

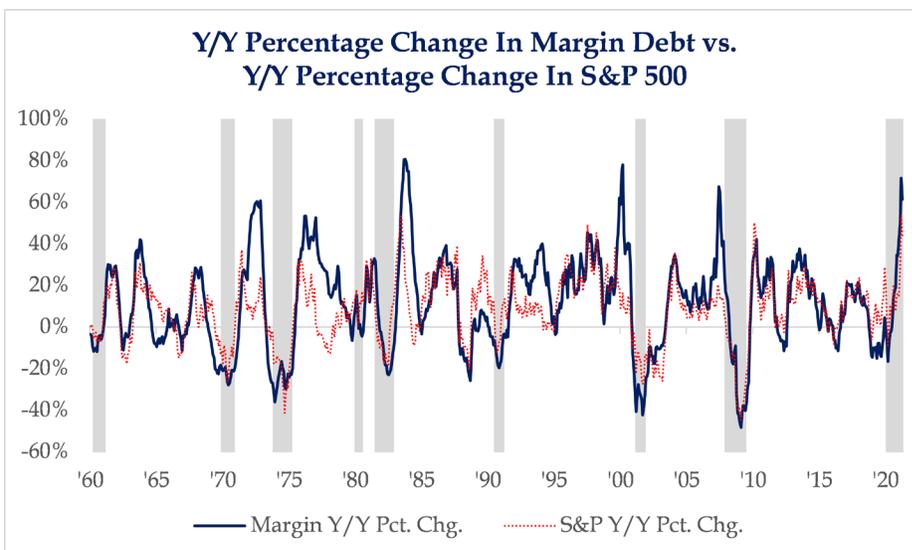
Strategas Daily Macro Brief

Prepared by Strategas Securities, a Baird Company

June 4, 2021

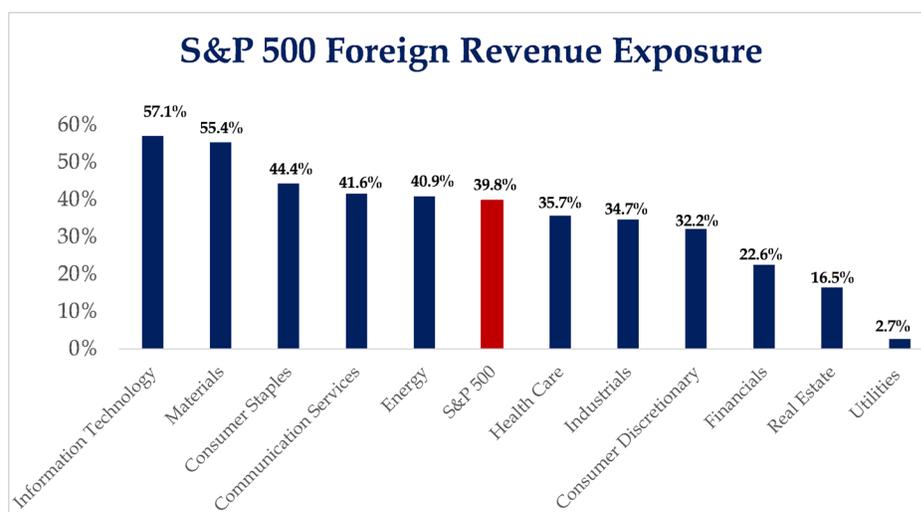
MARGIN DEBT GROWTH SLOWING

Recently, we've had more discussions with clients on the levels of margin debt, but it serves to focus more on the year/year percent change in margin debt, which holds a 0.69 correlation with y/y percent change in the S&P 500. After hitting 54% Y/Y in March, margin debt growth contracted in April to 43.6%. While one month does not make a trend, a more durable roll-over in margin debt growth could be problematic for equity returns.



WEAKENING DOLLAR SUPPORTIVE OF GLOBAL ORIENTED INDUSTRIES

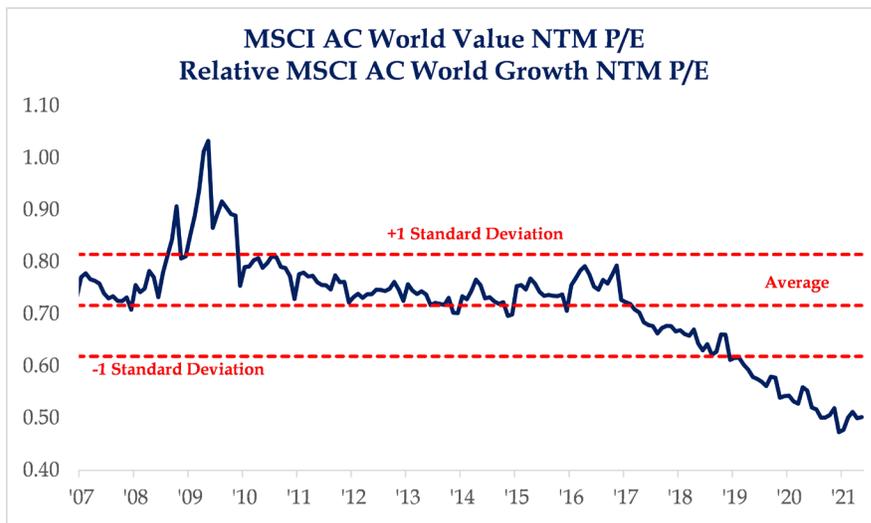
Technology and Materials are poised to benefit the most from a weakening USD as 57% and 55% of their revenue are generated overseas, respectively. As foreign currencies strengthen against the USD, multinational companies in these more global sectors can potentially be more competitive. Conversely, the sectors with more domestically-derived revenue are the Financials, Real Estate, and Utilities.



Please see the Appendix on page 3 for important disclosures.

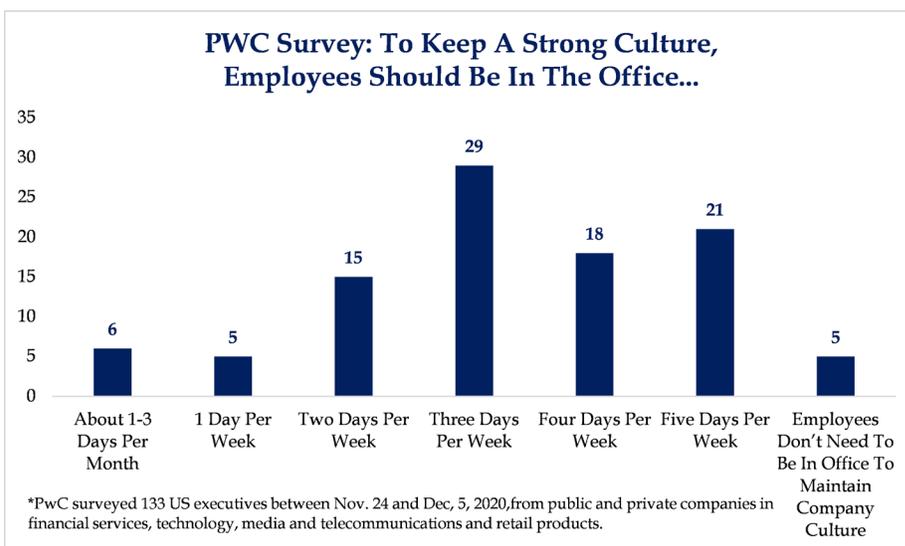
GLOBAL VALUE RELATIVE GROWTH NTM P/E

After recently highlighting that U.S. value vs. growth relative valuations remain in favor of value for now, a number of clients have inquired as to the state of international value vs. growth valuations. Comparing the NTM P/Es of the MSCI AC World Value and Growth indexes, global value remains undervalued with the relative ratio recently hit 0.50x, well below the historical average.



PWC SURVEY SAYS HYBRID MODEL SUPPORTIVE OF COMPANY CULTURE

With returning to the workplace becoming more topical as vaccines are becoming widely available across the country, we wanted to share this interesting PwC survey that polled executives on how many days employees should be in the office to maintain a strong company culture. Three days per week was the leading response at roughly 29%, followed up by five days per week at 21%. The least popular responses were for 1-day per week or not needing employees in the office to maintain culture, both tallying 5% of responses.



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