

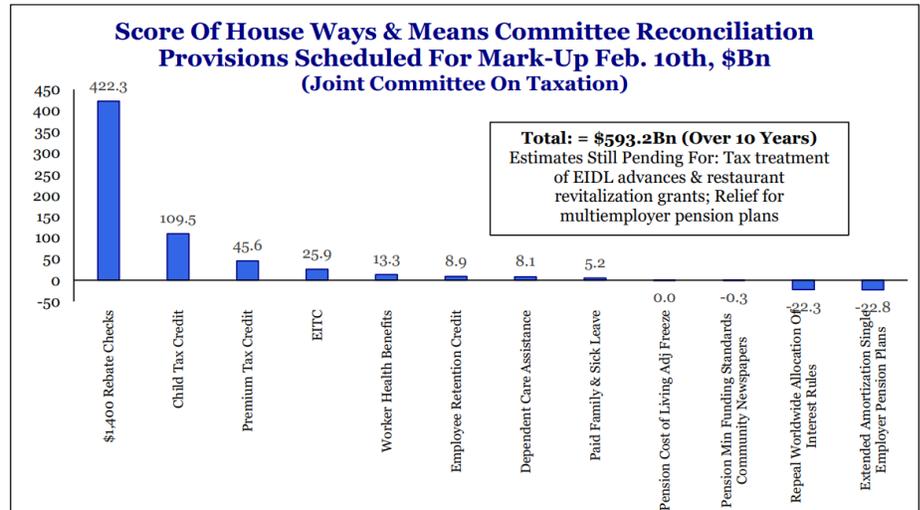
Strategas Daily Macro Brief

Prepared by Strategas Securities, a Baird Company

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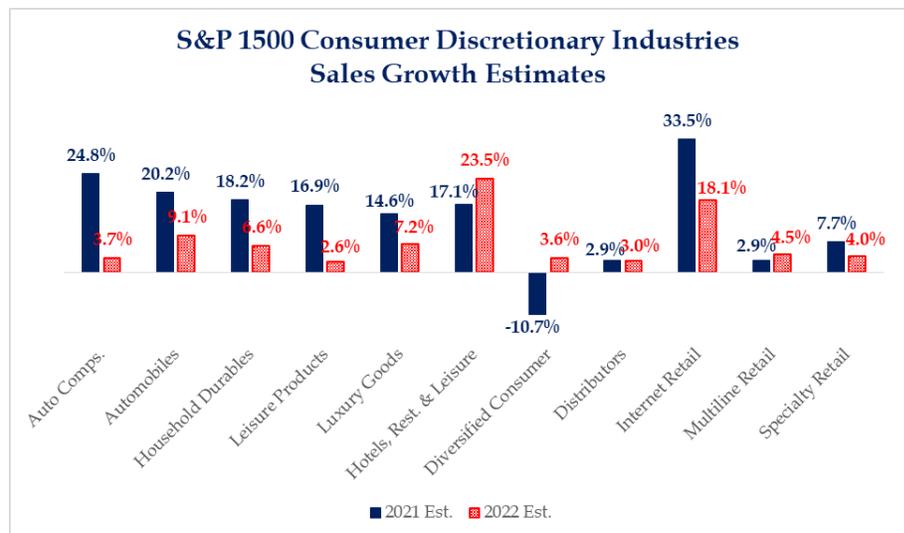
THE CONSUMER IS ABOUT TO BE RE-LEVERED

With Covid-19 cases on the decline and the tail-risk event being reduced thanks to vaccines and treatments, there is a potential light at the end of the tunnel for a broader reopening. With Powell reiterating yesterday that monetary policy will remain accommodative and our policy team discussing the additional fiscal stimulus coming earlier this week, a re-levering of the consumer should bode well for consumer-oriented equities.



HOTELS, RESTAURANTS & LEISURE INDUSTRY REVENUES TO ACCELERATE IN 2022

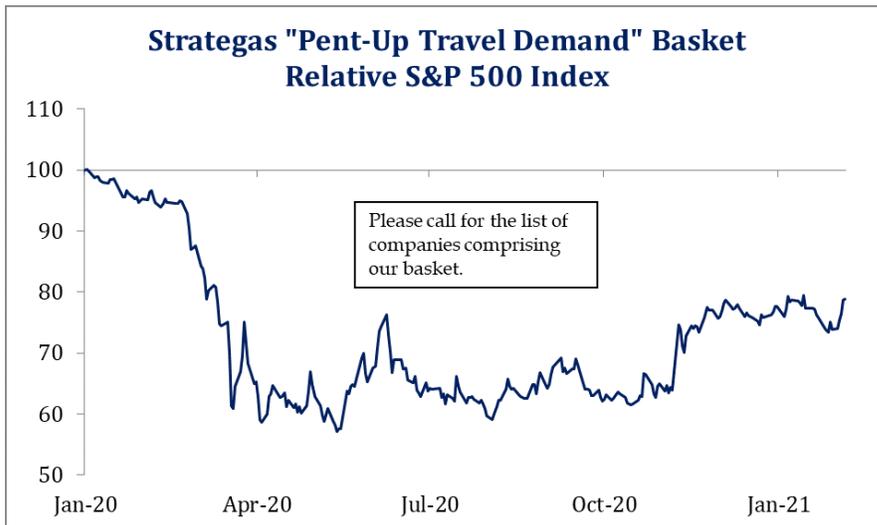
Looking at industry sales estimates for the discretionary sector shows that the Hotels, Restaurants, & Leisure industry is currently estimated to see accelerating growth in 2022 at more than 23%. The only other industry expected to see accelerating growth is multi-line retail, at a lower rate of just 4.5%.



Please see the Appendix on page 3 for important disclosures.

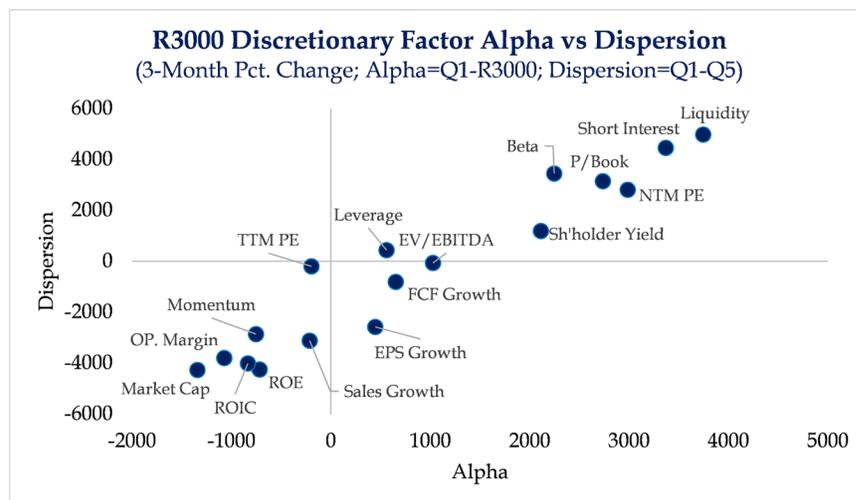
PENT-UP DEMAND FOR TRAVEL REMAINS

From conversations with clients and surveys we have conducted, there is pent-up demand for travel, especially on the leisure side. If individuals become comfortable traveling with their families, it will only be a matter of time before companies become comfortable with reinstating business travel. Furthermore, warmer weather throughout the country as spring approaches will bring additional optimism.



RISK APPETITE ABUNDANT IN DISCRETIONARY SECTOR

Similar to the factor performance profiles present in other sectors, risk appetite is abundant within the Consumer Discretionary sector. Over the past three months, high short interest and high beta were among the top alpha-generating factors while low ROE/ROIC, low margin, and small-cap shares sharply outperformed their higher quality, large-cap peers. The seemingly unanimous endorsement of "risk-on" supports that this is more than just a performance outlier in one factor quintile and could be viewed as an endorsement of the reopening theme.



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