

February 20, 2025

Market Update Webinar

Introduction

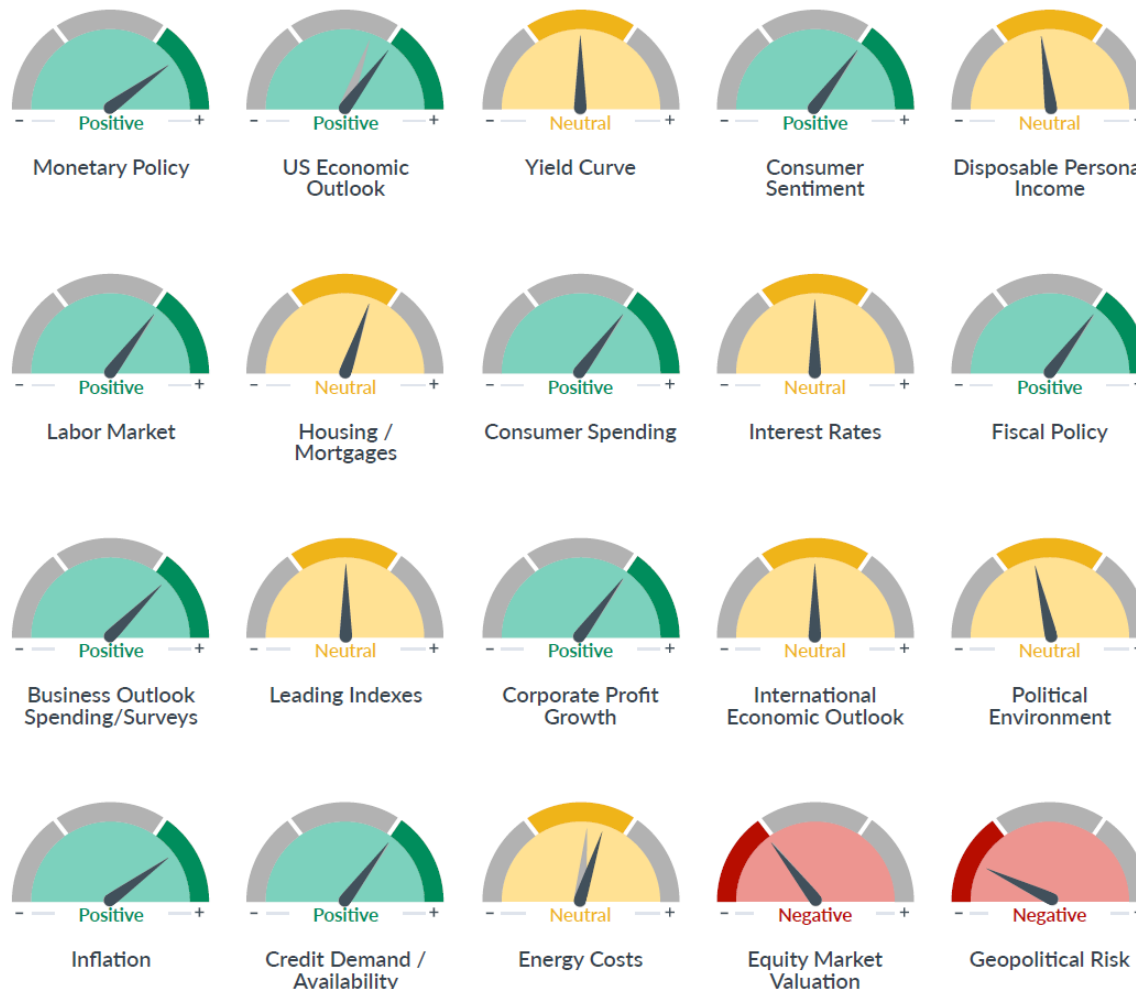


CNR Speedometers® – February 2025

Economic and Financial Indicators That Are Forward-Looking Six to Nine Months

Impact on Economy and Financial Markets

- The global outlook is mixed, but US growth prospects are improving based on solid earnings and pro-business policy.
- The Federal Reserve is more hawkish, but still on an easing path.
- Positive job and income growth support consumer spending and sentiment.
- Deregulation and potential tax cuts support corporate spending.
- Elevated equity valuations are offset by strong corporate profits US flows.
- Geopolitical events remain a key risk.



Impact on investment: ■ Positive ■ Neutral ■ Negative Timeframe: ■ Current ■ Change from last month

Source: Proprietary opinions based on CNR Research, as of February 2025. Information is subject to change and is not a guarantee of future results.

NON-DEPOSIT INVESTMENT PRODUCTS: • ARE NOT FDIC INSURED • ARE NOT BANK GUARANTEED • MAY LOSE VALUE



Economic Forecasts

- January changes include a higher estimated ranges for 2025 GDP and interest rate forecasts.

- GDP growth is expected to remain above trend, supported by potential pro-growth fiscal policy.
- Corporate profits are expected to be higher in 2025.
- Inflation pressures are expected to ease but may remain elevated based on the new administration’s policy.
- Additional Fed cuts are supportive of continued expansion.
- Structural pressure will likely keep 10-year Treasury yields over 4%.

City National Rochdale Forecasts		2024	2025e
Real Annual GDP Growth		2.5% (a)	2.0% to 2.5%
Corporate Profit Growth		8.8% (e)	10.0% to 14.0%
Headline CPI Year End		2.9% (a)	2.50% to 2.75%
Interest Rates	Federal Funds Rate	4.25% to 4.50% (a)	3.75% to 4.25%
	Treasury Note, 10-Yr.	4.57% (a)	4.0% to 4.5%

Gross domestic product (GDP) is the total monetary or market value of all the finished goods and services produced within a country’s borders in a specific time period.

e: estimate. a: actual.

The Consumer Price Index (CPI) measures the monthly change in prices paid by U.S. consumers.

Sources: Bloomberg, FactSet, proprietary opinions based on CNR Research, as of February 2025. Information is subject to change and is not a guarantee of future results.

NON-DEPOSIT INVESTMENT PRODUCTS: • ARE NOT FDIC INSURED • ARE NOT BANK GUARANTEED • MAY LOSE VALUE



Key Market & Economic Views

- **Economic Growth & Inflation** – The economy remains strong, with corporate profits rising and labor growth steady, while inflation trends in services spending remain intact, but potential pressure on goods prices, tariffs, and the growing federal deficit suggest inflation may remain higher than desired.
- **Stock Market Outlook** – The S&P 500 is expected to reach 6400–6500 by the end of 2025, with technology returns moderating and small-cap stocks potentially benefiting from domestic policy shifts.
- **Bond Market & Interest Rates** – Treasury volatility will persist due to shifting federal policy, but attractive real yields and strong credit quality support fixed-income investments, with the Fed likely holding rates steady.
- **Geopolitical & Policy Risks** – Trump’s direct engagement with Russia, excluding Europe and Ukraine, marks a shift in diplomacy that, while frustrating for European allies, is the first step toward ending the war, while in the Middle East, the situation has de-escalated but remains fragile.
- **General Conclusions** – Policy decisions across immigration, deregulation, tax policy, tariffs, and energy will have broad implications across the economy, shaping growth, inflation, corporate strategy, and market performance.

Source: CNR Research, as of February 2025
Information is subject to change and is not a guarantee of future results.



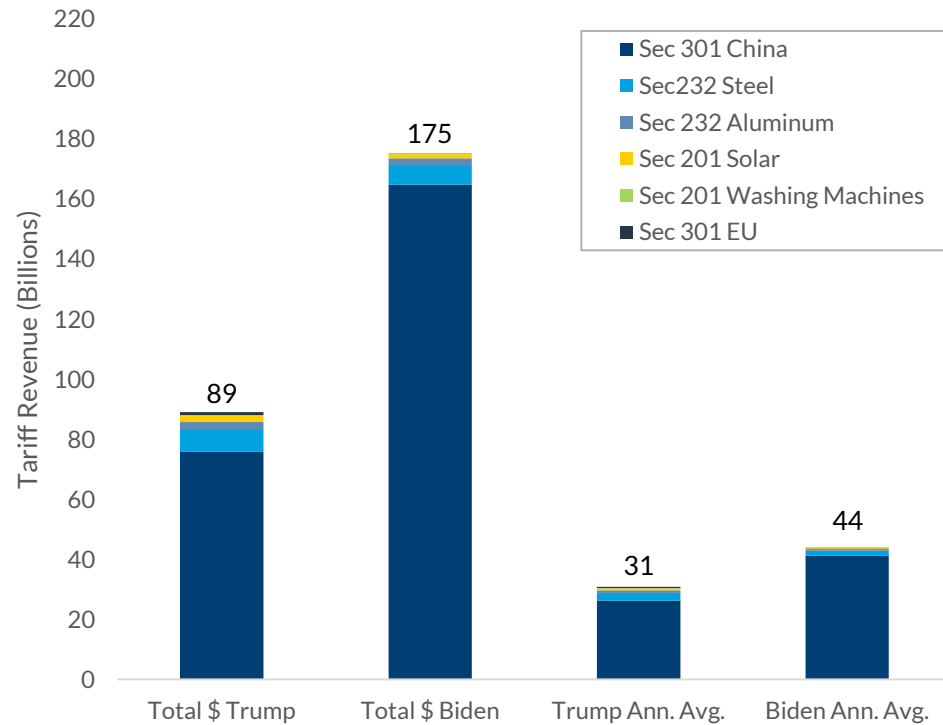
What do the new tariffs mean for the economy?



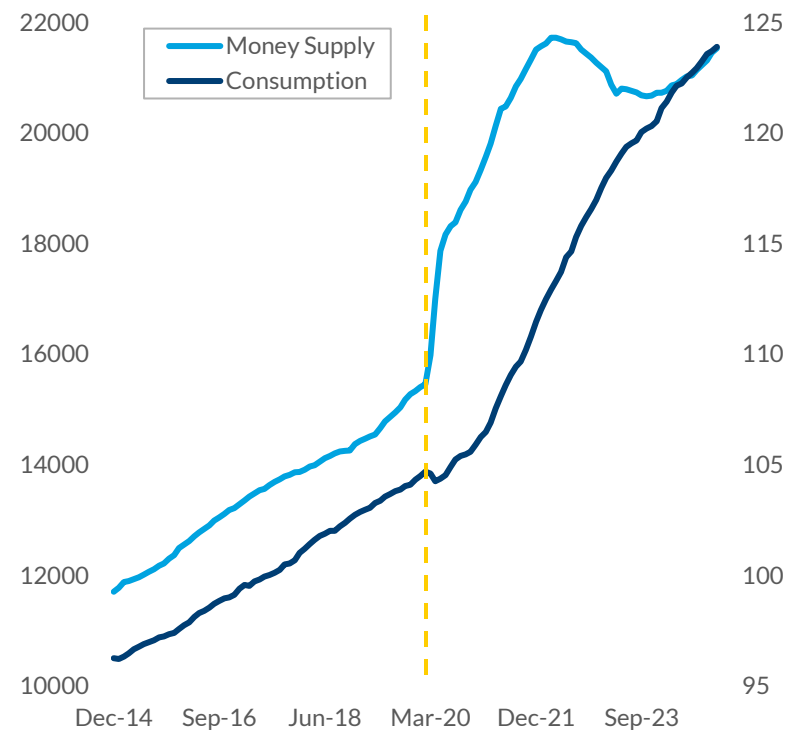
Tariffs Have Been in Place Since 2018

- The Trump administration introduced tariffs in 2018, and tariff rates were increased on China in 2024.
- Tariffs should be separated from the post-pandemic inflationary episode of 2022 driven by money supply expansion and a rapid increase in consumption.

Tariffs Under Each Administration



Money Supply & Consumption¹



Data is current as of February 14, 2025

¹Money Supply is represented by M2 Index, Consumption is Represented by PCE Core Index, data current as of 12/31/2024 (latest release)

Source: CNR Research, Federal Reserve, Bureau of Economic Analysis, Tax Foundation

Information is subject to change and is not a guarantee of future results.

NON-DEPOSIT INVESTMENT PRODUCTS: • ARE NOT FDIC INSURED • ARE NOT BANK GUARANTEED • MAY LOSE VALUE

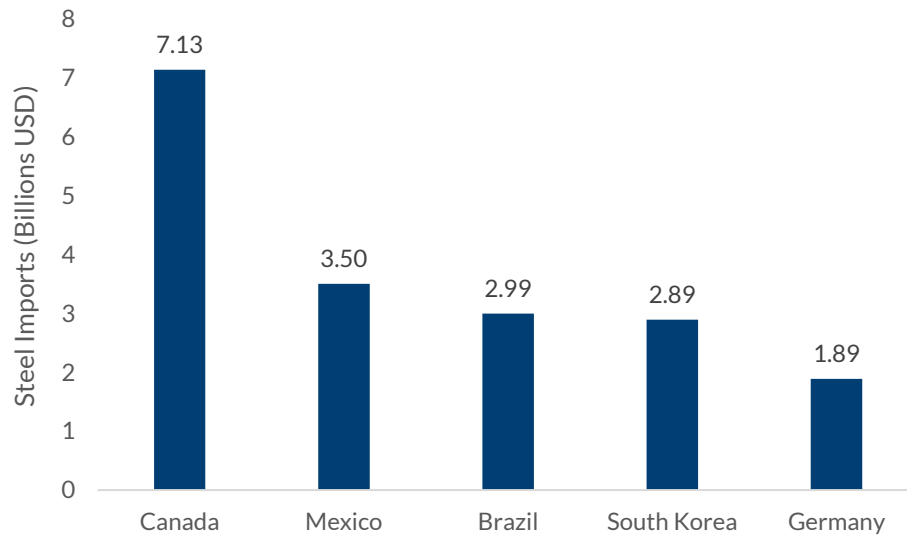


Steel & Aluminum Import Market at a Glance

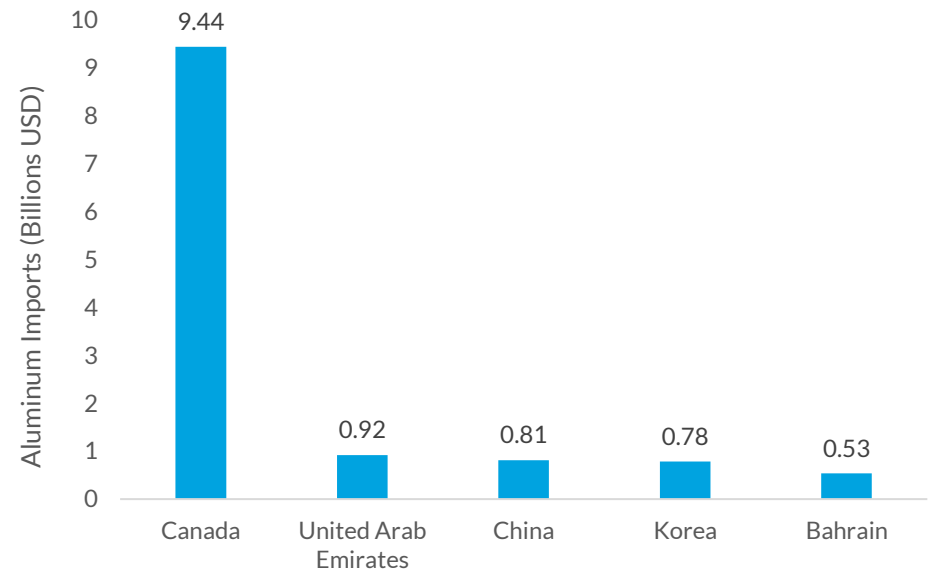
Imports	Total (Billions USD)	% Total Imports
Steel	31.6	0.97%
Aluminum	17.7	0.54%
Total U.S. Imports	3,267.4	1.51%

- % GDP: <0.01%
- GDP Growth Impact: <0.05%
- Employment Impact: -17k
- Tariff Revenue: \$5.1B per year
- Effective March 12, 2025

U.S. Steel Imports



U.S. Aluminum Imports



Data current as of December 31, 2024; Information on Tariffs covers the annual period 2024; GDP, Employment and Tariff Revenue Impacts are projected over 10 years

Source: CNR Research, Tax Foundation, International Trade Administration, FRED

Information is subject to change and is not a guarantee of future results.

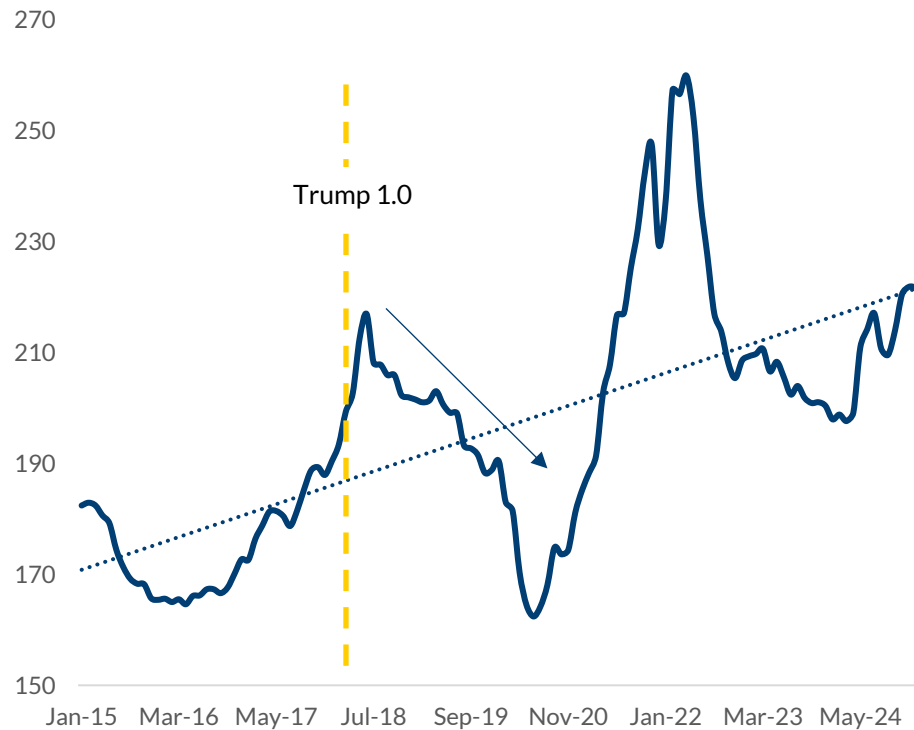
NON-DEPOSIT INVESTMENT PRODUCTS: • ARE NOT FDIC INSURED • ARE NOT BANK GUARANTEED • MAY LOSE VALUE



Steel & Aluminum as Part of the Production Process

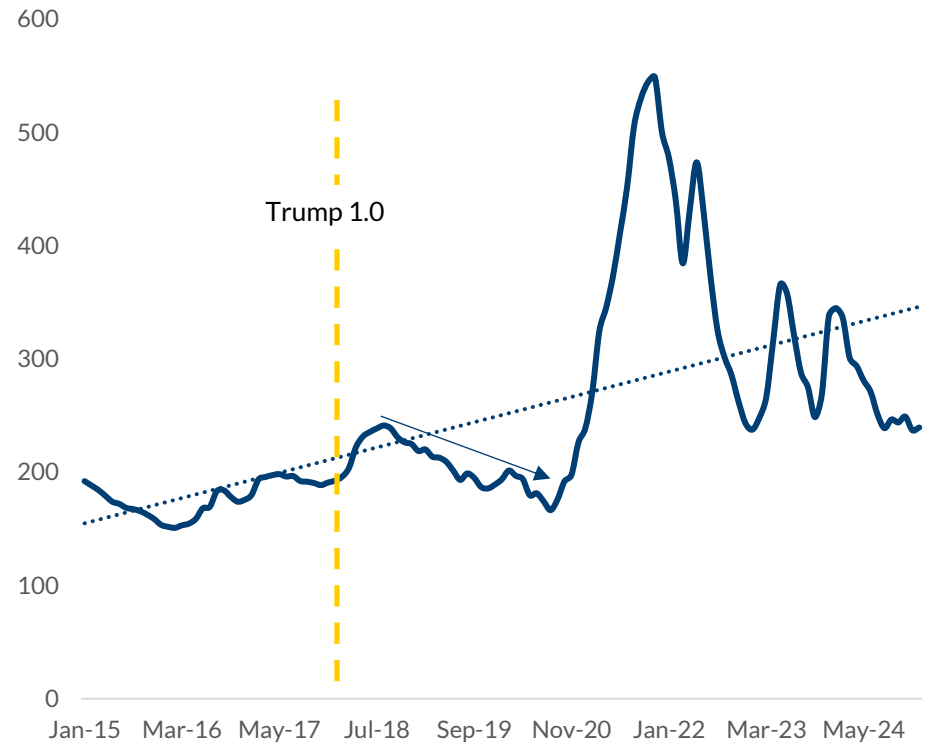
- Steel and aluminum manufacturing costs declined after the imposition of 10% tariffs in 2018.
- Overall inflation rates in steel and aluminum have largely kept pace with broader consumer inflation.

Aluminum Sheet, Plate & Foil Manufacturing Price Index



10-Year Inflation Rate: 2.0%

Rolled Steel Shape Manufacturing Price Index



10-Year Inflation Rate: 2.2%

Data current as of February 14, 2025
 Source: CNR Research, Bloomberg
 Information is subject to change and is not a guarantee of future results.

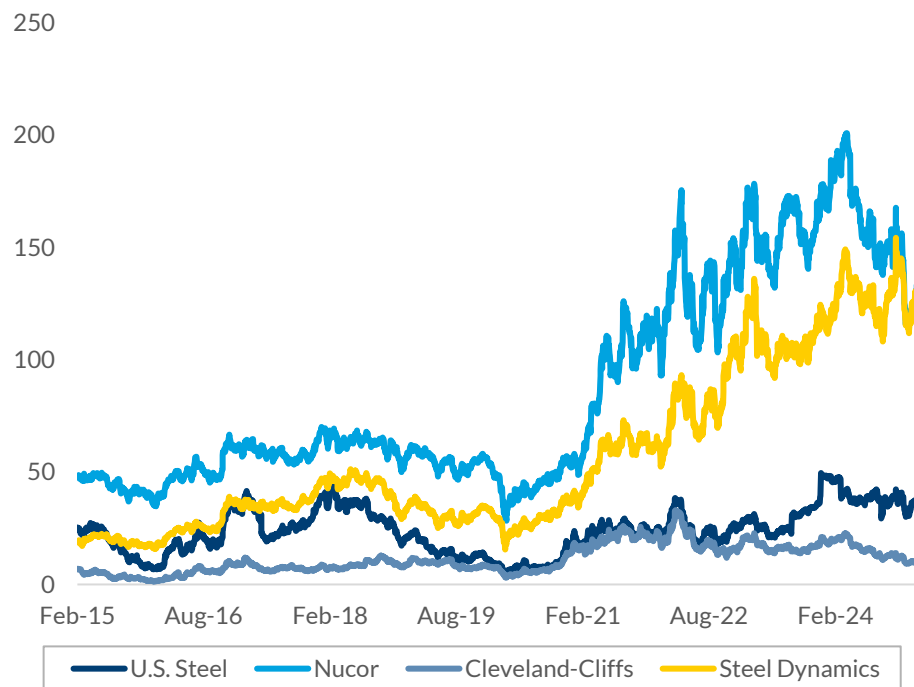
NON-DEPOSIT INVESTMENT PRODUCTS: • ARE NOT FDIC INSURED • ARE NOT BANK GUARANTEED • MAY LOSE VALUE



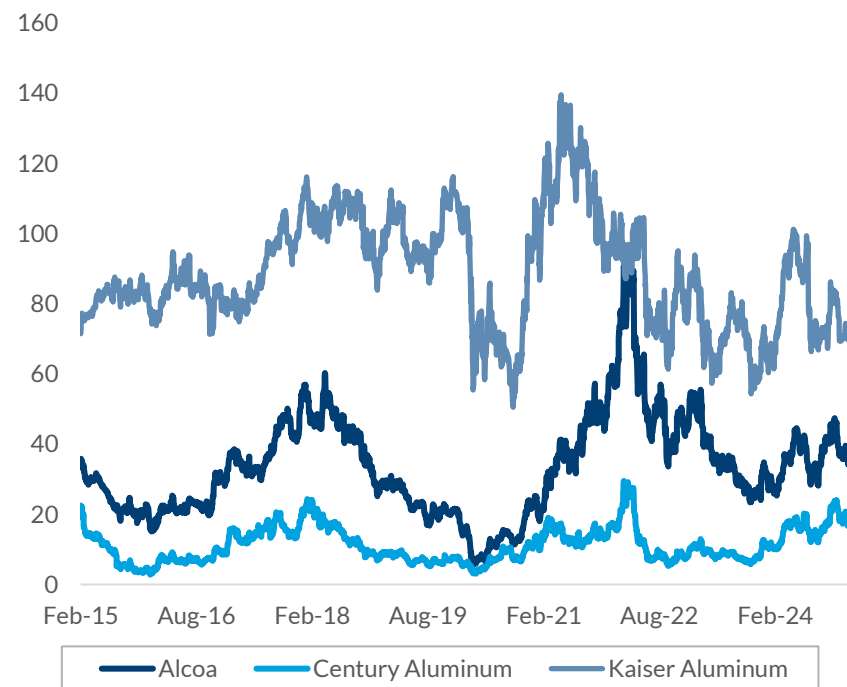
Steel & Aluminum as Part of the Production Process

- The combined market cap of the largest steel and aluminum companies is \$82 Billion
- Compared to the S&P500 market capitalization of \$54 Trillion, steel and aluminum companies on a relative basis are just 0.15% of the market, implying very low market impact from additional tariffs.

U.S. Top 4 Largest Public Steel Companies
\$69B Market Cap



U.S. Top 3* Largest Public Aluminum Companies
\$13B Market Cap



Data current as of February 14, 2025

*Note that only 3 Aluminum companies over \$1B market capitalization are publicly traded

Source: CNR Research, Bloomberg

Information is subject to change and is not a guarantee of future results.

NON-DEPOSIT INVESTMENT PRODUCTS: • ARE NOT FDIC INSURED • ARE NOT BANK GUARANTEED • MAY LOSE VALUE

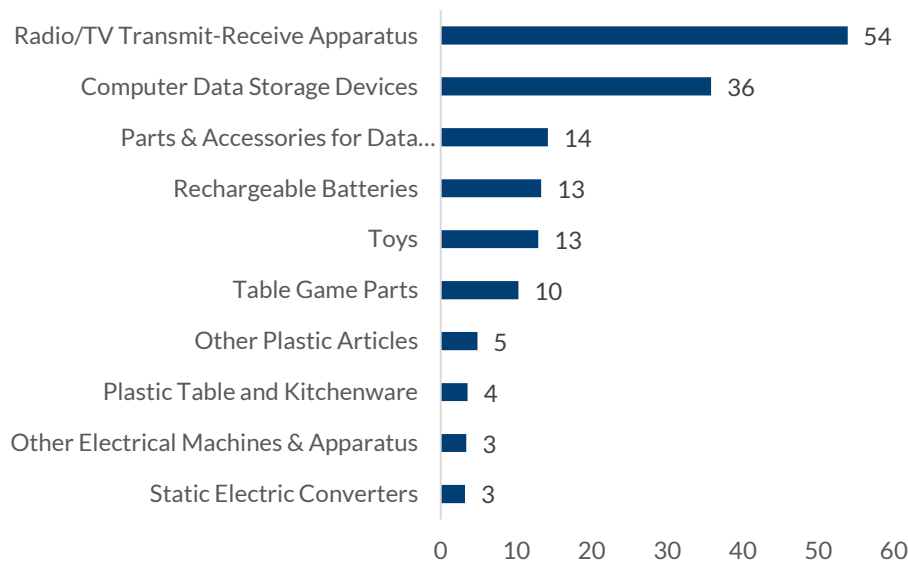


U.S. Imports From China at a Glance

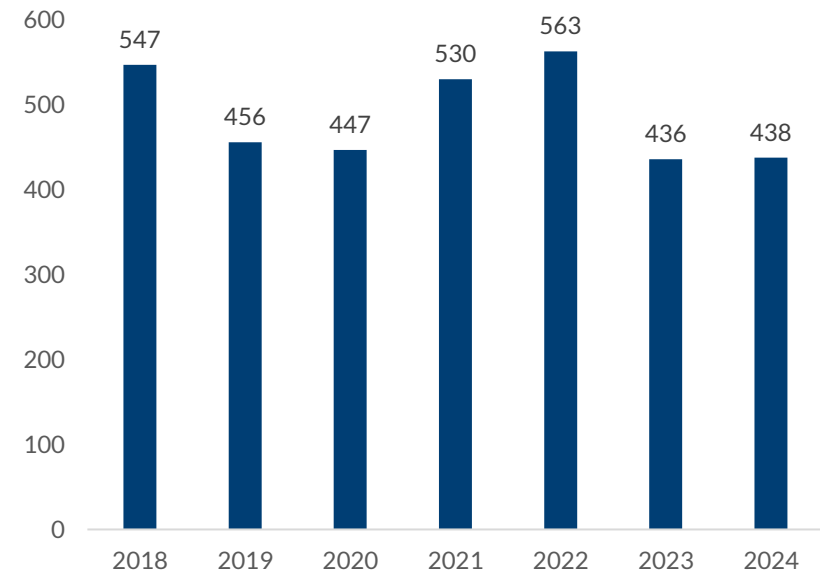
Imports	Total (Billions USD)	% Total US Imports
China Imports	436	13.34%

- % U.S. GDP: 1.4%
- GDP Growth Impact: -0.1%
- Employment Impact: -73k
- Tariff Revenue: \$20.7B per year
- Effective February 4, 2025

Top Chinese U.S. Exports (Billions USD)



Total U.S. Imports From China (Billions USD)



Data current as of December 2024; Information on Tariffs covers the annual period 2024; GDP, Employment and Tariff Revenue Impacts are projected over 10 years

Source: CNR Research, Tax Foundation, International Trade Administration, FRED

Information is subject to change and is not a guarantee of future results.

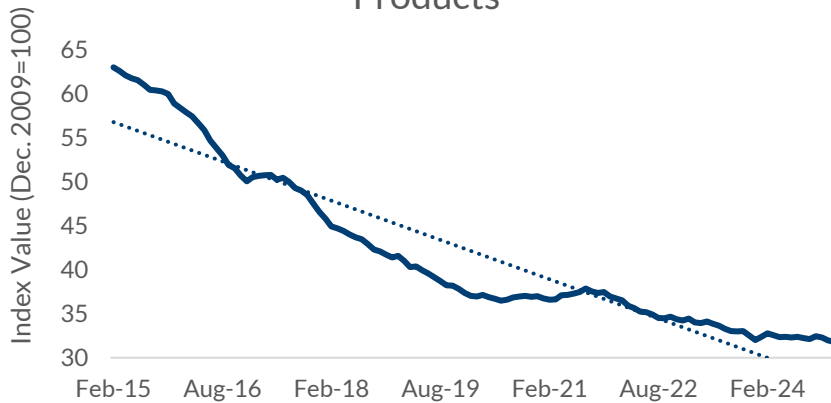
NON-DEPOSIT INVESTMENT PRODUCTS: • ARE NOT FDIC INSURED • ARE NOT BANK GUARANTEED • MAY LOSE VALUE



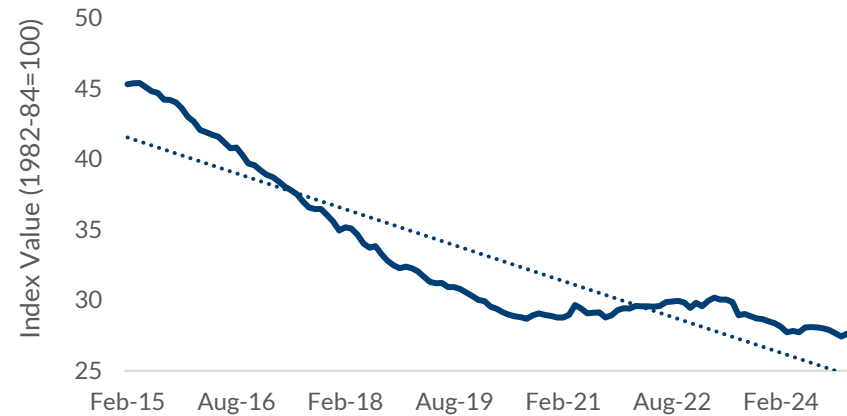
Price Indexes of Primary U.S. Imports From China

- The largest China imports are televisions, computer devices, batteries, toys and household equipment.
- These products do not have associated intellectual property advantages and have declined in price over time.

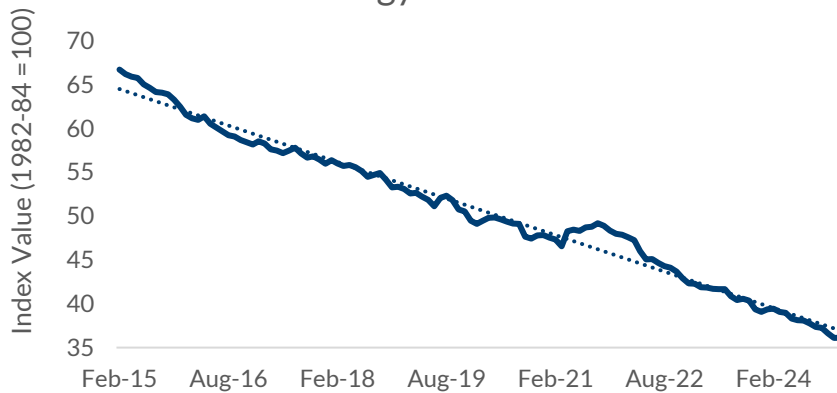
CPI Component Index: Video & Audio Products



CPI Component Index: Toys



CPI Component Index: Information Technology Commodities



CPI Component Index: Household Equipment & Furnishings



Monthly data current as of January 31, 2025
 Sources: CNR Research, Bloomberg, Bureau of Labor Statistics
 Information is subject to change and is not a guarantee of future results.



What risks do suggested tariffs propose?

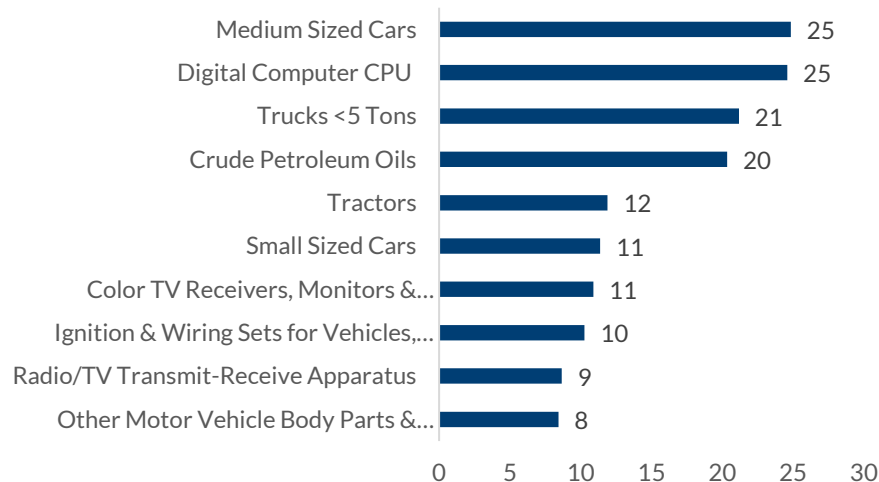


Canada & Mexico Imports at a Glance

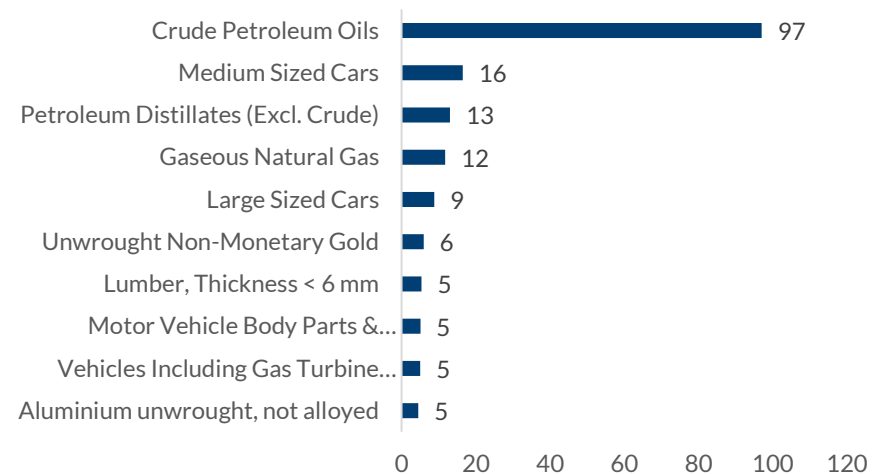
Imports	Total (Billions USD)	% Total Imports
Canada Imports	410	12.55%
Mexico Imports	456	13.96%
Total	866	26.51%

- % U.S. GDP: 1.4%
- GDP Growth Impact: -0.3%
- Employment Impact: -269k
- Tariff Revenue: \$88B per year
- Effective March 4, 2025

Top Mexico U.S. Exports (Billions USD)



Top Canadian U.S. Exports (Billions USD)



Data current as of December 2024; Information on Tariffs covers the annual period 2024; GDP, Employment and Tariff Revenue Impacts are projected over 10 years

Source: CNR Research, Tax Foundation, International Trade Administration, FRED

Information is subject to change and is not a guarantee of future results.

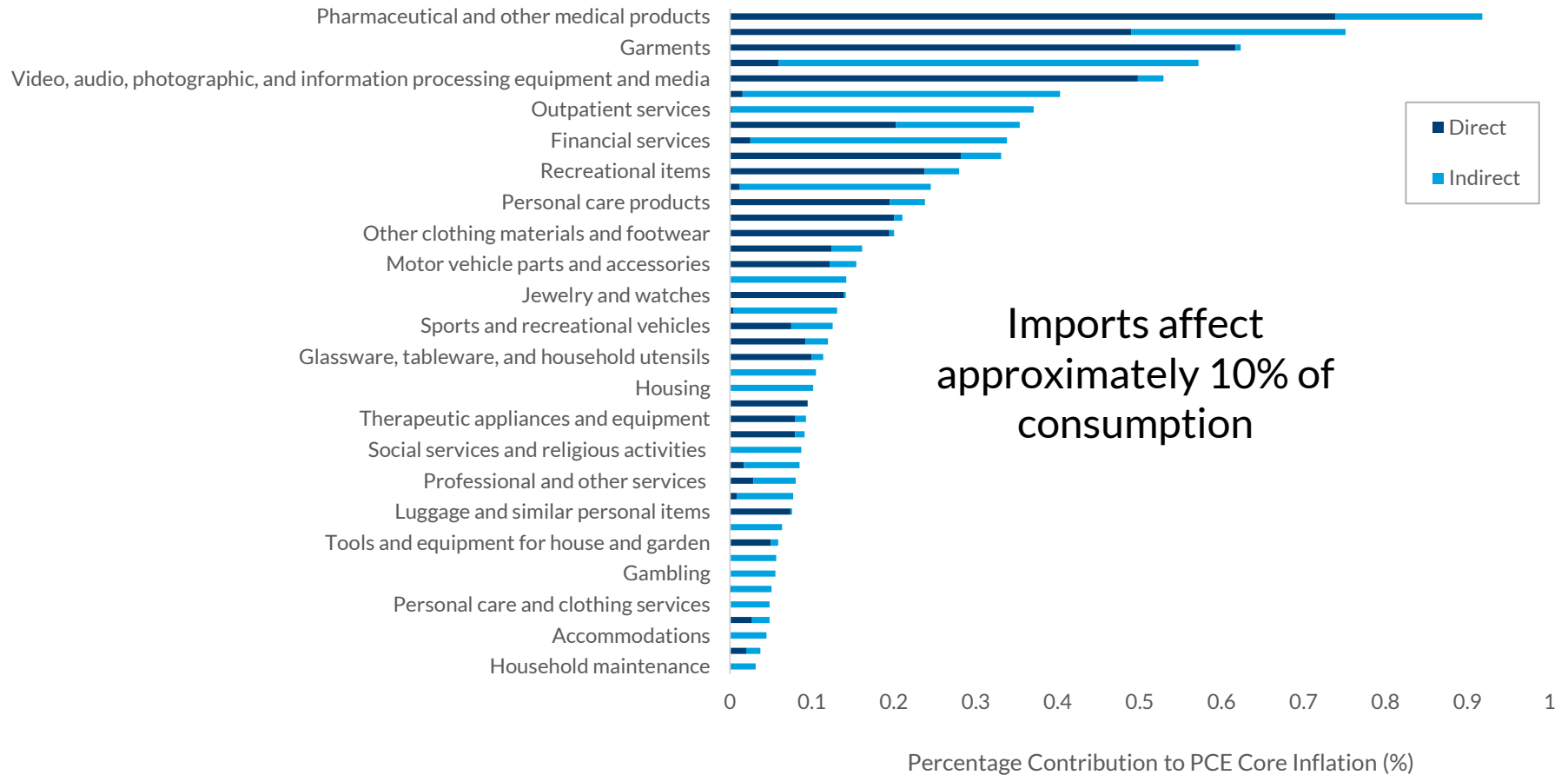
NON-DEPOSIT INVESTMENT PRODUCTS: • ARE NOT FDIC INSURED • ARE NOT BANK GUARANTEED • MAY LOSE VALUE



The Impact of Imports on U.S. Inflation

- Imports account for approximately 10% of the influence on personal consumption expenditures (“PCE”).
- Several of the largest categories are not directly impacted by the target countries currently.

Imports With Largest Impact on PCE Core Inflation



Data current as of February 6, 2025

Direct imports are pass-through products in the final stage of deliver; Indirect imports are intermediary products

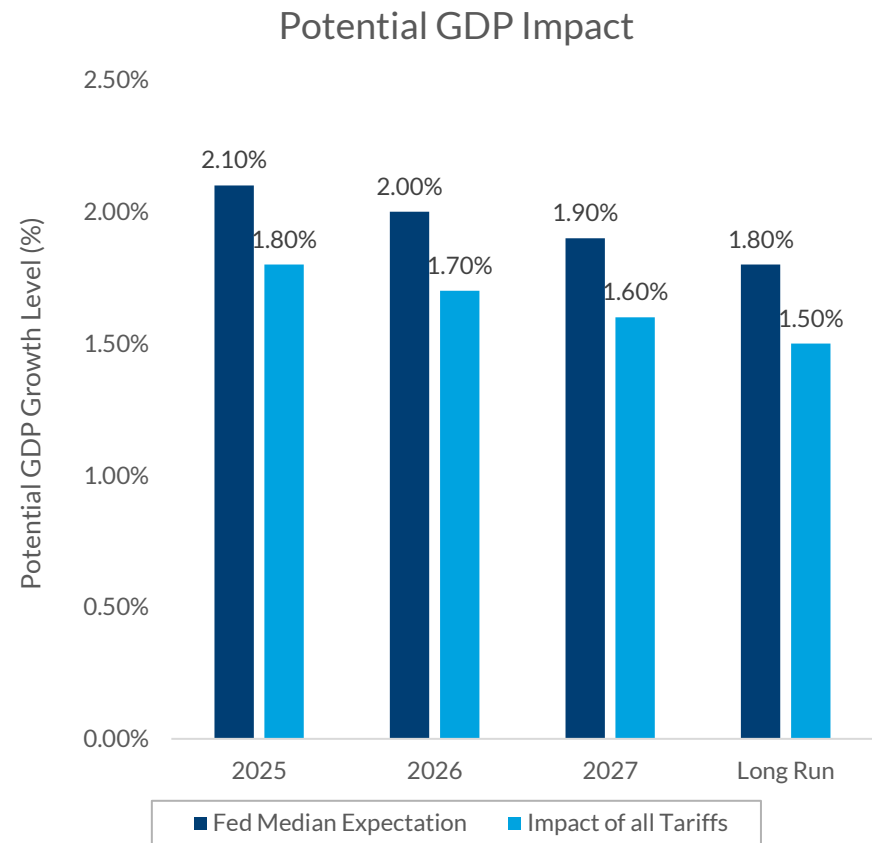
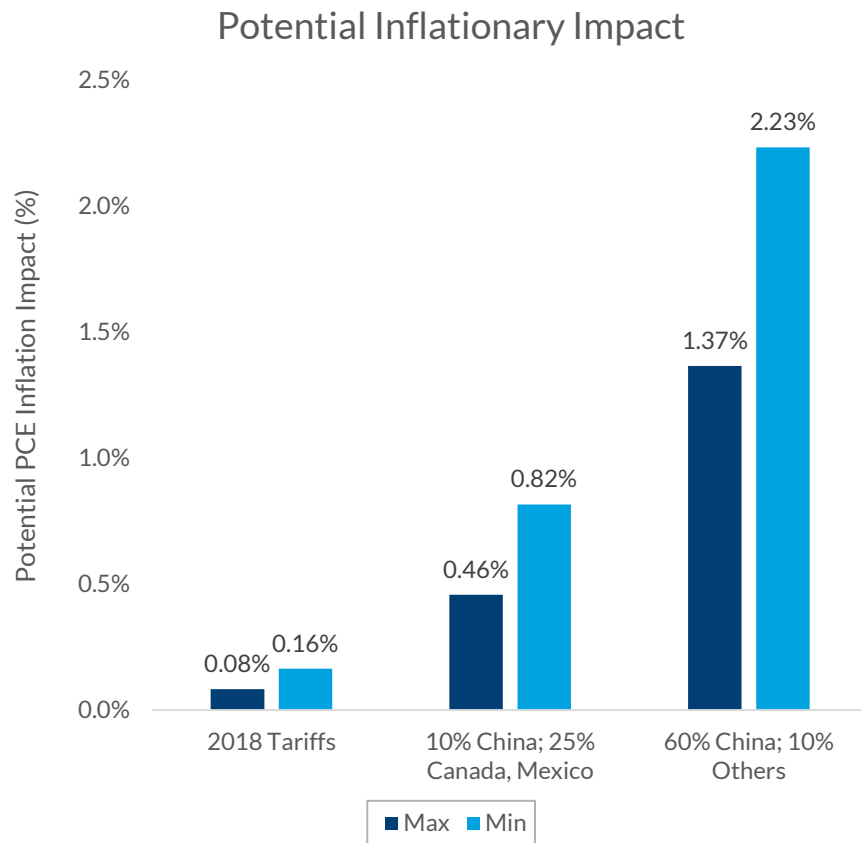
Source: CNR Research, Federal Reserve Bank of Boston

Information is subject to change and is not a guarantee of future results.



Potential GDP & Inflationary Impacts

- Imports represent 10% of consumption and 11% of GDP limiting the overall impact from tariffs.
- There will be an impact from tariffs on inflation, but it is likely to represent a one-time step.



Data current as of January 30, 2024

Source: CNR Research, Tax Foundation, Federal Reserve, Federal Reserve Bank of Boston

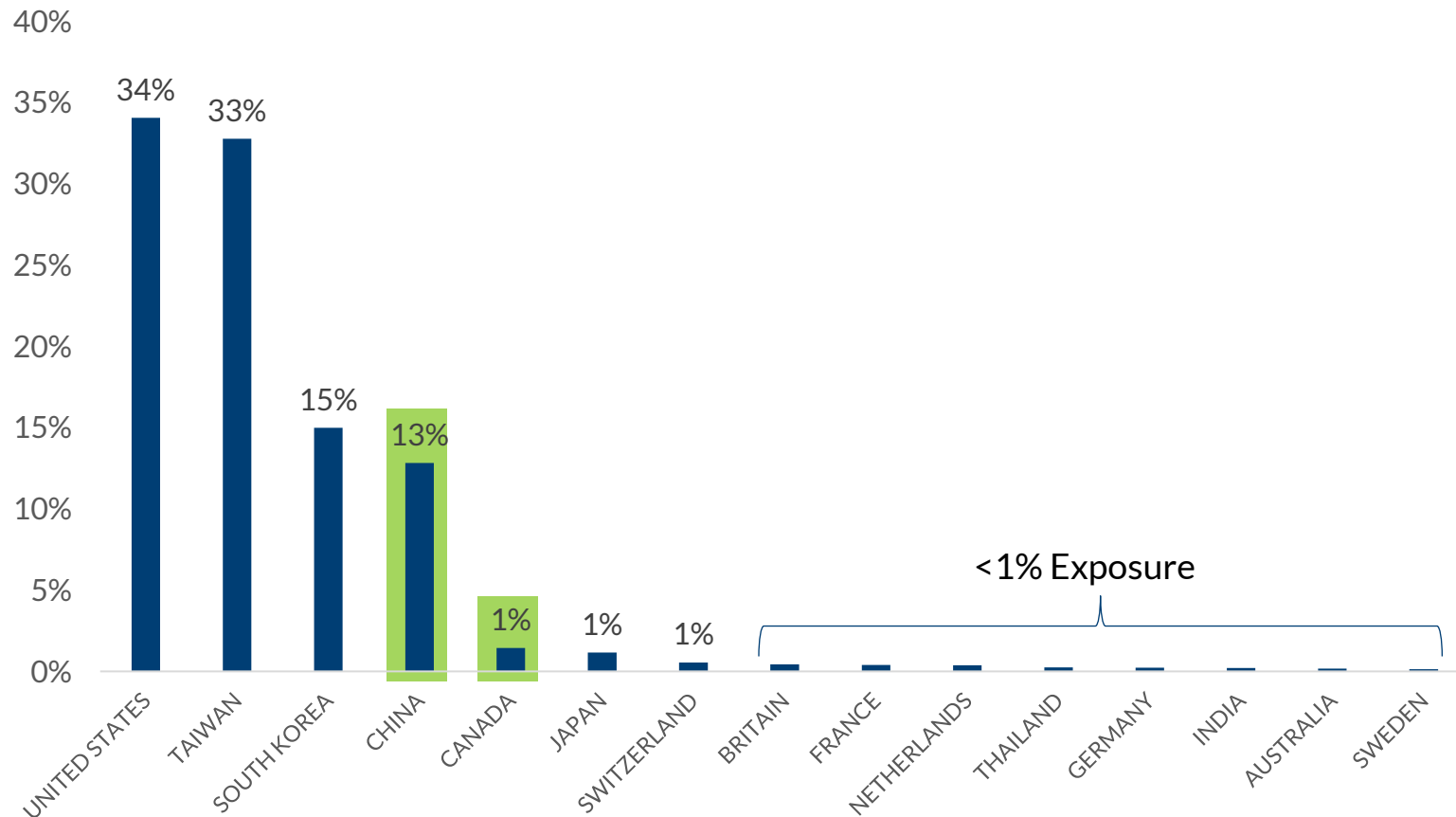
Information is subject to change and is not a guarantee of future results.



Magnificent 7 Supply Chain Country Exposure

- Given the contribution to the return of the S&P 500, it is important to identify the reliance of U.S. tech companies on China, Canada and Mexico supply chains.
- Overall, just 14% of the supply chain across the Magnificent 7 is exposed to countries currently in scope.

Tech Company Supply Chain Exposure Percentage (%)



Data current as of February 14, 2025

Source: CNR Research, Bloomberg

The Magnificent Seven stocks are a group of high-performing and influential companies in the U.S. stock market: Alphabet, Amazon, Apple, Meta Platforms, Microsoft, NVIDIA, and Tesla.

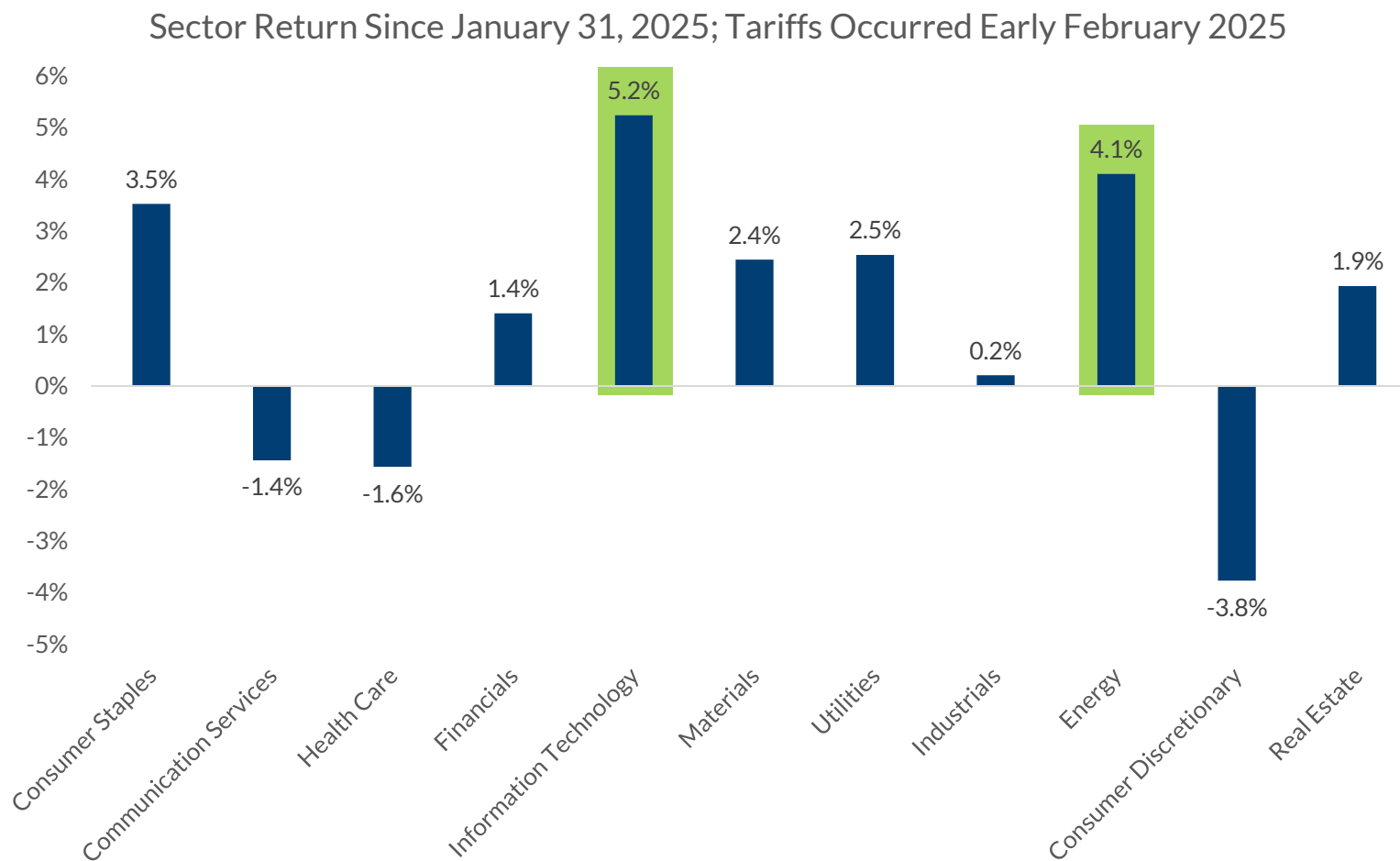
Information is subject to change and is not a guarantee of future results.

NON-DEPOSIT INVESTMENT PRODUCTS: • ARE NOT FDIC INSURED • ARE NOT BANK GUARANTEED • MAY LOSE VALUE



Potential Sectors to Embrace or Avoid

- Returns to S&P 500 sectors reveal the potential company impact from additional tariffs.
- Given low tech exposure to Canada & Mexico and energy’s domestic focus, both sectors stand out.



Data current as of January 30, 2024

Source: CNR Research

Past performance is subject to change and is not a guarantee of future results.

NON-DEPOSIT INVESTMENT PRODUCTS: • ARE NOT FDIC INSURED • ARE NOT BANK GUARANTEED • MAY LOSE VALUE



Potential for Additional Tariffs

Country/ Product	Status	Ad Valorem Tariff Rate	Scope
All Countries	Threatened (Feb. 13, 2025)	Reciprocal	TBD
BRICS	Threatened (Jan. 30, 2025)	100%	All Products
EU	Threatened (Jan. 31, 2025)	TBD	TBD
Automobile	Threatened to start around Apr. 2 (Feb. 18, 2025)	25%	TBD
Semiconductor	Threatened to start around Apr. 2 (Feb. 18, 2025)	25%	TBD
Pharmaceutical	Threatened to start around Apr. 2 (Feb. 18, 2025)	25%	TBD

Data current as of January 30, 2024

Source: CNR Research, Bloomberg, ReedSmith

Information is subject to change and is not a guarantee of future results.

NON-DEPOSIT INVESTMENT PRODUCTS: • ARE NOT FDIC INSURED • ARE NOT BANK GUARANTEED • MAY LOSE VALUE



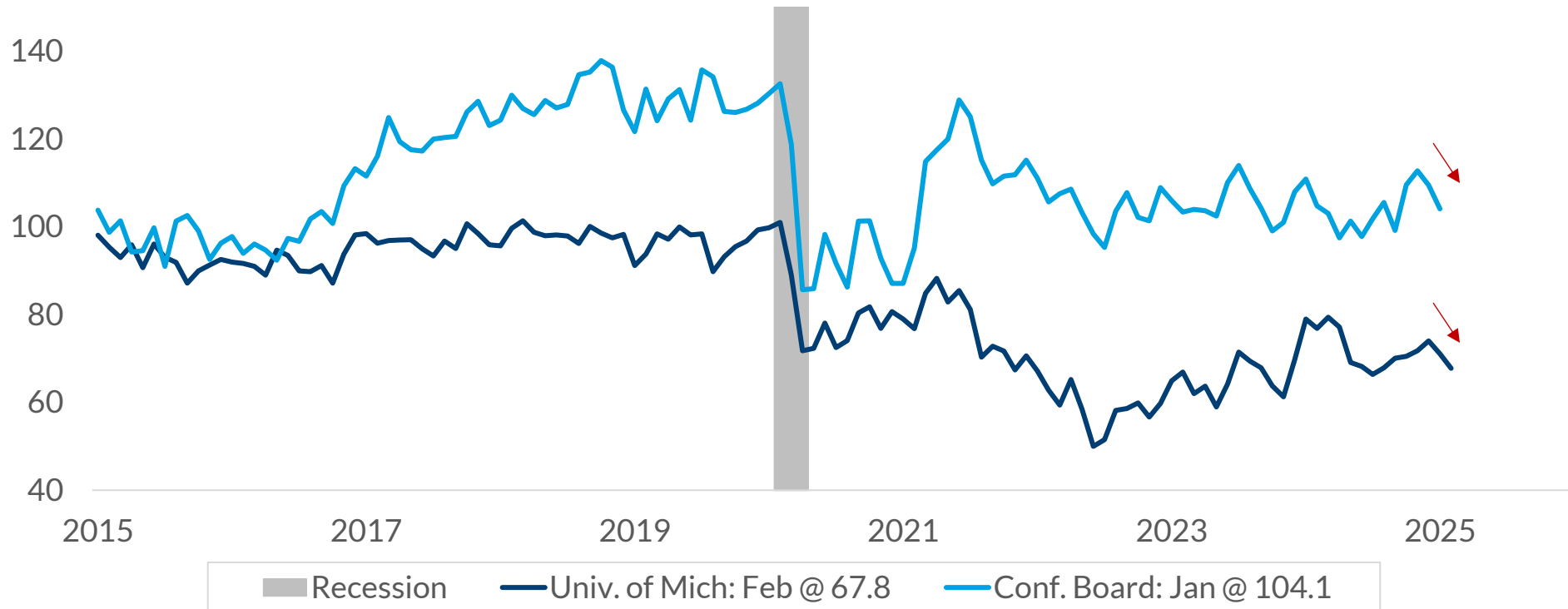
What does the recent data
say about the state of the
economy?



Consumers Have Become More Downbeat on the Economy

- Americans are more pessimistic than before the election.
- Tariff threats, stock market swings, policy changes, and harder to get a job all seem to be the causes.
- The fear of inflation one year from now jumped a whole percentage point to 4.3%, a large and rare increase.*

Sentiment/Confidence
 University of Michigan: index value, not seasonally adjusted
 Conference Board: index value, seasonally adjusted



Data current as of February 19, 2025

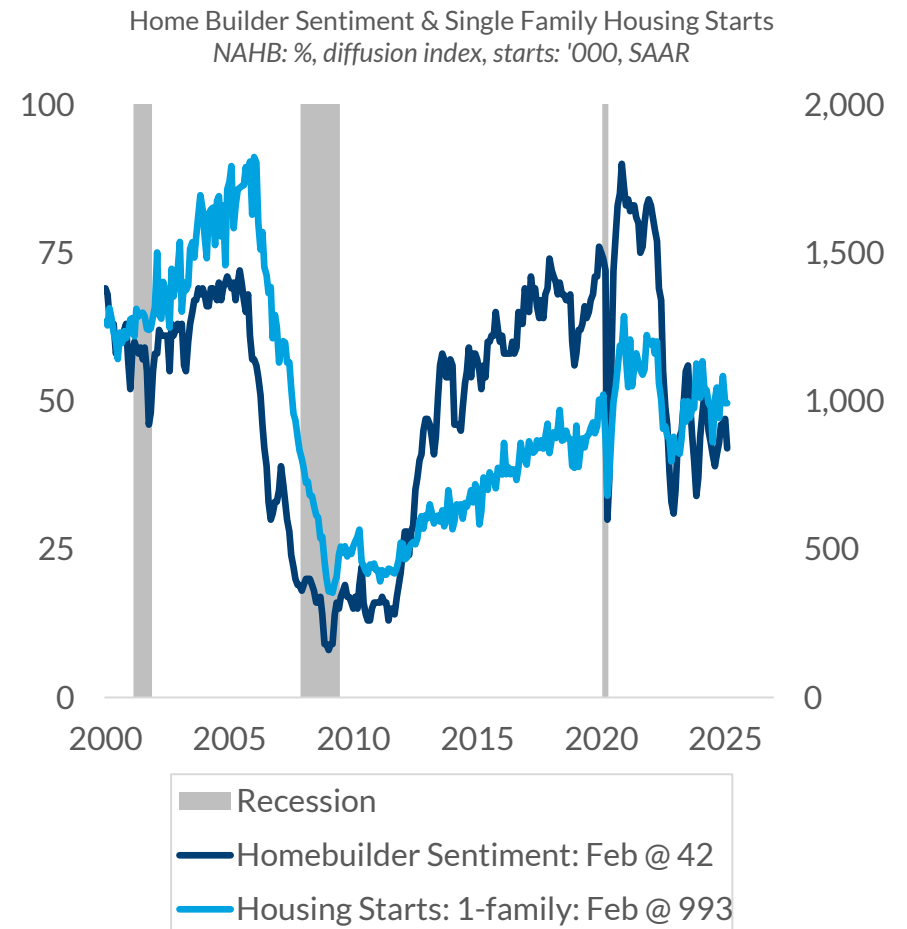
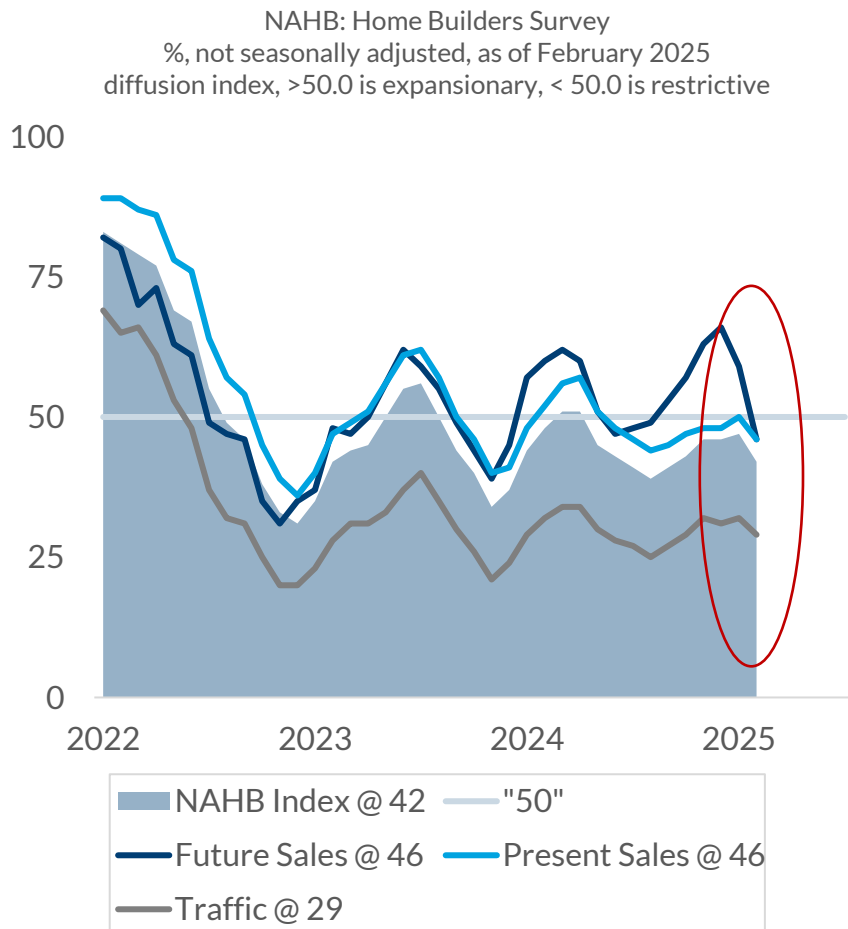
Source: University of Michigan Surveys of Consumers, The Conference Board, *University of Michigan Surveys of Consumers
 Information is subject to change and is not a guarantee of future results.

NON-DEPOSIT INVESTMENT PRODUCTS: • ARE NOT FDIC INSURED • ARE NOT BANK GUARANTEED • MAY LOSE VALUE



Housing: Tariffs and Interest Rates Drag Down Sentiment

- Home builders' sentiment has fallen as concerns about tariffs weight it down.
- With elevated mortgage rates and high home prices, high tariffs are expected to add to housing costs.
- About 7% of all goods used in new residential construction originate from a foreign nation.*



Data current as of February 19, 2025

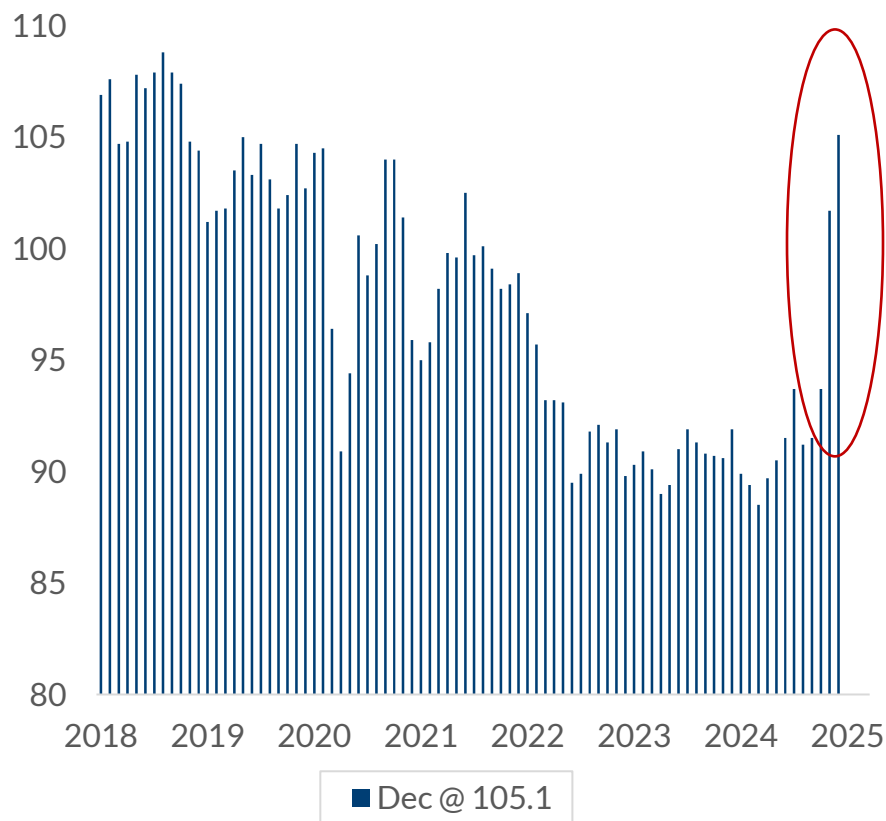
Source: National Association of Home Builders, *National Association of Home Builders
 Information is subject to change and is not a guarantee of future results.



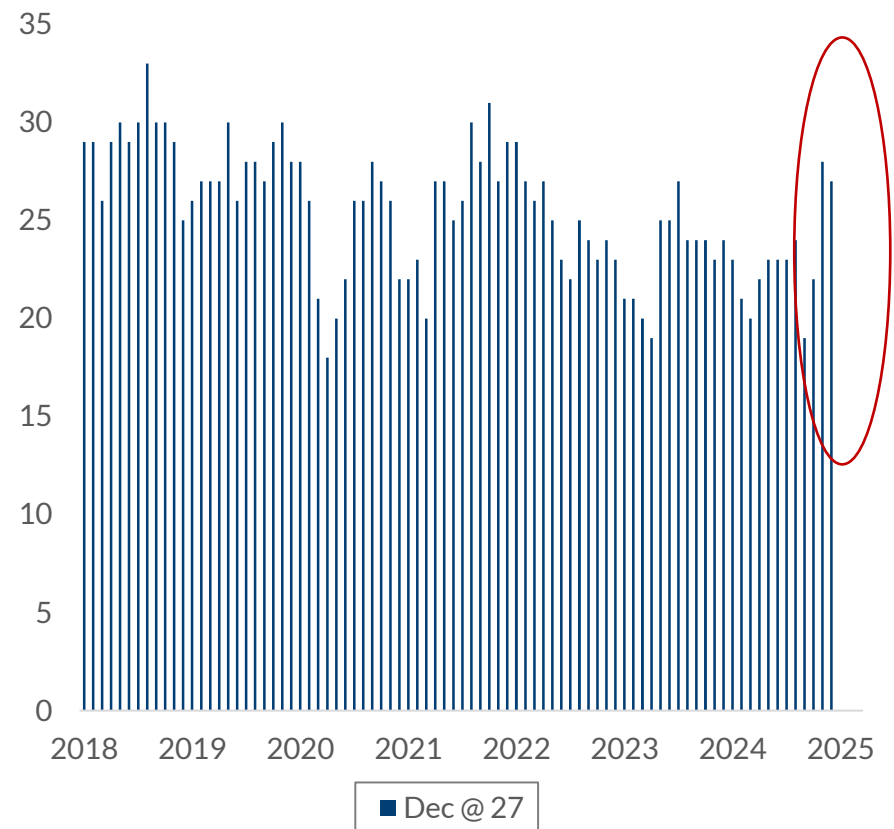
Small Business Optimism Has Surged Since the Election

- Small business optimism has rocketed to a level not seen since before the pandemic.
- The jump was mostly in “soft” components, which reflects expectations for business conditions.
- However, plans to increase capital expenditures, a “hard” component, is considered very bullish.

NFIB: Small Business Optimism Index
index, seasonally adjusted



NFIB: Small Business Capital Exp. Index
index, seasonally adjusted



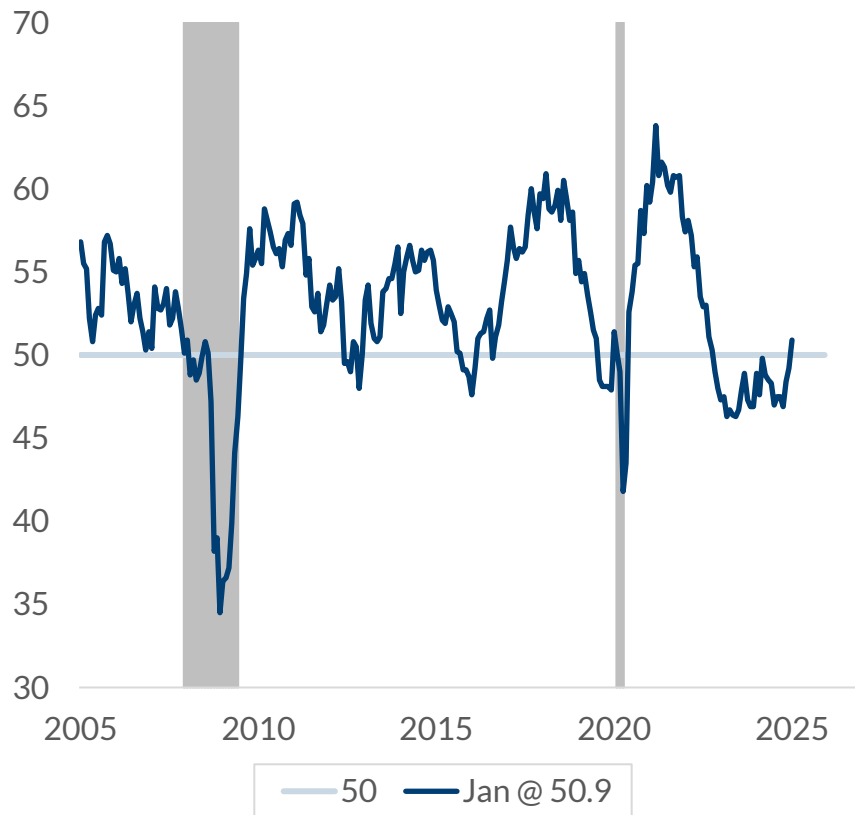
Data current as of February 19, 2025
 Source: Federation of Independent Business
 Information is subject to change and is not a guarantee of future results.



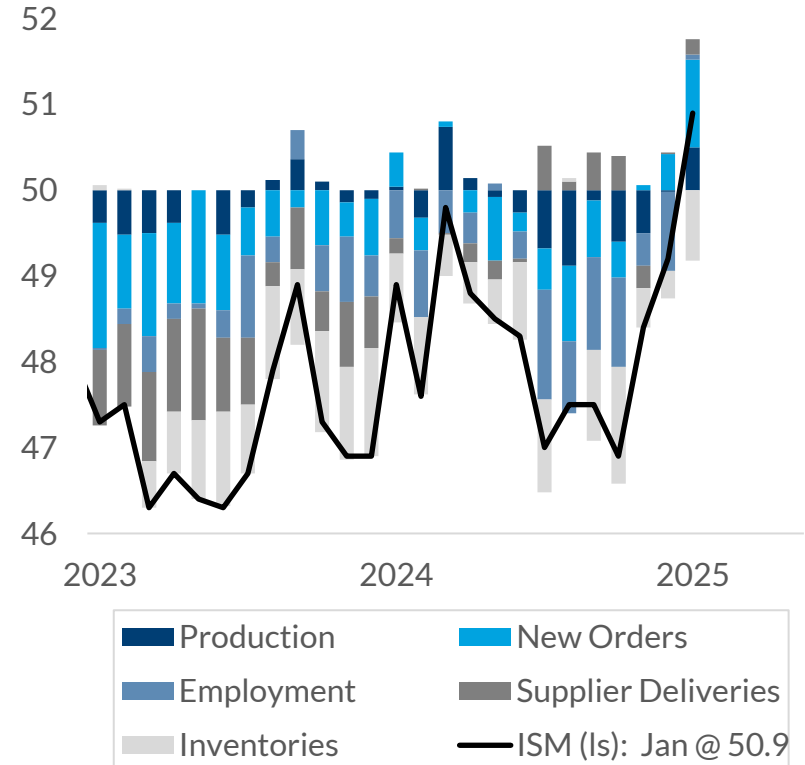
Manufacturing Survey Turns Bullish Before Tariffs Effect

- The manufacturing index jumped 1.7 points, putting it in the expansion territory for the first time since 2022.
- This much-anticipated rebound reflects a jump in new orders and production.
- The employment component rose 4.9 points, more than any other component.

ISM Manufacturing: Purchasing Managers Index
 %, not seasonally adjusted
 diffusion index, > 50.0 is expansionary, < 50.0 is restrictive



ISM Manufacturing: Contribution of Major Components
 column is variance from 50, as of January 2025
 diffusion index, > 50.0 is expansion, < 50.0 is restrictive



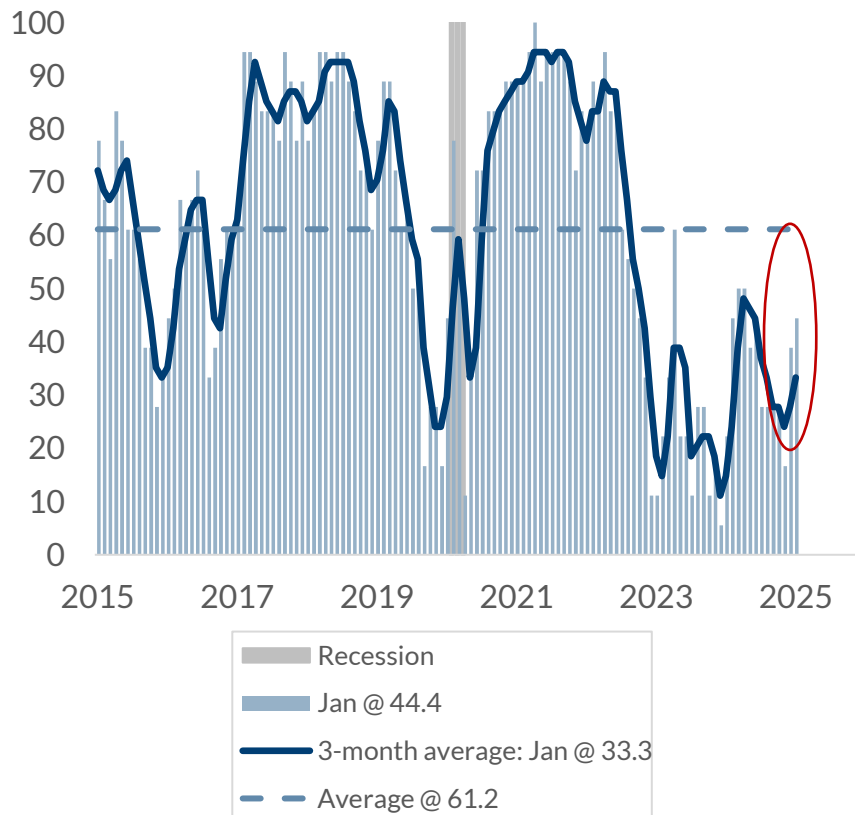
Data current as of February 19, 2025
 Source: University of Michigan Surveys of Consumers
 Information is subject to change and is not a guarantee of future results.



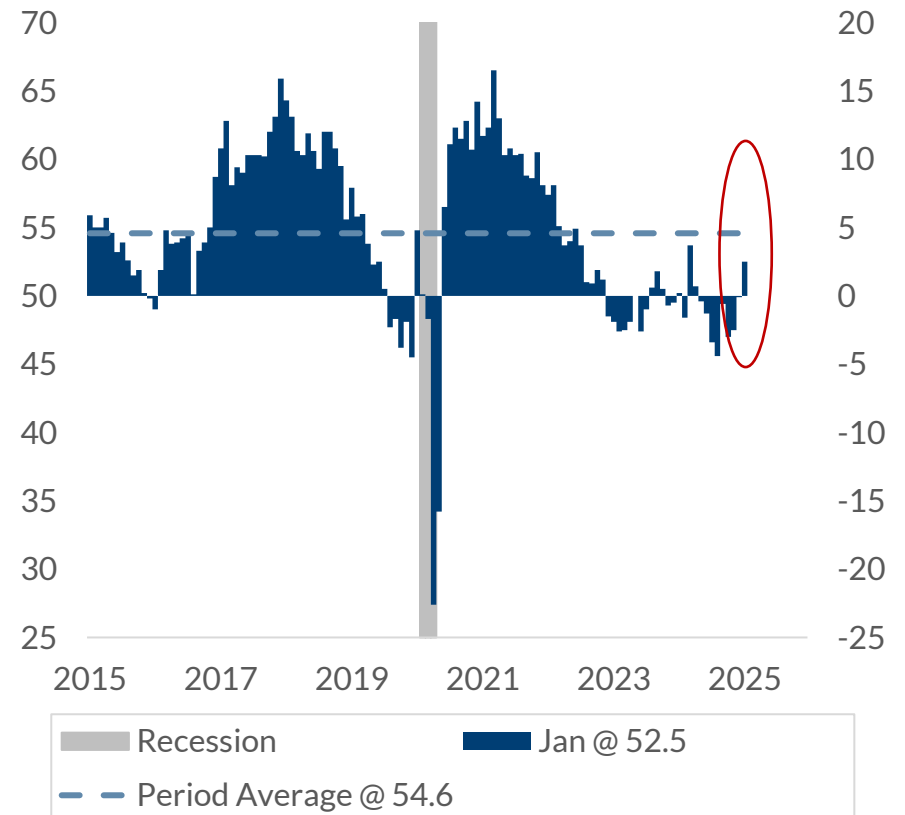
Growth Is Broadening Out Among the Major Industries

- This is a long-awaited rebound for a sector that has acutely felt the pain of higher interest rates.
- A broader and more dispersed improvement in growth is coming at the right time.
- The production component had a big jump after averaging just 50.3 for the past three years.

ISM Manufacturing: Share of Industries Reporting Growth
 %, not seasonally adjusted
 diffusion index, > 50.0 is expansion, < 50.0 is contraction



ISM Manufacturing: Production
 %, not seasonally adjusted
 diffusion index, > 50.0 is expansion, < 50.0 is contraction



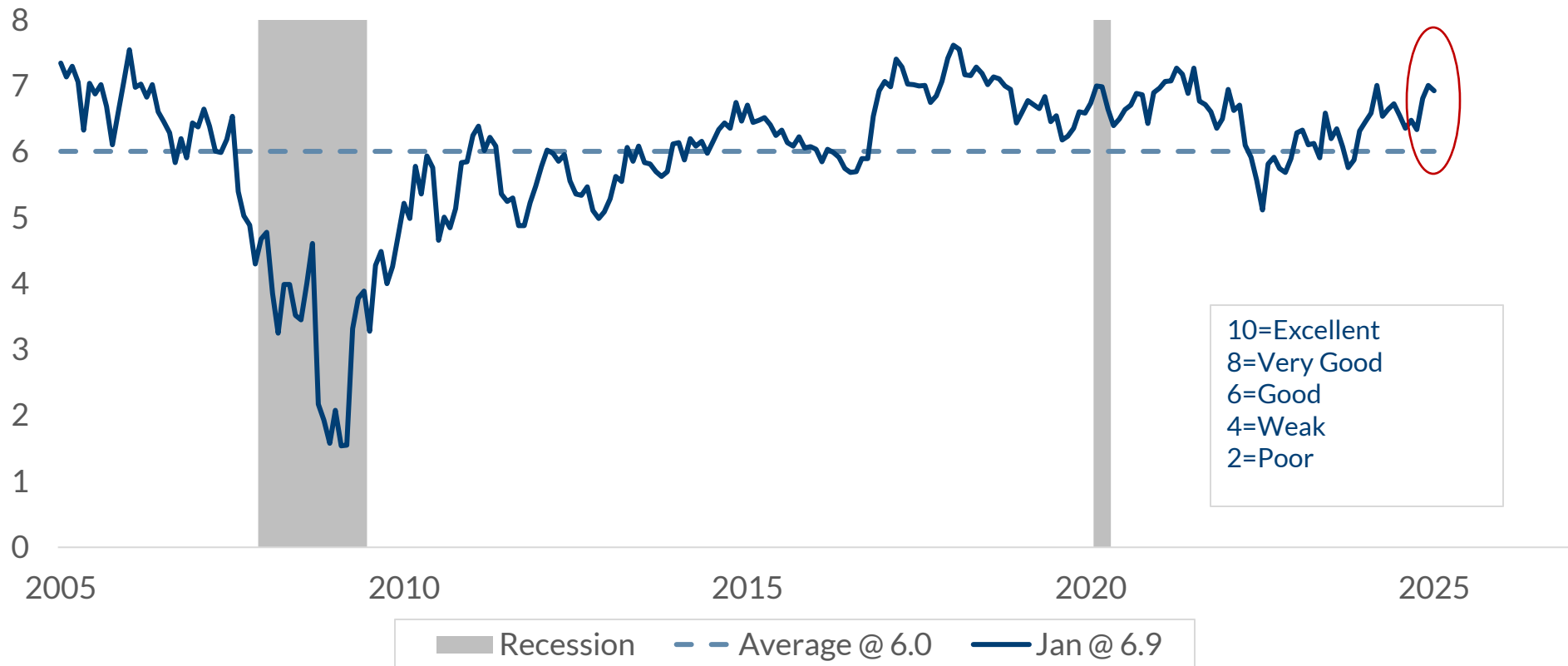
Data current as of February 19, 2025
 Source: Institute of Supply Management
 Information is subject to change and is not a guarantee of future results.



Corporate Leaders Are More Bullish on the Economy

- Despite the past few years' turbulence, uncertainty, and volatility, America's CEOs are optimistic.
- With the election behind them, they have a roadmap for the future.
- The prospect of fewer regulations and possible tax cuts are the driving force behind this optimism.

CEO Confidence in the Economy Index
 %, not seasonally adjusted



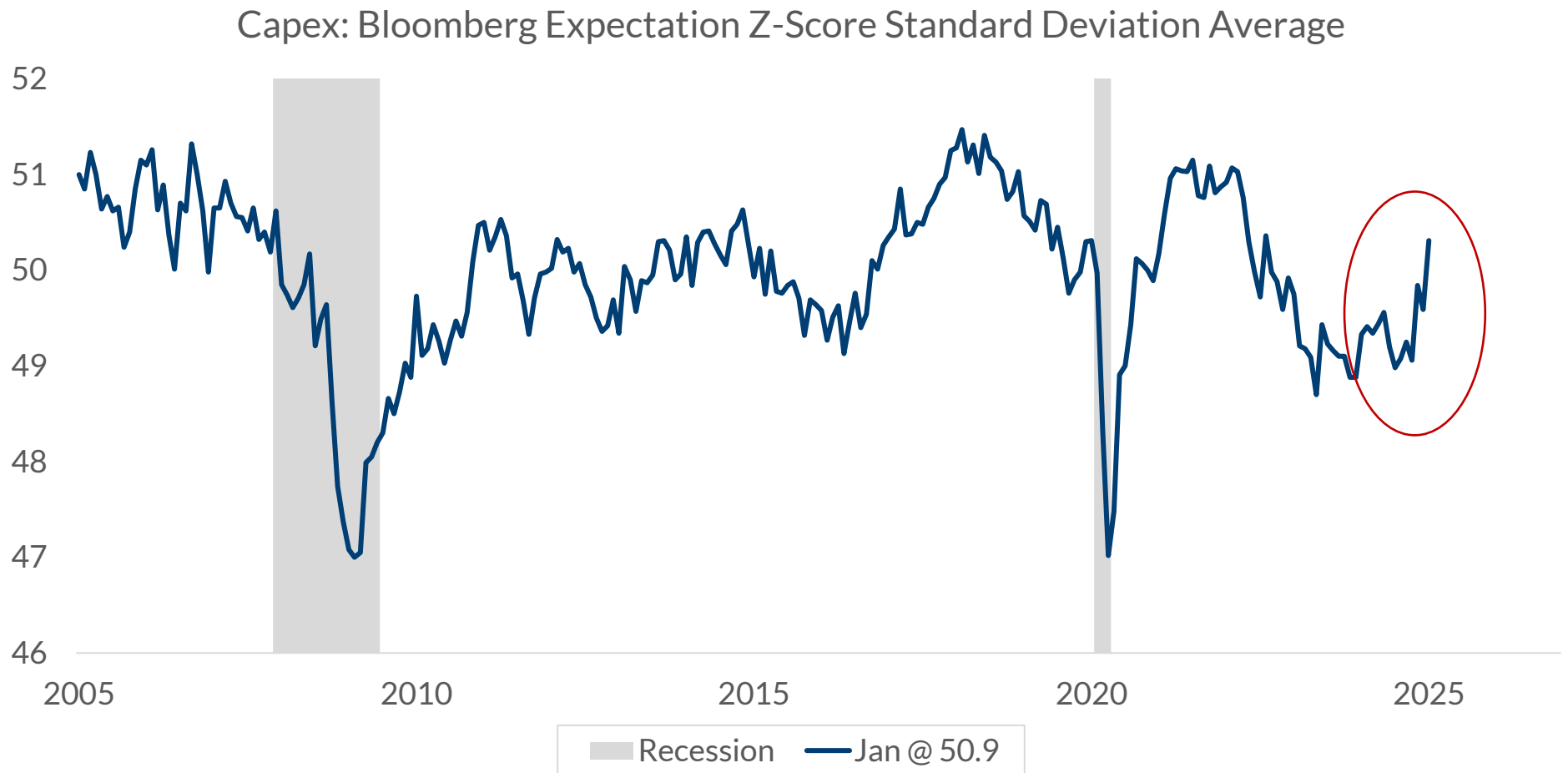
Data current as of February 19, 2025
 Source: Chief Executive Magazine
 Information is subject to change and is not a guarantee of future results.

NON-DEPOSIT INVESTMENT PRODUCTS: • ARE NOT FDIC INSURED • ARE NOT BANK GUARANTEED • MAY LOSE VALUE



Capex Spending Is Expected to Increase

- Since October, there has been a rapid increase in the expectation of more Capex.



Data current as of February 19, 2025

Source: Bloomberg Economics

Information is subject to change and is not a guarantee of future results.

NON-DEPOSIT INVESTMENT PRODUCTS: • ARE NOT FDIC INSURED • ARE NOT BANK GUARANTEED • MAY LOSE VALUE



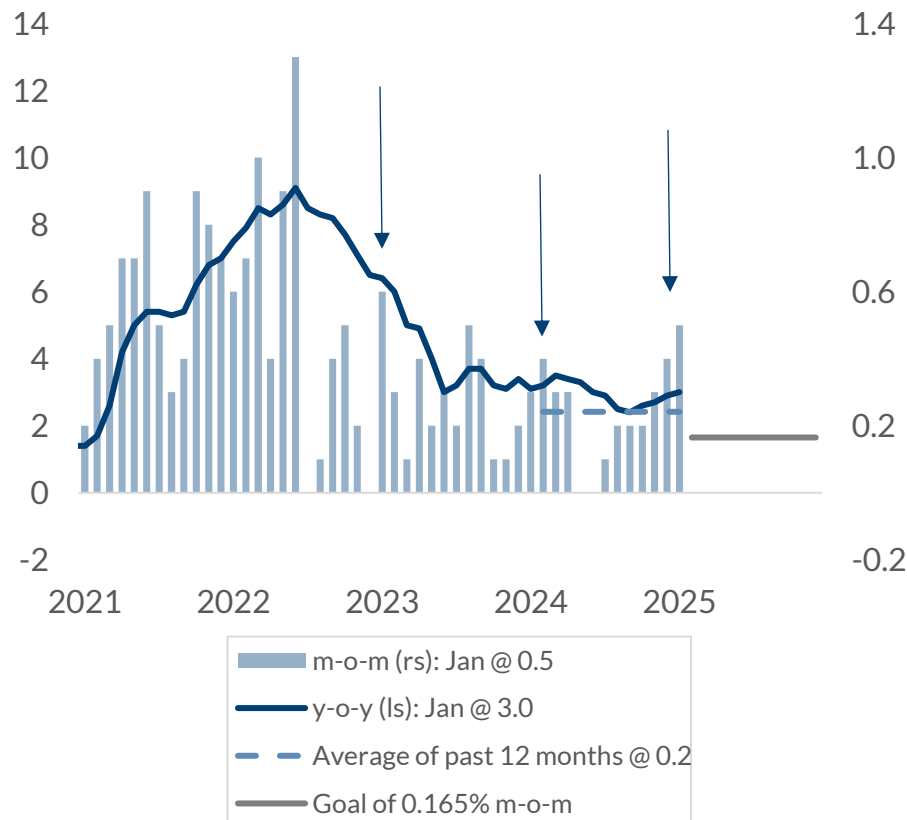
Why did Consumer Price
Inflation (“CPI”) Spike in
January?
And why did Retail Sales
decline?



A Strong CPI Report Sends a Chill Over the Market

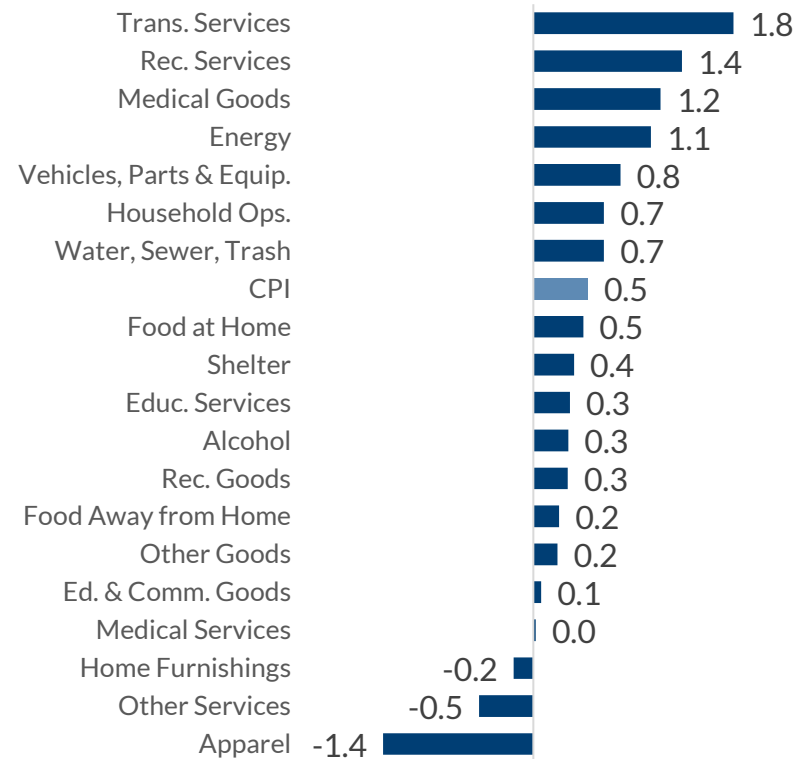
- The large (0.5% m-o-m) January jump in CPI spooked the markets.
- There was a lot of “noise” in the report, along with some important signals.
- Most notable has been the deflationary trend has stalled but has not reversed.

Consumer Price Index
%, seasonally adjusted



CPI: Components

% change y-o-y, seasonally adjusted
as of January 2025

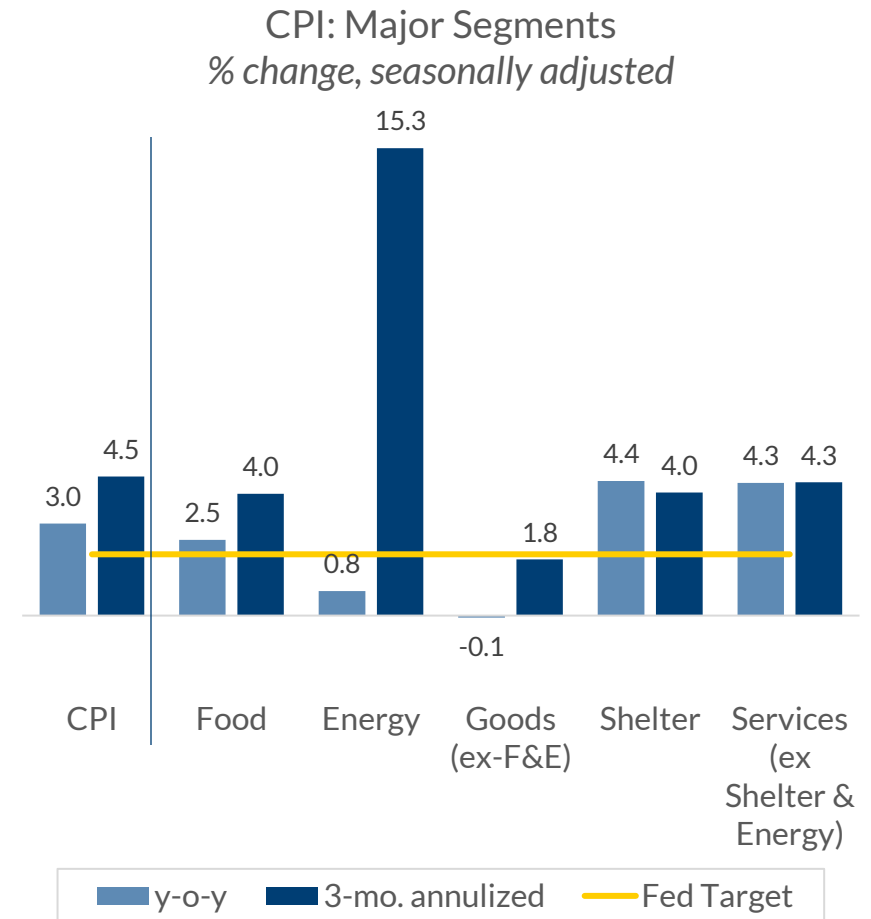
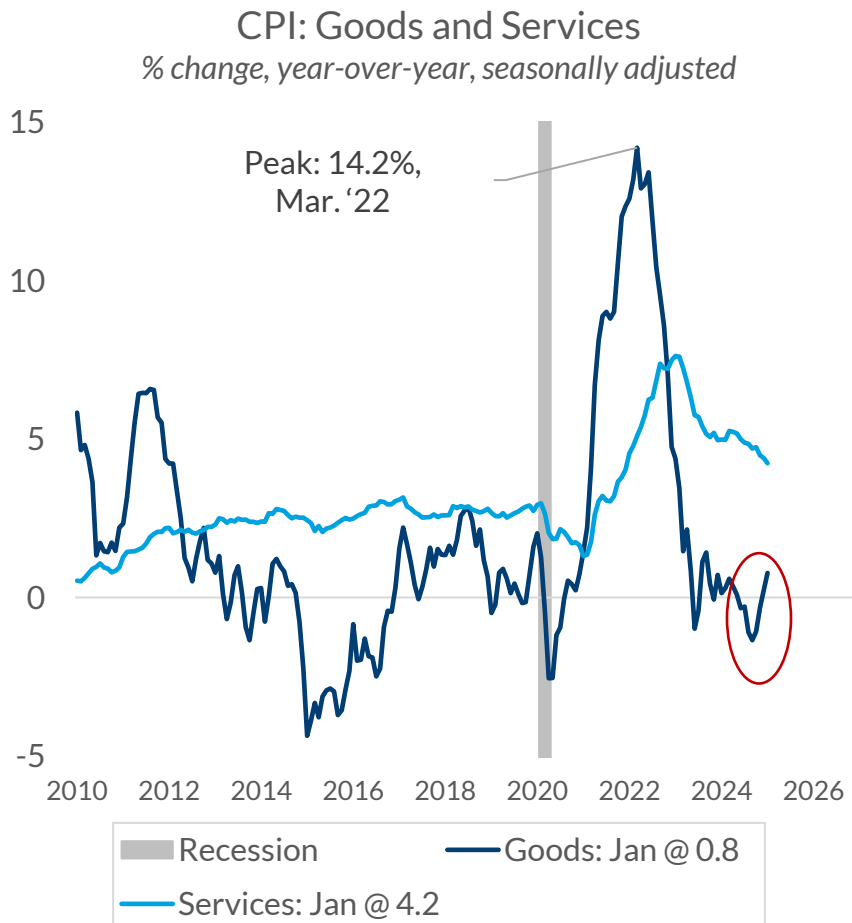


Data current as of February 19, 2025
Source: Bureau of Labor Statistics
Information is subject to change and is not a guarantee of future results.



Goods Prices Are the Cause of the Recent Jump in CPI

- Price pressures have shifted toward goods - this before tariffs set in.
- This concerns the Fed since goods prices have been driving down overall inflation.



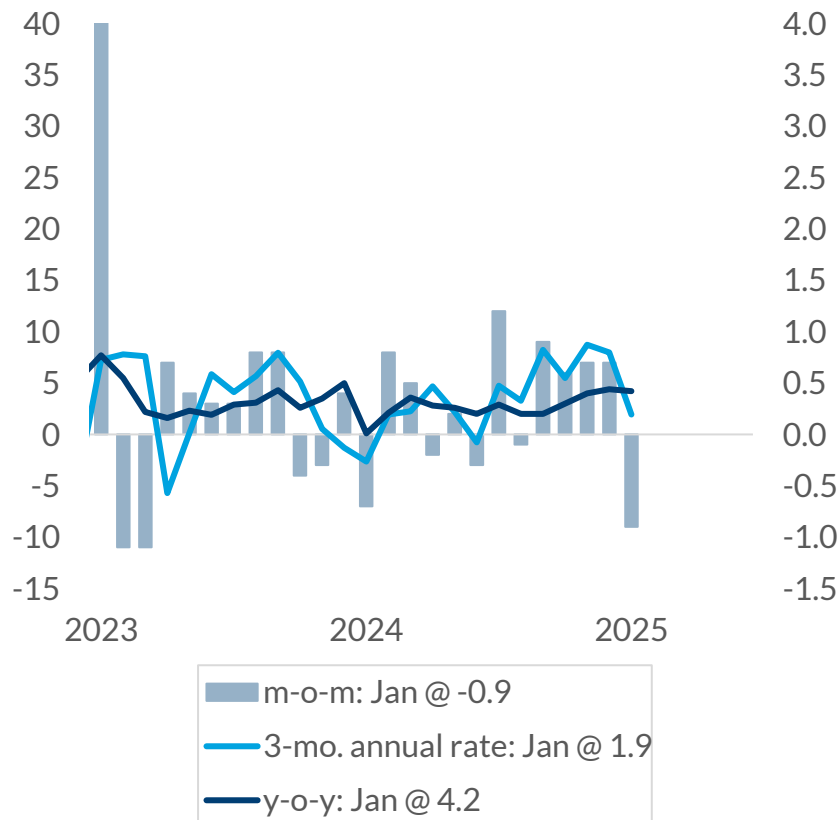
Data current as of February 19, 2025
 Source: Bureau of Labor Statistics
 Information is subject to change and is not a guarantee of future results.



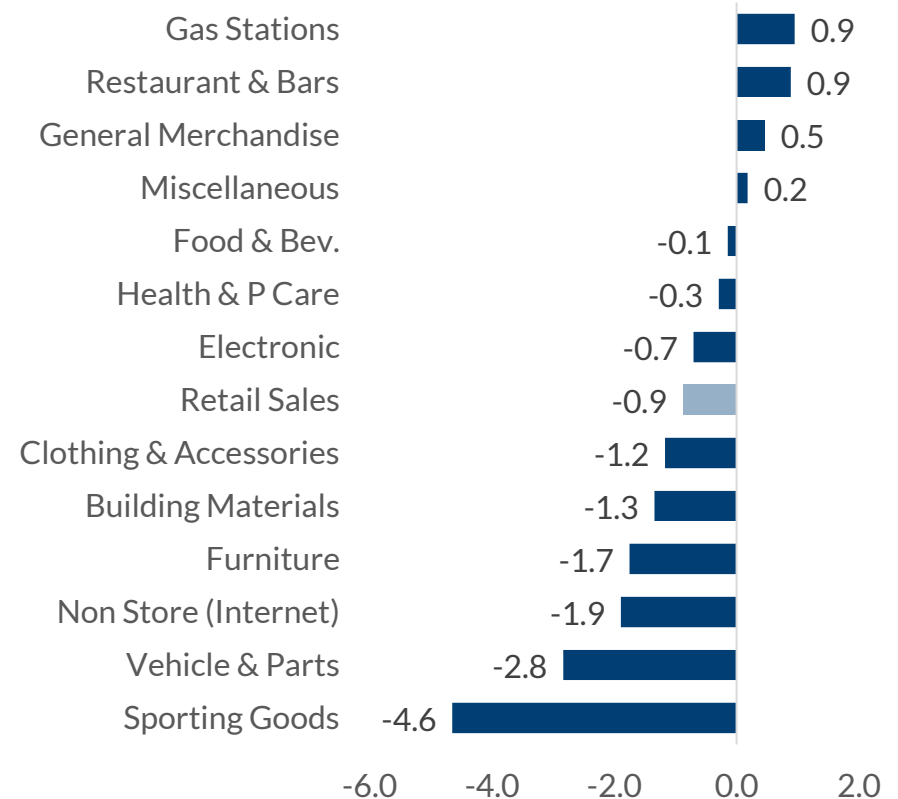
Tariff Concerns Are Affecting Consumer Patterns

- Consumer habits reversed course in January following three months on a spending spree.
- Robust sales at restaurants and bars are probably a strong indicator that consumers still feel good.
- January’s demand was probably impaired by snowstorms in the Deep South and wildfires in California.

Retail Sales
%, seasonally adjusted



Retail Sales: Sectors
% change m-o-m, as of January 2025

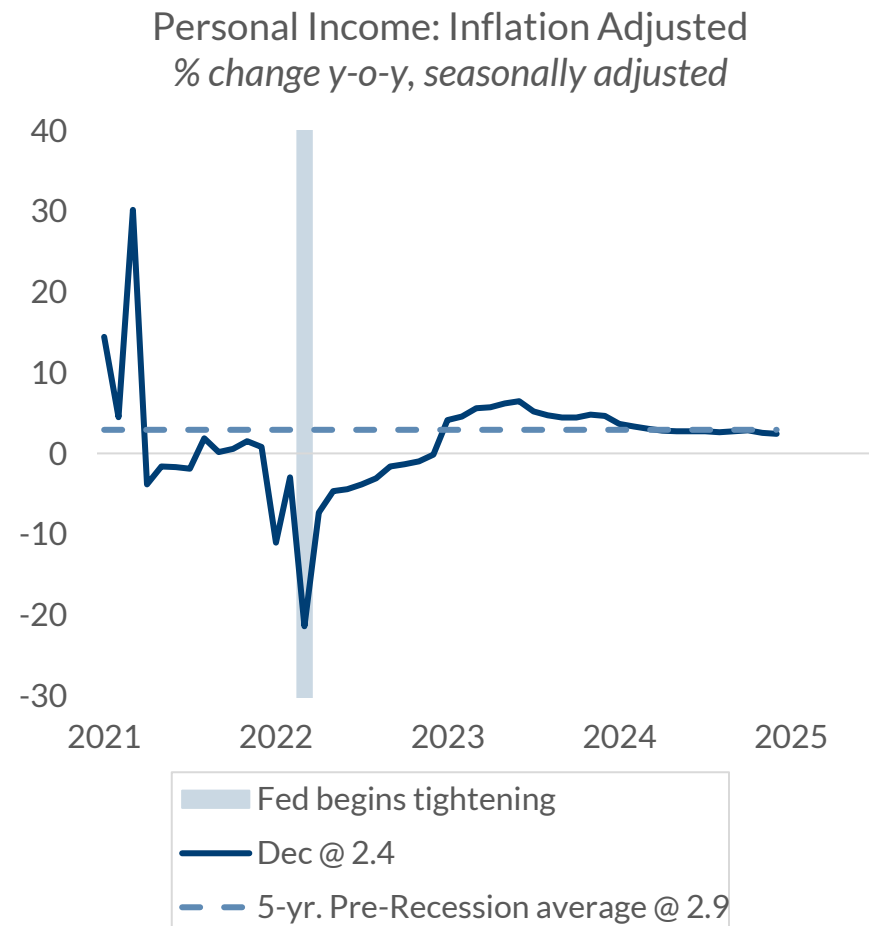
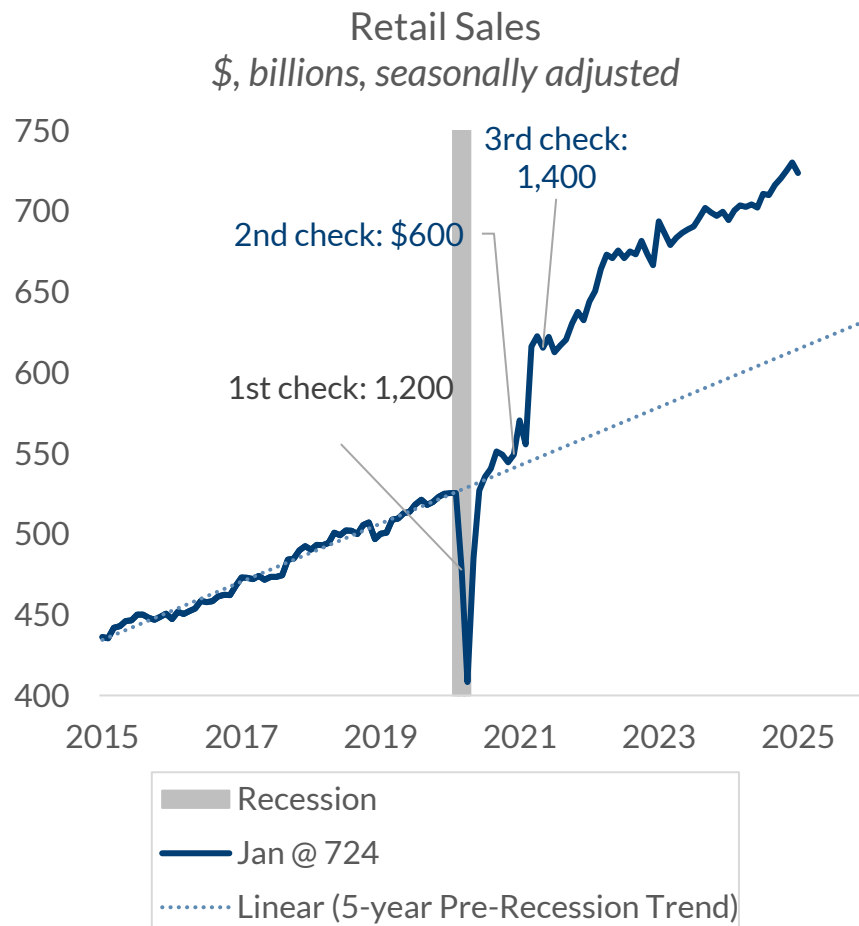


Data current as of February 19, 2025
 Source: Bureau of Labor Statistics
 Information is subject to change and is not a guarantee of future results.



The Fundamentals for Continued Spending Remain on Track

- Growth in retail sales remains on a steady trajectory.
- Continued wage gains, above inflation, have helped sustain personal income at a healthy level.
- The low unemployment rate with stable income gains should keep consumption as a key driver of the economy.



Data current as of February 19, 2025
Source: Bureau of Labor Statistics
Information is subject to change and is not a guarantee of future results.

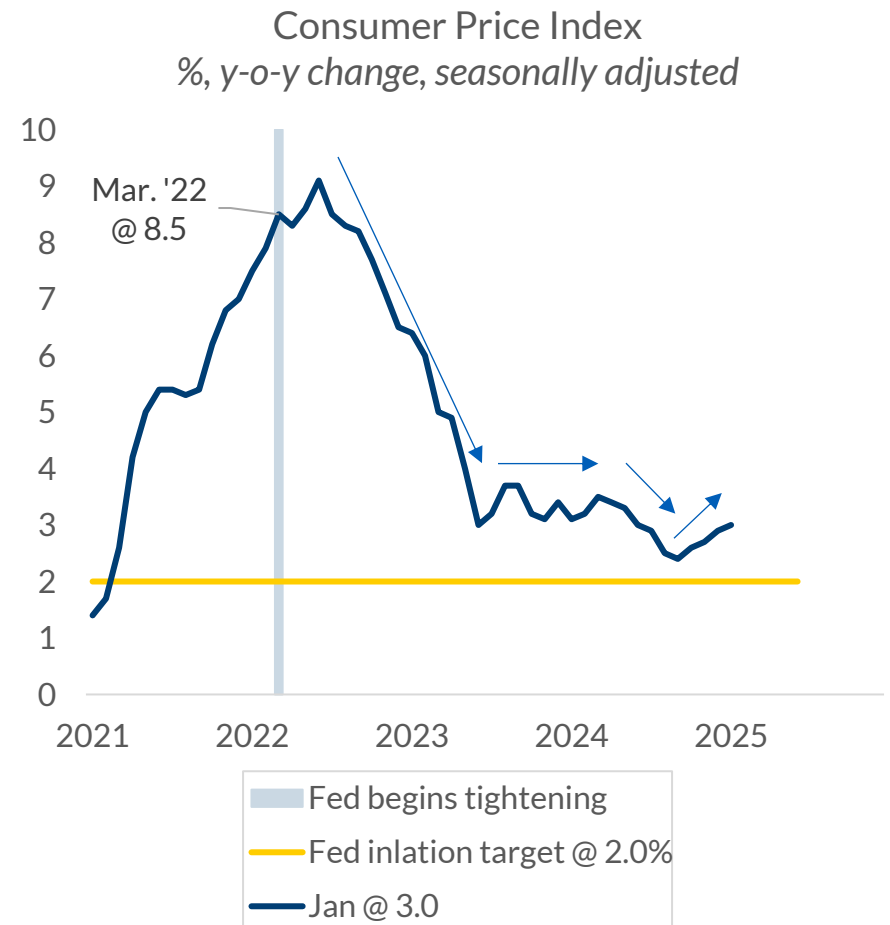
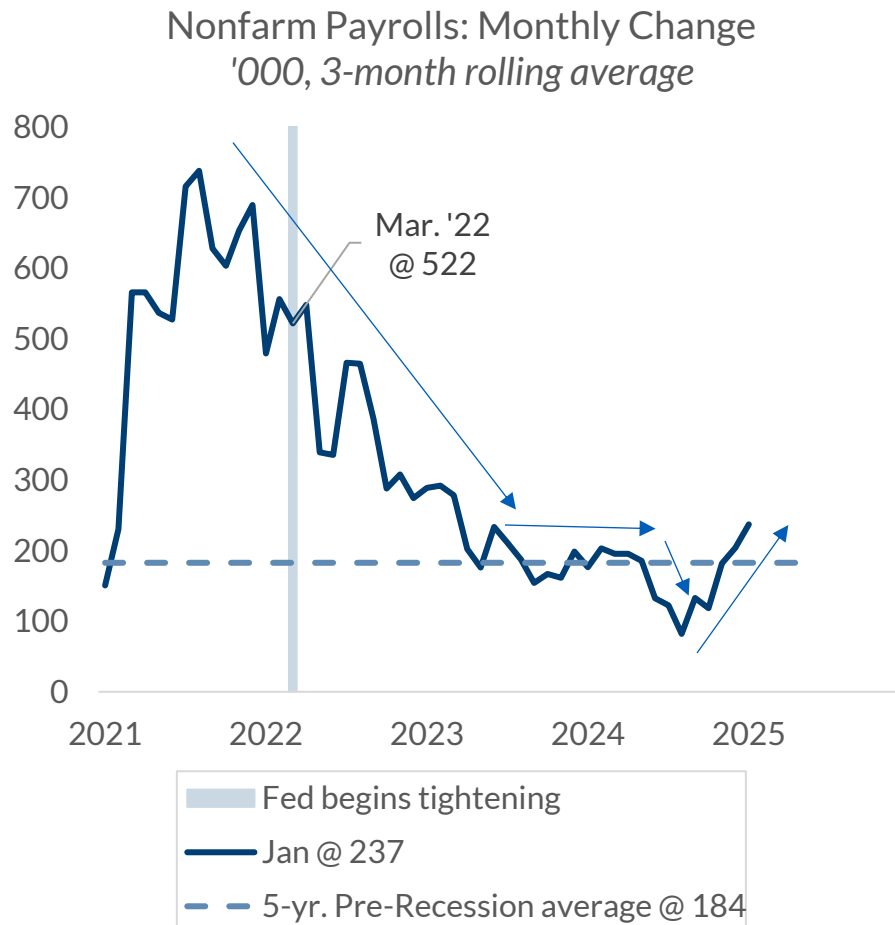


What's the latest on the
Federal Reserve's thinking?



The Fed Is on Hold for the Near Term

- Payroll growth has bounced back from weakness in the summer, which forced them to begin easing policy.
- The progress to getting inflation to target has stalled but has not reversed.
- This allows the Fed time to observe the economy before making a move.



Data current as of February 19, 2025
 Source: Bureau of Labor Statistics
 Information is subject to change and is not a guarantee of future results.



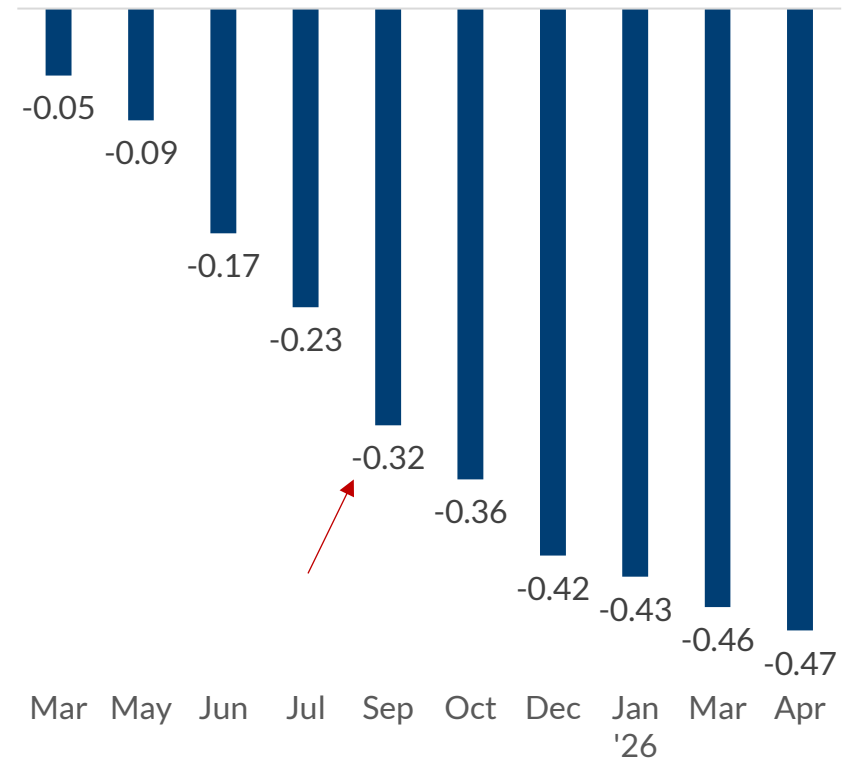
The Market Appears to Be More Skittish Than The Fed

- The Fed focuses on PCE (and Core-PCE) inflation, just 0.3 percentage points from the YE projection.
- The Fed plans 50 bps in cuts to the federal funds rate; the market is not as aggressive.

FOMC Projections: Inflation (Core-PCE)
%, seasonally adjusted annual rate



Federal Funds Futures: Change from
Current Level
%, as of February 19, 2025



Data current as of February 19, 2025
 Source: Federal Reserve Bank, Bloomberg's WIRP page
 Information is subject to change and is not a guarantee of future results.

NON-DEPOSIT INVESTMENT PRODUCTS: • ARE NOT FDIC INSURED • ARE NOT BANK GUARANTEED • MAY LOSE VALUE



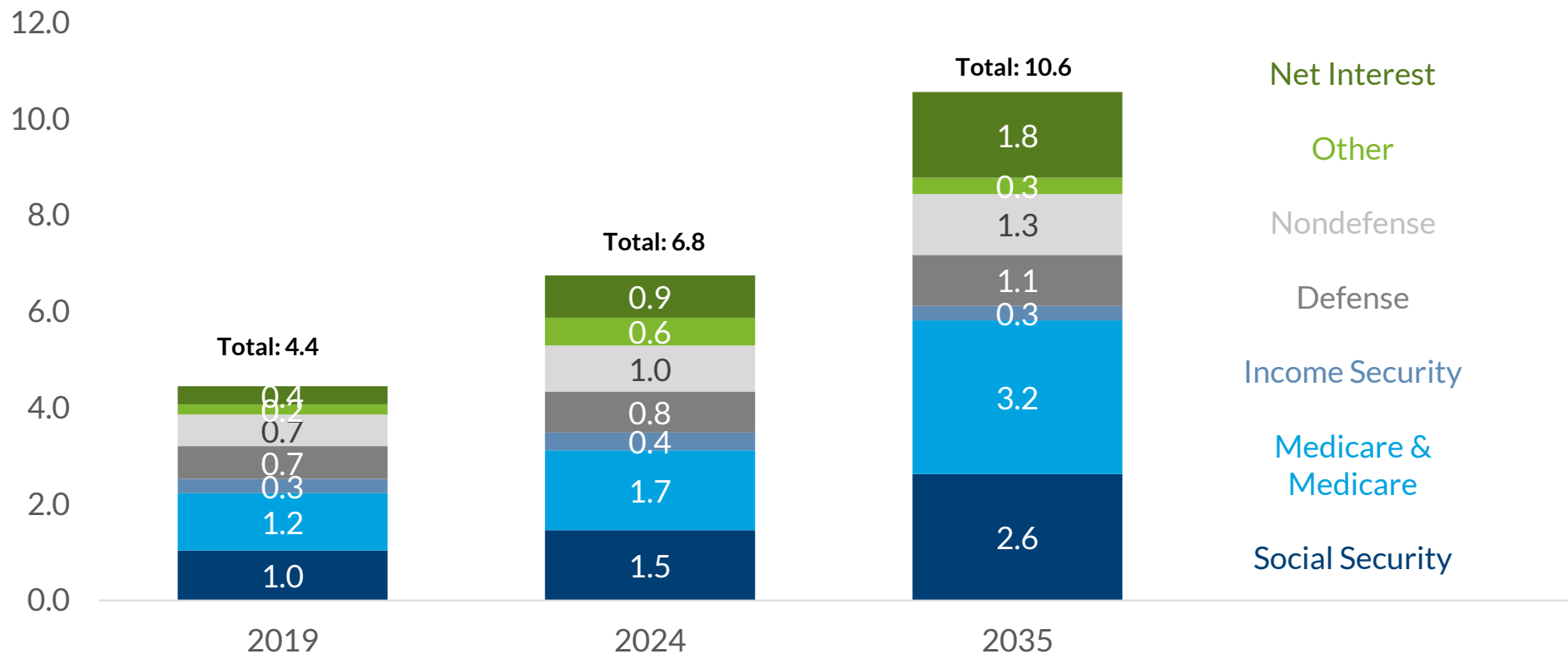
The U.S. federal debt and deficits are large and getting larger? What is CNR's take?



The Federal Government Spends a Lot of Money

- Federal outlays were 55% higher than just five years ago; both years saw a healthy economy – no special needs.
- Spending is expected to grow 56% by 2035, assuming no change to current law.
- Federal spending has averaged 140% of income for the past 15 years.

Federal Debt: Outlays
\$, trillions, fiscal year



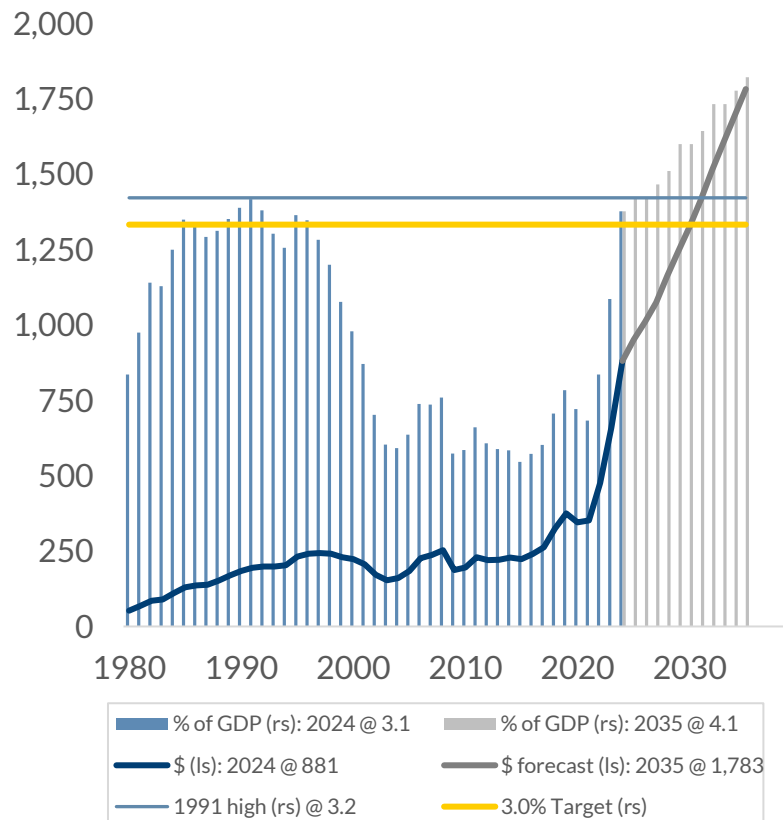
Data current as of February 19, 2025
 Source: Congressional Budget Office
 Information is subject to change and is not a guarantee of future results.



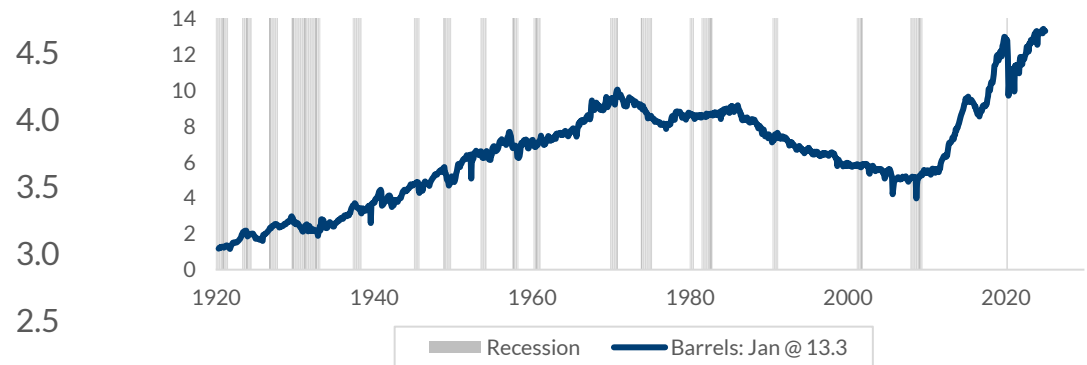
Treasury Secretary Bessent's 3-3-3

- This is a nifty formula describing the target to pursue an aggressive pro-growth economic strategy.
- The federal annual deficit should be no more than 3% of GDP, oil production should increase by 3 million barrels per day, and GDP should grow at 3%.
- Bessent's goals are desirable, but achieving them won't be easy.

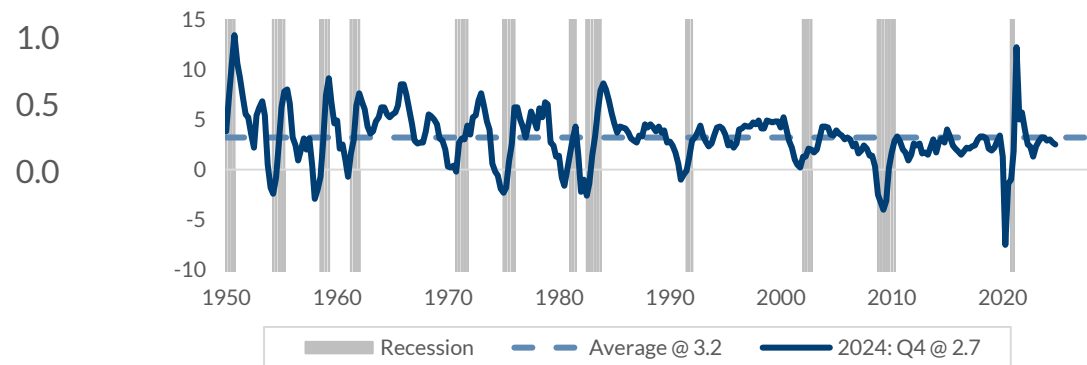
Federal Debt: Net Interest Outlays
\$, millions and % of GDP



Crude Oil: U.S. Production
millions of barrels per day



Gross Domestic Product
% change, y-o-y, seasonally adjusted



Data current as of February 19, 2025

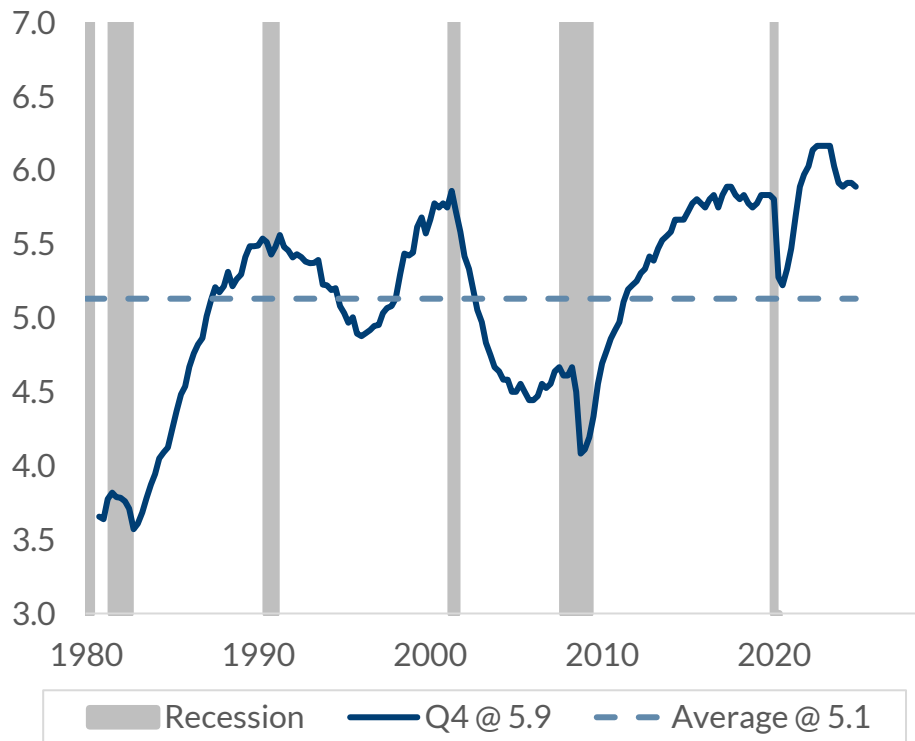
Source: Congressional Budget Office, Department of Energy's Energy Information Administration, Bureau of Economic Analysis
 Information is subject to change and is not a guarantee of future results.



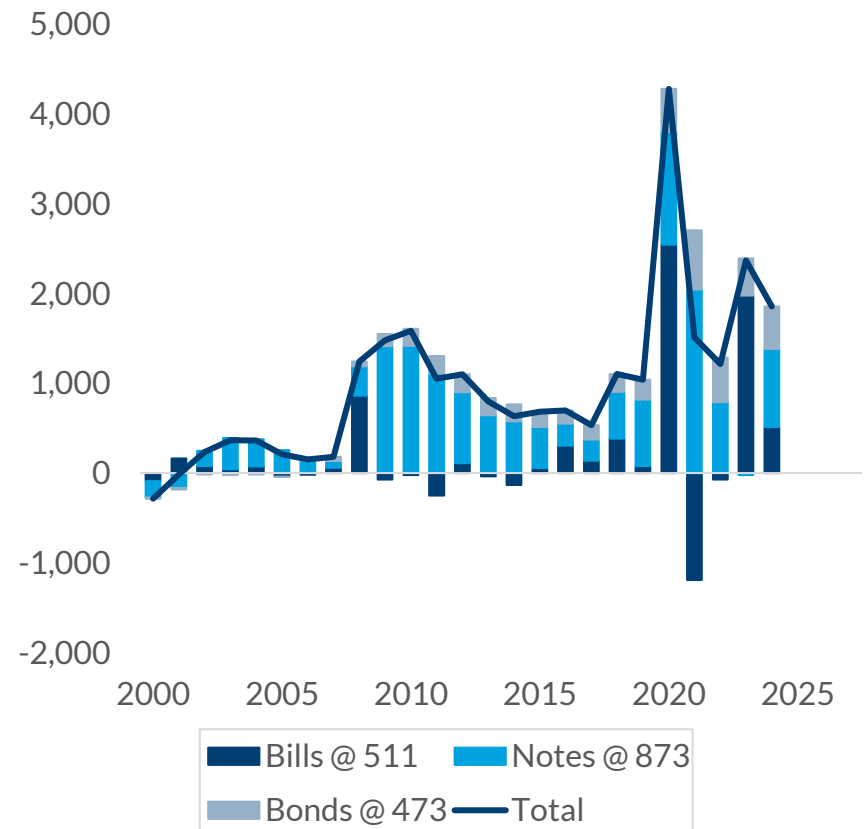
Bessent's Plan to Reduce Long-Term Yields

- The Administration is increasingly focused on lowering long-term Treasury yields.
- These yields are the benchmark for mortgages, corporate borrowing, and bank lending.

U.S. Treasury: Average Maturity of Outstanding Debt years, not seasonally adjusted



U.S. Treasury: Net Change \$, billions



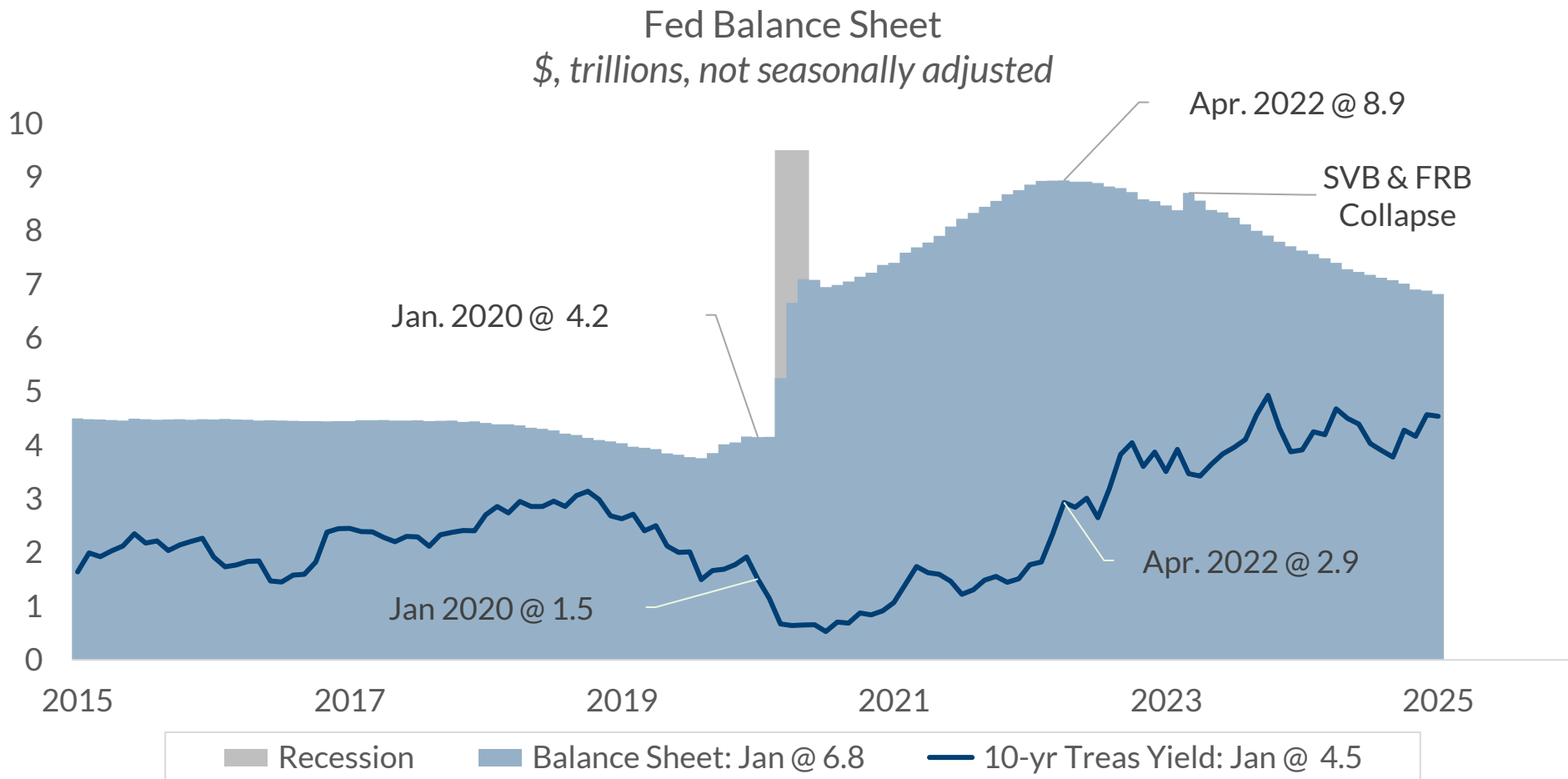
Data current as of February 19, 2025
 Source: U.S. Treasury
 Information is subject to change and is not a guarantee of future results.

NON-DEPOSIT INVESTMENT PRODUCTS: • ARE NOT FDIC INSURED • ARE NOT BANK GUARANTEED • MAY LOSE VALUE



Federal Debt

- Reducing the supply of bonds by issuing more Treasury bills will not do the trick; the market is too large.
- Controlling long-term interest rates is complicated; it is linked to market expectations of interest rates, Treasury debt issuance, inflation expectations and global economic conditions.



Data current as of February 19, 2025
 Source: Federal Reserve Bank, Bloomberg
 Information is subject to change and is not a guarantee of future results.

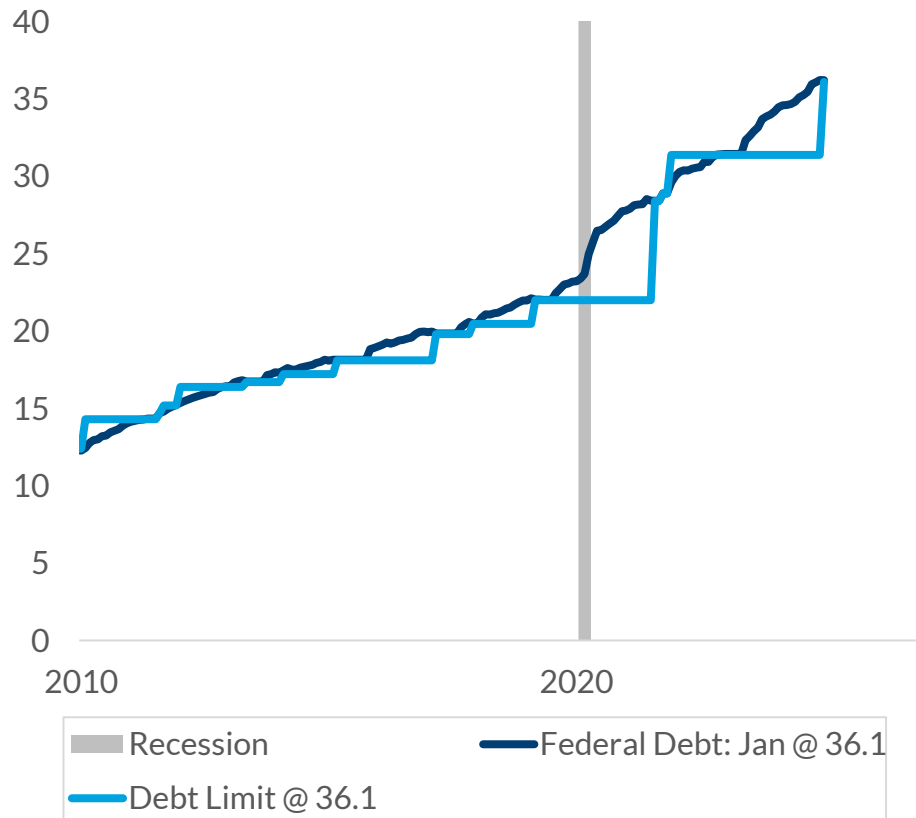
NON-DEPOSIT INVESTMENT PRODUCTS: • ARE NOT FDIC INSURED • ARE NOT BANK GUARANTEED • MAY LOSE VALUE



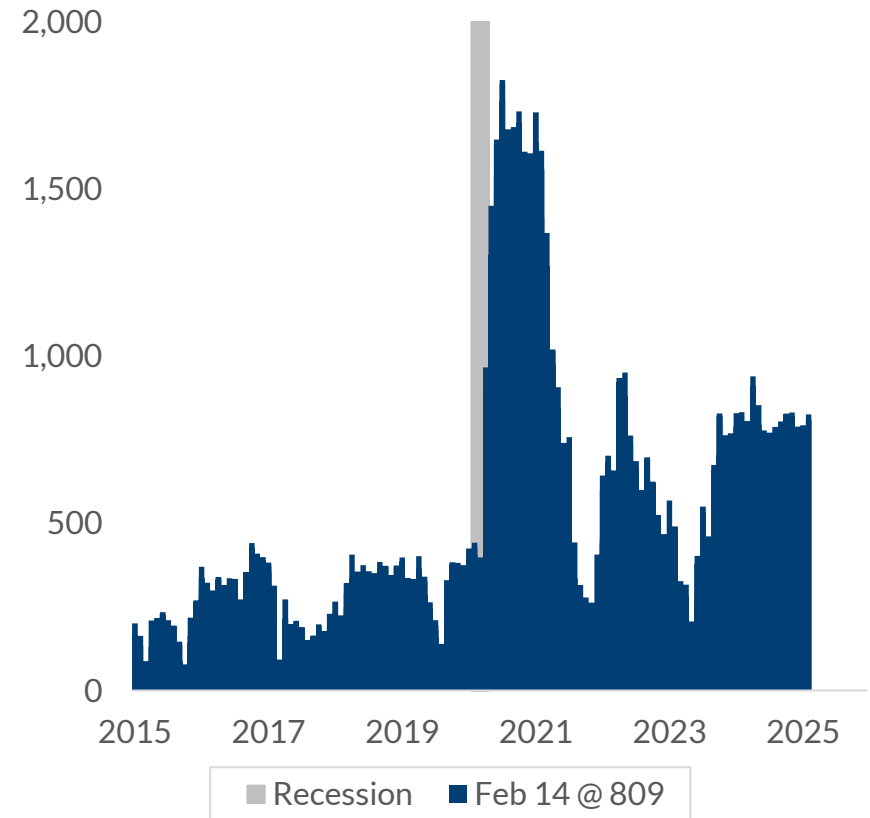
Debt Ceiling

- The debt ceiling stands at \$36.1 trillion, the current level.
- The Treasury has once again implemented “extraordinary measures.”

U.S. Federal Debt & Debt Limit
\$, trillions



U.S. Treasury Cash Balance
\$, billions



Data current as of February 19, 2025

Source: U.S. Treasury

Information is subject to change and is not a guarantee of future results.

NON-DEPOSIT INVESTMENT PRODUCTS: • ARE NOT FDIC INSURED • ARE NOT BANK GUARANTEED • MAY LOSE VALUE



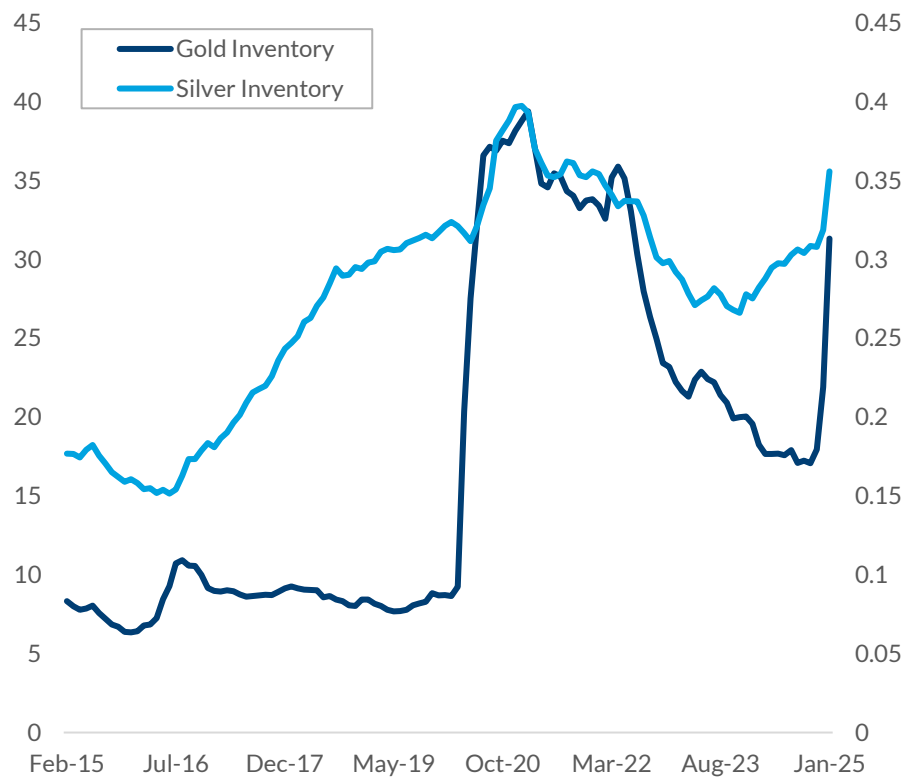
Gold has been rising substantially, what is going on?



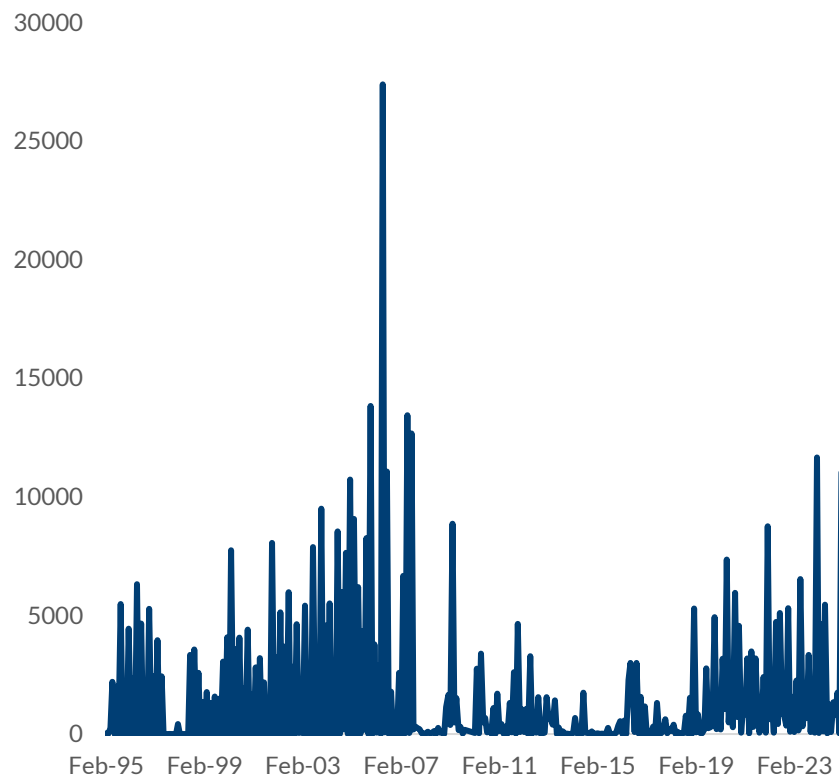
What Is Behind The Movement In Gold?

- The demand for physical gold has jumped substantially as less futures contracts are being rolled.
- Central banks have been buying gold, especially in emerging market countries.

U.S. Gold & Silver Inventories



Demand for Physical Gold Settlement



Data current as of January 30, 2024
 Source: CNR Research, Bloomberg. Bloomberg COMEX Gold and Silver Inventory.
 Information is subject to change and is not a guarantee of future results.

NON-DEPOSIT INVESTMENT PRODUCTS: • ARE NOT FDIC INSURED • ARE NOT BANK GUARANTEED • MAY LOSE VALUE



What Is Behind The Movement In Gold?

- While gold has been a decent negatively correlated asset in the past, we are concerned about the recent positive correlation in stock and gold prices.

Gold Returns vs. S&P500 Returns
20-Year History



Gold Price vs. U.S. Dollar
20-Year History



Data current as of January 30, 2024

Source: CNR Research, Bloomberg

Gold: GOLDS Comdty the Bloomberg Ticker for the Spot Gold Price per Troy Ounce in USD

Past performance is subject to change and is not a guarantee of future results.

NON-DEPOSIT INVESTMENT PRODUCTS: • ARE NOT FDIC INSURED • ARE NOT BANK GUARANTEED • MAY LOSE VALUE



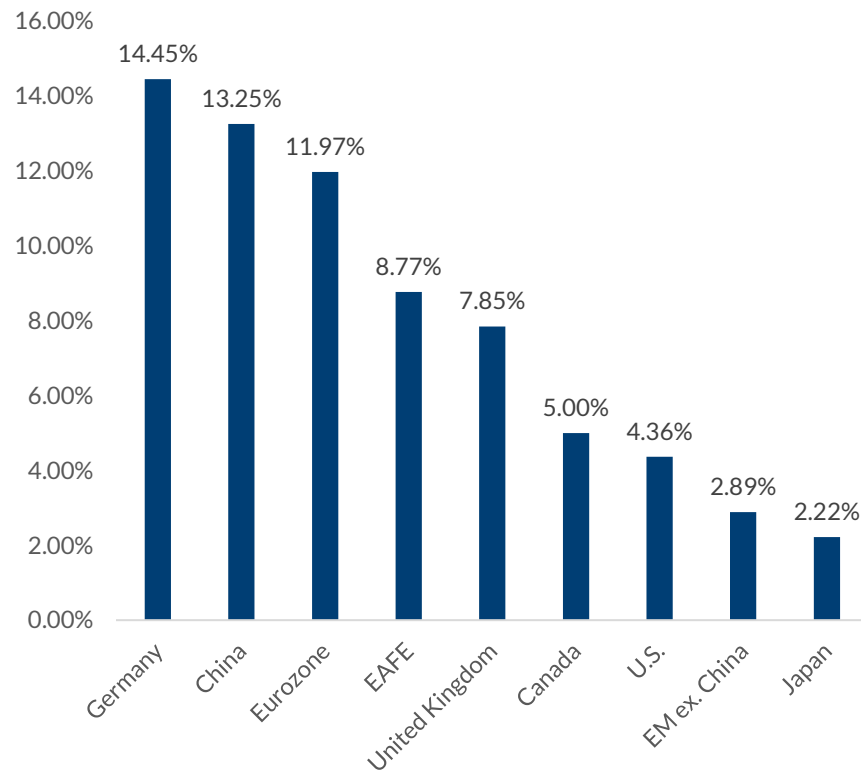
Non-U.S. Developed
Markets, especially Europe,
have been moving higher,
why?



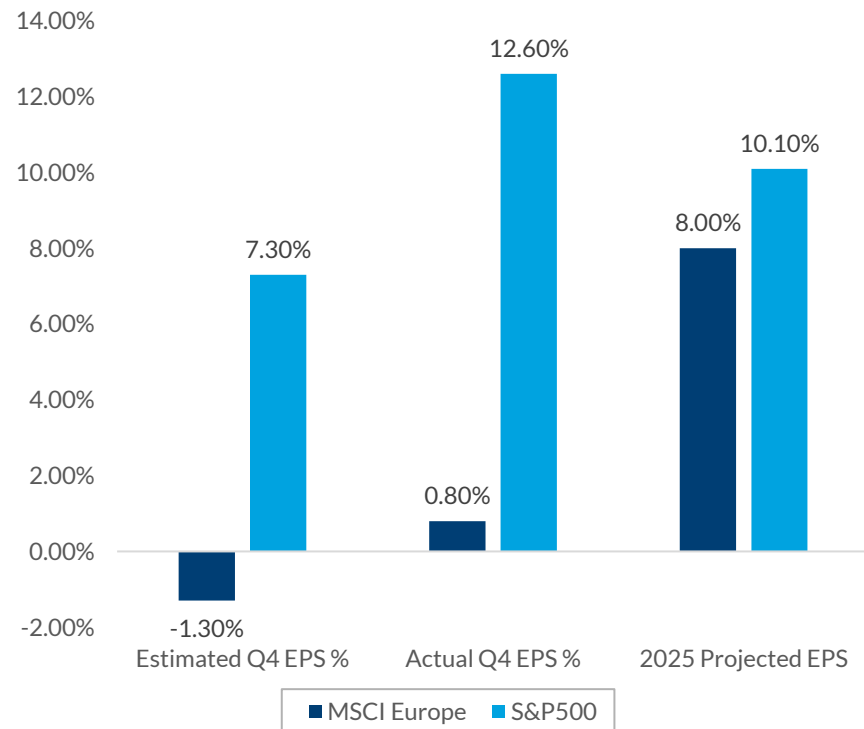
International Equity Market Returns

- A quick surge in Europe and International Developed markets has created an extreme momentum reading, usually indicative of a decline in prices.
- In just 45 days, the Eurozone has outperformed the U.S. by 7.6%, with European Defense and Financials leading the way.

YTD Return



S&P500 Earnings vs. MSCI Europe Earnings



Data current as of February 14, 2025

Source: CNR Research, Bloomberg

Past performance is subject to change and is not a guarantee of future results.

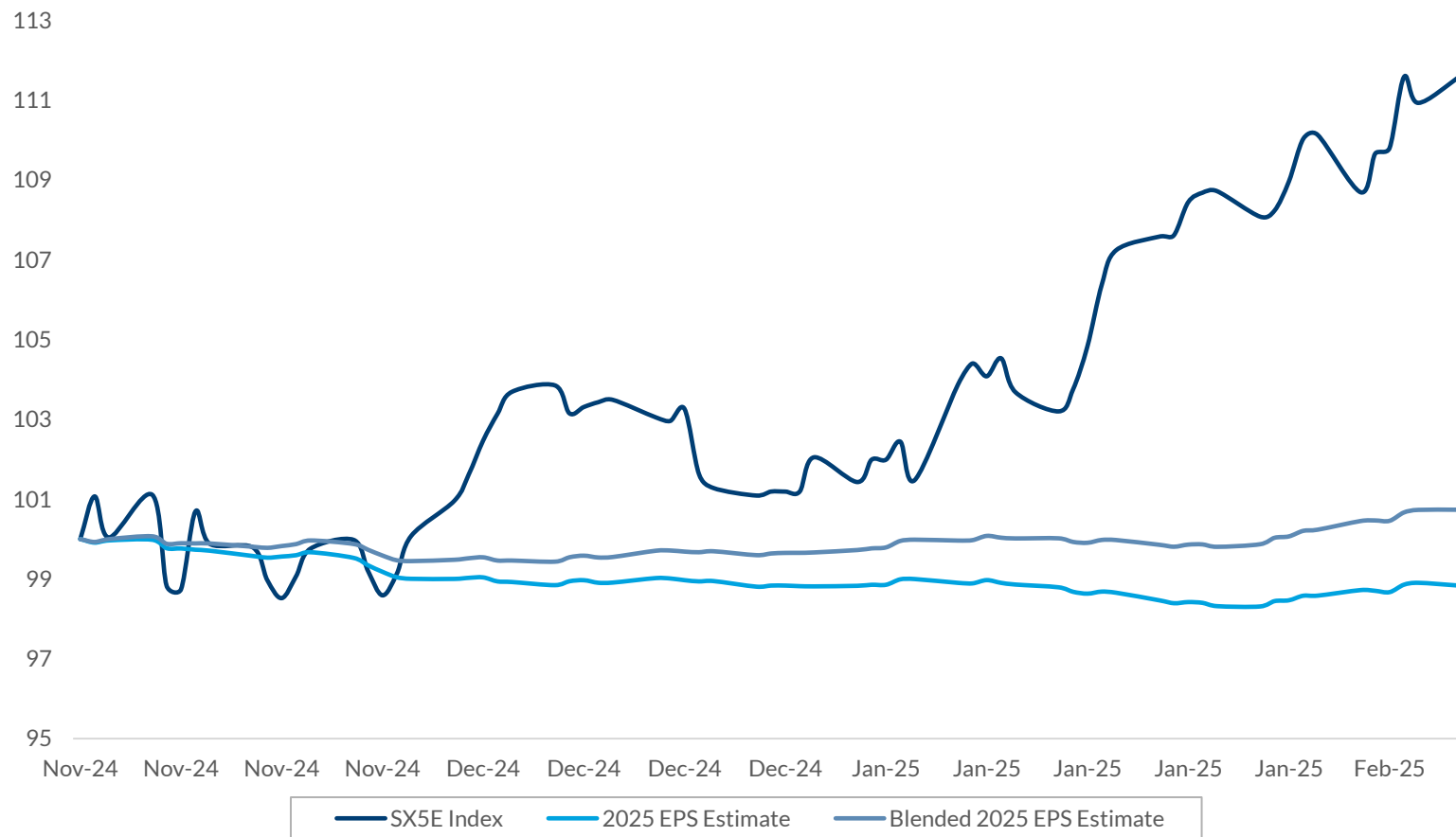
NON-DEPOSIT INVESTMENT PRODUCTS: • ARE NOT FDIC INSURED • ARE NOT BANK GUARANTEED • MAY LOSE VALUE



International Equity Market Returns

- Revisions to European equity EPS forecasts have barely budged, while returns have climbed.
- While there are some interesting dynamics primarily driven by increased European spending, we believe it is too soon to embrace international positioning.

European Equity Returns Relative To Earnings Estimate Changes



Data current as of February 10, 2025

Source: CNR Research, Bloomberg

Past performance is subject to change and is not a guarantee of future results.

NON-DEPOSIT INVESTMENT PRODUCTS: • ARE NOT FDIC INSURED • ARE NOT BANK GUARANTEED • MAY LOSE VALUE



Q&A

NON-DEPOSIT INVESTMENT PRODUCTS: • ARE NOT FDIC INSURED • ARE NOT BANK GUARANTEED • MAY LOSE VALUE



Index Definitions

The Standard & Poor's 500 Index (S&P 500) is a market capitalization-weighted index of 500 common stocks chosen for market size, liquidity and industry group representation to represent US equity performance.

The Bloomberg Barclays US Corporate High Yield Index is an unmanaged, US-dollar-denominated, nonconvertible, non-investment-grade debt index. The index consists of domestic and corporate bonds rated Ba and below with a minimum outstanding amount of \$150 million.

Bloomberg Tax-Exempt HY is market value-weighted and designed to measure the performance of US dollar-denominated high-yield municipal bonds issued by US states, the District of Columbia, US territories and local governments or agencies.

The Dow Jones US Select Dividend Index aims to represent the US's leading stocks by dividend yield.

The Small Business Optimism Index is a monthly indicator of the state and outlook of the small business sector in the US.

The Russell 2000 Index is a small-cap U.S. stock market index that makes up the smallest 2,000 stocks in the Russell Index.

The Magnificent Seven stocks are a group of high-performing and influential companies in the U.S. stock market: Alphabet, Amazon, Apple, Meta Platforms, Microsoft, NVIDIA, and Tesla.

Nasdaq is an online global marketplace for buying and trading securities—the world's first electronic exchange.

Bloomberg Tax-Exempt HY is market value-weighted and designed to measure the performance of US dollar-denominated high-yield municipal bonds issued by US states, the District of Columbia, US territories and local governments or agencies.

The Bloomberg US Municipal Bond Index measures the performance of investment grade, US dollar-denominated, long-term tax-exempt bonds.

The Bloomberg Barclays US Corporate High Yield Bond Index is a measure of the USD-denominated, high yield, fixed-rate corporate bond market.

The Bloomberg US Aggregate Bond Index measures the performance of investment grade, US dollar-denominated, fixed-rate taxable bonds.

The Bloomberg Municipal 1-5yr Index measures the performance of USD-denominated long-term, tax-exempt bond market with maturities of 1-5 years

Bloomberg US 1-15 Yr. Municipal Bond Index consists of a broad selection of investment grade general obligation and revenue bonds of maturities ranging from one year to 17 years.

The Bloomberg Municipal Short/Intermediate Index is a measure of the US municipal tax-exempt investment grade bond market.

The Bloomberg Taxable Intermediate Government Credit Index measures investment grade, US dollar-denominated, fixed-rate, taxable corporate and government-related bond markets with a maturity greater than 1 year and less than 10 years.

The Bloomberg Municipal High Index is a measure of the US municipal tax-exempt non-investment grade bond market.

DXY is the symbol for the US dollar index, which tracks the price of the US dollar against six foreign currencies, aiming to give an indication of the value of USD in global markets. The index rises when USD gains strength against the other currencies and falls when the dollar weakens.

The MSCI Europe Index captures large and mid cap representation across 15 Developed Markets (DM) countries in Europe. It covers approximately 85% of the free float-adjusted market capitalization across the European Developed Markets equity universe.

SX5E is the EURO STOXX 50 Index, Europe's leading blue-chip index for the Eurozone, provides a blue-chip representation of supersector leaders in the region. The index covers 50 stocks from 11 Eurozone countries.

GOLDS Comdty: is the Bloomberg Ticker for the Spot Gold Price per Troy Ounce in USD.



Definitions

Employment Index: US jobs with the exception of farmwork; unincorporated self-employment; and employment by private households, the military, and intelligence agencies.

A consumer price index (CPI) measures changes in the price level of a market basket of consumer goods and services purchased by households. The CPI is a statistical estimate constructed using the prices of a sample of representative items whose prices are collected periodically.

The “core” Personal Consumption Expenditures (PCE) price index is defined as prices excluding food and energy prices. The core PCE price index measures the prices paid by consumers for goods and services without the volatility caused by movements in food and energy prices to reveal underlying inflation.

Gross Domestic Product (GDP) is the total monetary or market value of all the finished goods and services produced within a country’s borders in a specific time period.

CNR Speedometers® are indicators that reflect forecasts of a 6 to 9 month time horizon. The colors of each indicator, as well as the direction of the arrows represent our positive/negative/neutral view for each indicator. Thus, arrows directed towards the (+) sign represents a positive view which in turn makes it green. Arrows directed towards the (-) sign represents a negative view which in turn makes it red. Arrows that land in the middle of the indicator, in line with the (0), represents a neutral view which in turn makes it yellow. All of these indicators combined affect City National Rochdale’s overall outlook of the economy.

The Congressional Budget Office (CBO) is a nonpartisan federal agency that provides economic and budgetary analysis to Congress, helping lawmakers make informed decisions about fiscal policy.

Yield to worst is a measure of the lowest possible yield that can be received on a bond that fully operates within the terms of its contract without defaulting.

Risk sentiment refers to how financial market participants (traders and investors) are behaving and feeling. It describes their willingness to take on risk, with risk-on sentiment indicating preparedness to take risks and risk-off sentiment indicating caution



Important Information

The views expressed represent the opinions of City National Rochdale, LLC (CNR) which are subject to change and are not intended as a forecast or guarantee of future results. Stated information is provided for informational purposes only, and should not be perceived as personalized investment, financial, legal or tax advice or a recommendation for any security. It is derived from proprietary and non-proprietary sources which have not been independently verified for accuracy or completeness. While CNR believes the information to be accurate and reliable, we do not claim or have responsibility for its completeness, accuracy, or reliability. Statements of future expectations, estimates, projections, and other forward-looking statements are based on available information and management's view as of the time of these statements. Accordingly, such statements are inherently speculative as they are based on assumptions which may involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those expressed or implied in such statements.

All investing is subject to risk, including the possible loss of the money you invest. As with any investment strategy, there is no guarantee that investment objectives will be met, and investors may lose money. Diversification may not protect against market risk or loss. Past performance is no guarantee of future performance.

Indices are unmanaged, and one cannot invest directly in an index. Index returns do not reflect a deduction for fees or expenses.

CNR is free from any political affiliation and does not support any political party or group over another.

© 2025 City National Rochdale, LLC. All rights reserved.





New York Headquarters

400 Park Avenue
New York, NY 10022
212-702-3500

Beverly Hills Headquarters

400 North Roxbury Drive
Beverly Hills, CA 90210
310-888-6000

NON-DEPOSIT INVESTMENT PRODUCTS: • ARE NOT FDIC INSURED • ARE NOT BANK GUARANTEED • MAY LOSE VALUE

www.cnr.com

