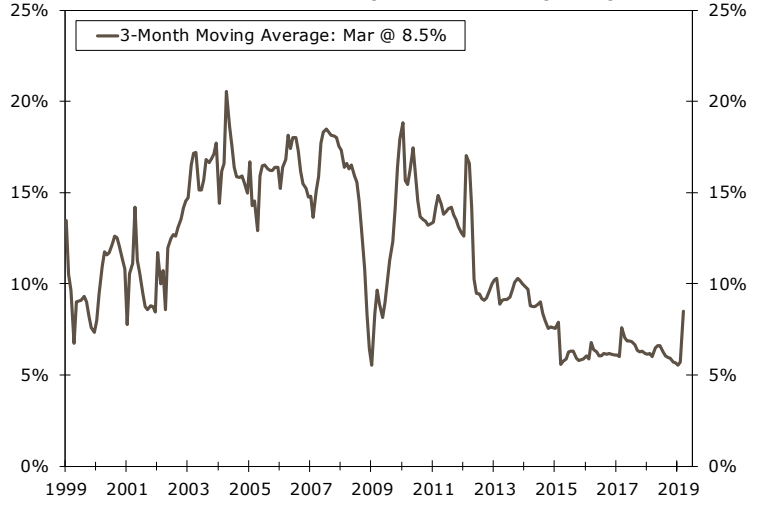
- That said, it has taken considerable stimulus just to keep growth stable, and even absent the cyclical weakness there are structural reasons to believe the Chinese economy should continue to gradually slow. Our forecast is for full-year real GDP growth in China of 6.2% in 2019 and 6.0% in 2020.
- There are clear downside risks to this forecast should U.S.-China trade relations deteriorate further. **Our baseline forecast assumes there are no additional tariffs implemented, be it new tariffs on goods not previously subject to them or simply higher rates on existing tariffs.**

China Real GDP Growth
Year-over-Year Percent Change



Source: Bloomberg LP and Wells Fargo Securities

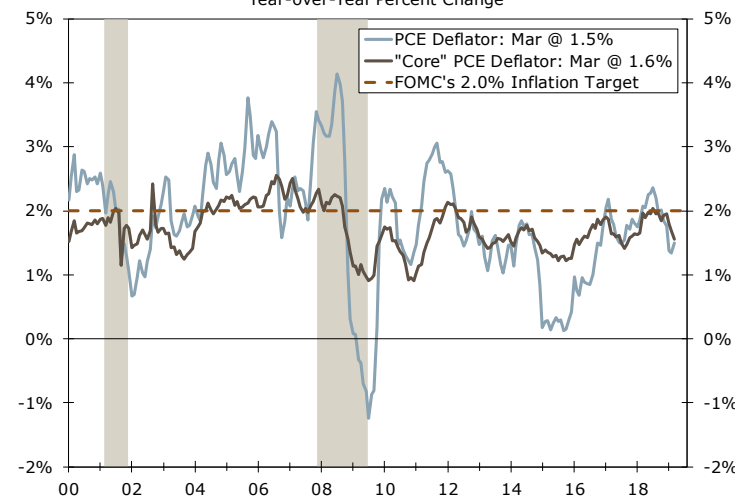
Chinese Industrial Production Index
Year-over-Year Percent Change of 3-Month Moving Average



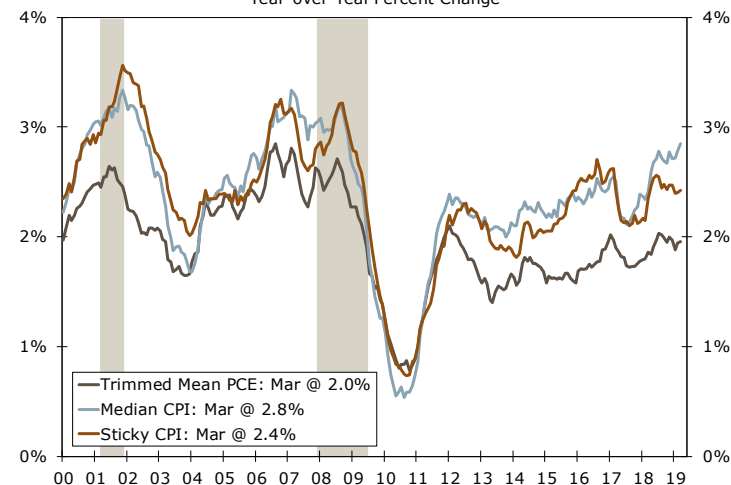
How “Transient” Is the Slowdown in Inflation?

- The FOMC’s preferred measure of trend inflation, the PCE deflator ex-food and energy, slipped further below the Fed’s 2% target in March. In his most recent post-FOMC press conference, Chair Jerome Powell characterized the recent softness as “transient,” and **we agree that the weakness in inflation since the start of the year is exaggerated relative to the trend.**
- In January, the cost of “portfolio management and investment advice” tumbled 4.6%, which was enough to shave off almost a full tenth from the core index. This is an imputed measure tied heavily to changes in equity markets. In addition, **a new methodology introduced in March contributed to the largest ever one-month decline in apparel prices.**
- Alternative measures show the trend in inflation holding up better. **Powell cited the Dallas Fed’s Trimmed Mean PCE deflator, which currently sits at 2.0%.** In the Trimmed Mean PCE, items are sorted based on their monthly price change, with items at the tails of the distribution thrown out. Unlike a traditional “core” index, food and energy can therefore be included if monthly changes are moderate.
- The resilience of this measure and other alternative inflation indices suggests the slowdown in the core PCE deflator overstates recent weakness in inflation. That said, although we think inflation is likely to edge back up in the coming months, we do not expect core PCE inflation to re-visit 2.0% this year. **With core inflation only slowly rising from here in our forecast, we expect neither rate cuts nor hikes from the FOMC in 2019.**

PCE Deflator vs. Core PCE Deflator
Year-over-Year Percent Change



Alternative Inflation Measures
Year-over-Year Percent Change



Source: U.S. Department of Commerce, Federal Reserve System and Wells Fargo Securities

Wells Fargo International Economic Forecast

(Year-over-Year Percent Change)

	GDP			CPI		
	2018	2019	2020	2018	2019	2020
Global (PPP Weights)	3.6%	3.4%	3.3%	3.6%	3.4%	3.6%
Advanced Economies ¹	2.2%	2.1%	1.8%	2.0%	1.7%	2.0%
United States	2.9%	2.8%	2.1%	2.4%	2.0%	2.3%
Eurozone	1.8%	1.1%	1.4%	1.8%	1.3%	1.5%
United Kingdom	1.4%	1.3%	1.4%	2.5%	2.0%	2.0%
Japan	0.8%	0.7%	0.4%	1.0%	1.0%	1.5%
Canada	1.8%	1.7%	1.6%	2.3%	1.8%	2.0%
Developing Economies ¹	4.5%	4.3%	4.3%	4.8%	4.5%	4.6%
China	6.6%	6.2%	6.0%	2.1%	2.2%	2.3%
India	7.3%	6.9%	7.1%	3.9%	3.8%	4.5%
Mexico	2.0%	1.6%	1.5%	4.9%	4.1%	3.8%

Forecast as of: May 8, 2019

¹Aggregated Using PPP Weights

Wells Fargo International Interest Rate Forecast

(End of Quarter Rates)

	Central Bank Key Policy Rate						10-Year Bond					
	2019			2020			2019			2020		
	Q2	Q3	Q4	Q1	Q2	Q3	Q2	Q3	Q4	Q1	Q2	Q3
U.S.	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.60%	2.65%	2.70%	2.75%	2.70%	2.65%
Japan	-0.10%	-0.10%	-0.10%	-0.10%	-0.10%	-0.10%	0.04%	0.08%	0.10%	0.13%	0.16%	0.16%
Eurozone ¹	-0.40%	-0.40%	-0.40%	-0.20%	-0.20%	0.00%	0.15%	0.25%	0.35%	0.45%	0.55%	0.65%
U.K.	0.75%	0.75%	0.75%	1.00%	1.00%	1.25%	1.25%	1.30%	1.60%	1.70%	1.75%	1.85%
Canada	1.75%	1.75%	1.75%	2.00%	2.00%	2.00%	1.85%	1.90%	2.00%	2.05%	2.05%	2.00%

Forecast as of: May 8, 2019

¹ 10-year German Government Bond Yield

Source: International Monetary Fund and Wells Fargo Securities

International Forecast: Change Since Forecast from April 19, 2019

Changes to the Wells Fargo International Economic Forecast

	GDP			CPI		
	2018	2019	2020	2018	2019	2020
Global (PPP Weights)	-0.09%	0.01%	-0.01%	0.17%	0.01%	-0.01%
Advanced Economies ¹	-0.13%	0.07%	-0.02%	-0.20%	0.05%	-0.03%
United States	0.00%	0.15%	0.01%	0.00%	0.12%	-0.05%
Eurozone	0.02%	0.06%	-0.08%	0.00%	-0.01%	0.00%
United Kingdom	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Japan	0.00%	-0.08%	-0.02%	0.00%	0.00%	0.00%
Canada	0.00%	0.00%	-0.05%	0.00%	0.01%	-0.05%
Developing Economies ¹	-0.09%	-0.03%	0.00%	0.44%	-0.03%	0.01%
China	0.00%	0.00%	0.02%	0.00%	0.00%	0.00%
India ²	0.00%	0.00%	0.00%	0.00%	-0.12%	0.00%
Mexico	0.00%	-0.33%	-0.24%	0.00%	-0.01%	0.10%

Forecast as of: May 8, 2019

¹Aggregated Using PPP Weights

Changes to the Wells Fargo International Interest Rate Forecast

(End of Quarter Rates)

	Central Bank Key Policy Rate						10-Year Bond					
	2019			2020			2019			2020		
	Q2	Q3	Q4	Q1	Q2	Q3	Q2	Q3	Q4	Q1	Q2	Q3
U.S.	-0.15%	-0.15%	-0.15%	-0.15%	-0.15%	-0.15%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Japan	-0.02%	-0.02%	-0.02%	-0.02%	-0.02%	-0.02%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Euroland ¹	-0.05%	-0.05%	-0.05%	-0.05%	-0.05%	0.05%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
U.K.	-0.15%	-0.35%	-0.40%	-0.35%	-0.40%	-0.35%	-0.20%	-0.30%	-0.10%	-0.10%	-0.10%	-0.05%
Canada	-0.30%	-0.50%	-0.55%	-0.50%	-0.50%	-0.45%	0.00%	-0.05%	-0.10%	-0.15%	-0.15%	-0.10%

Forecast as of: May 8, 2019

¹ 10-year German Government Bond Yield

Please note: For the International Interest Rate Forecast, we have transitioned to forecasting the central bank key policy rate in this table.

Source: International Monetary Fund and Wells Fargo Securities

Economists & Macro Strategists

Jay H. Bryson, Global Economist	jay.bryson@wellsfargo.com
Mark Vitner, Senior Economist	mark.vitner@wellsfargo.com
Sam Bullard, Senior Economist	sam.bullard@wellsfargo.com
Nick Bennenbroek, Macro Strategist	nicholas.bennenbroek@wellsfargo.com
Tim Quinlan, Senior Economist	tim.quinlan@wellsfargo.com
Azhar Iqbal, Econometrician	azhar.iqbal@wellsfargo.com
Sarah House, Senior Economist	sarah.house@wellsfargo.com
Charlie Dougherty, Economist	charles.dougherty@wellsfargo.com
Erik Nelson, Macro Strategist	erik.f.nelson@wellsfargo.com
Michael Pugliese, Economist	michael.d.pugliese@wellsfargo.com
Brendan McKenna, Macro Strategist	brendan.mckenna@wellsfargo.com

Economic Analysts

Shannon Seery, Economic Analyst	shannon.seery@wellsfargo.com
Matthew Honnold, Economic Analyst	matthew.honnold@wellsfargo.com

Administrative Assistants

Dawne Howes, Administrative Assistant	dawne.howes@wellsfargo.com
---------------------------------------	--

Wells Fargo Securities Economics Group publications are produced by Wells Fargo Securities, LLC, a U.S. broker-dealer registered with the U.S. Securities and Exchange Commission, the Financial Industry Regulatory Authority, and the Securities Investor Protection Corp. Wells Fargo Securities, LLC, distributes these publications directly and through subsidiaries including, but not limited to, Wells Fargo & Company, Wells Fargo Bank N.A., Wells Fargo Clearing Services, LLC, Wells Fargo Securities International Limited, Wells Fargo Securities Canada, Ltd., Wells Fargo Securities Asia Limited and Wells Fargo Securities (Japan) Co. Limited. Wells Fargo Securities, LLC. is registered with the Commodities Futures Trading Commission as a futures commission merchant and is a member in good standing of the National Futures Association. Wells Fargo Bank, N.A. is registered with the Commodities Futures Trading Commission as a swap dealer and is a member in good standing of the National Futures Association. Wells Fargo Securities, LLC. and Wells Fargo Bank, N.A. are generally engaged in the trading of futures and derivative products, any of which may be discussed within this publication. Wells Fargo Securities, LLC does not compensate its research analysts based on specific investment banking transactions. Wells Fargo Securities, LLC's research analysts receive compensation that is based upon and impacted by the overall profitability and revenue of the firm which includes, but is not limited to investment banking revenue. The information and opinions herein are for general information use only. Wells Fargo Securities, LLC does not guarantee their accuracy or completeness, nor does Wells Fargo Securities, LLC assume any liability for any loss that may result from the reliance by any person upon any such information or opinions. Such information and opinions are subject to change without notice, are for general information only and are not intended as an offer or solicitation with respect to the purchase or sales of any security or as personalized investment advice. Wells Fargo Securities, LLC is a separate legal entity and distinct from affiliated banks and is a wholly owned subsidiary of Wells Fargo & Company © 2019 Wells Fargo Securities, LLC.

Important Information for Non-U.S. Recipients

For recipients in the EEA, this report is distributed by Wells Fargo Securities International Limited ("WFSIL"). WFSIL is a U.K. incorporated investment firm authorized and regulated by the Financial Conduct Authority. For the purposes of Section 21 of the UK Financial Services and Markets Act 2000 ("the Act"), the content of this report has been approved by WFSIL, an authorized person under the Act. WFSIL does not deal with retail clients as defined in the Directive 2014/65/EU ("MiFID2"). The FCA rules made under the Financial Services and Markets Act 2000 for the protection of retail clients will therefore not apply, nor will the Financial Services Compensation Scheme be available. This report is not intended for, and should not be relied upon by, retail clients.

SECURITIES: NOT FDIC-INSURED/NOT BANK-GUARANTEED/MAY LOSE VALUE