

THE WEIGHT OF THE EVIDENCE: 0 (NEUTRAL)

BROAD MARKET DETERIORATION DROPS EVIDENCE TO NEUTRAL

BAIRD

March 2, 2020

Please refer to Appendix – Important Disclosures.

Key Takeaway: Recent stock market volatility is weighing on broad market trends, which failed to confirm new index-level highs in February. Absent a decisive break in the downside momentum that emerged last week, a more cautious view is warranted.

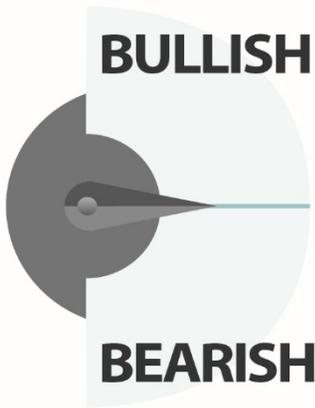
MACRO FACTORS (WHAT COULD HAPPEN):

FED POLICY



Market looking for the Fed to step in and cut rates in the very near term.

ECONOMIC FUNDAMENTALS



Coronavirus-related uncertainties could weigh on outlook for economy, but data was improving prior to outbreak.

VALUATIONS



Recent price declines have done little to relieve longer-term valuation excesses.

MARKET FACTORS (WHAT IS HAPPENING):

SENTIMENT



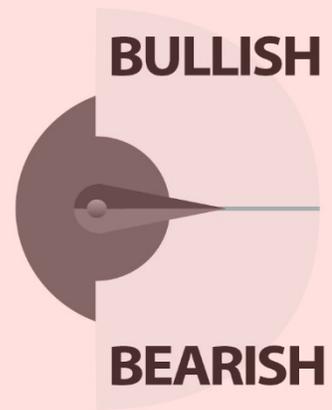
Volatility alerting investors to risks in stocks, but complacency remains deep-seated.

SEASONAL PATTERNS AND TRENDS



Trump's approval rating is rising, and stocks tend to do well when incumbents head toward re-election.

BREADTH



Broad market trends are deteriorating after failing to confirm new index-level highs in February.

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