



Market Call: What's Next?

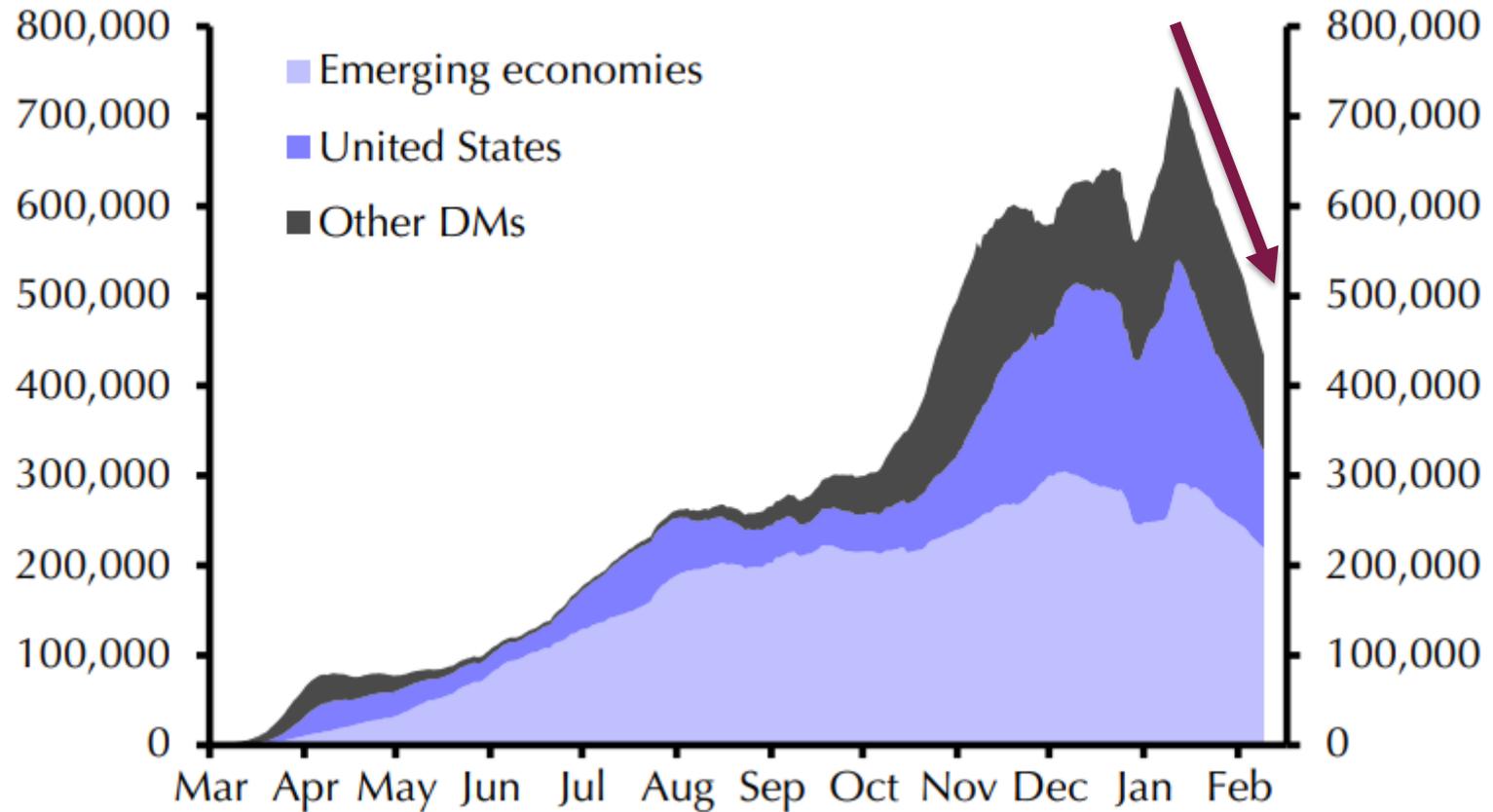
February 16, 2021

Assessment

- Tracking mobility and immunity
- Rapid recovery is likely
- Jobs are returning
- Consumers are leading the way
- Global improvement in economic activity
- Markets are absorbing capital



Global New Infection Rates (7 DMA)

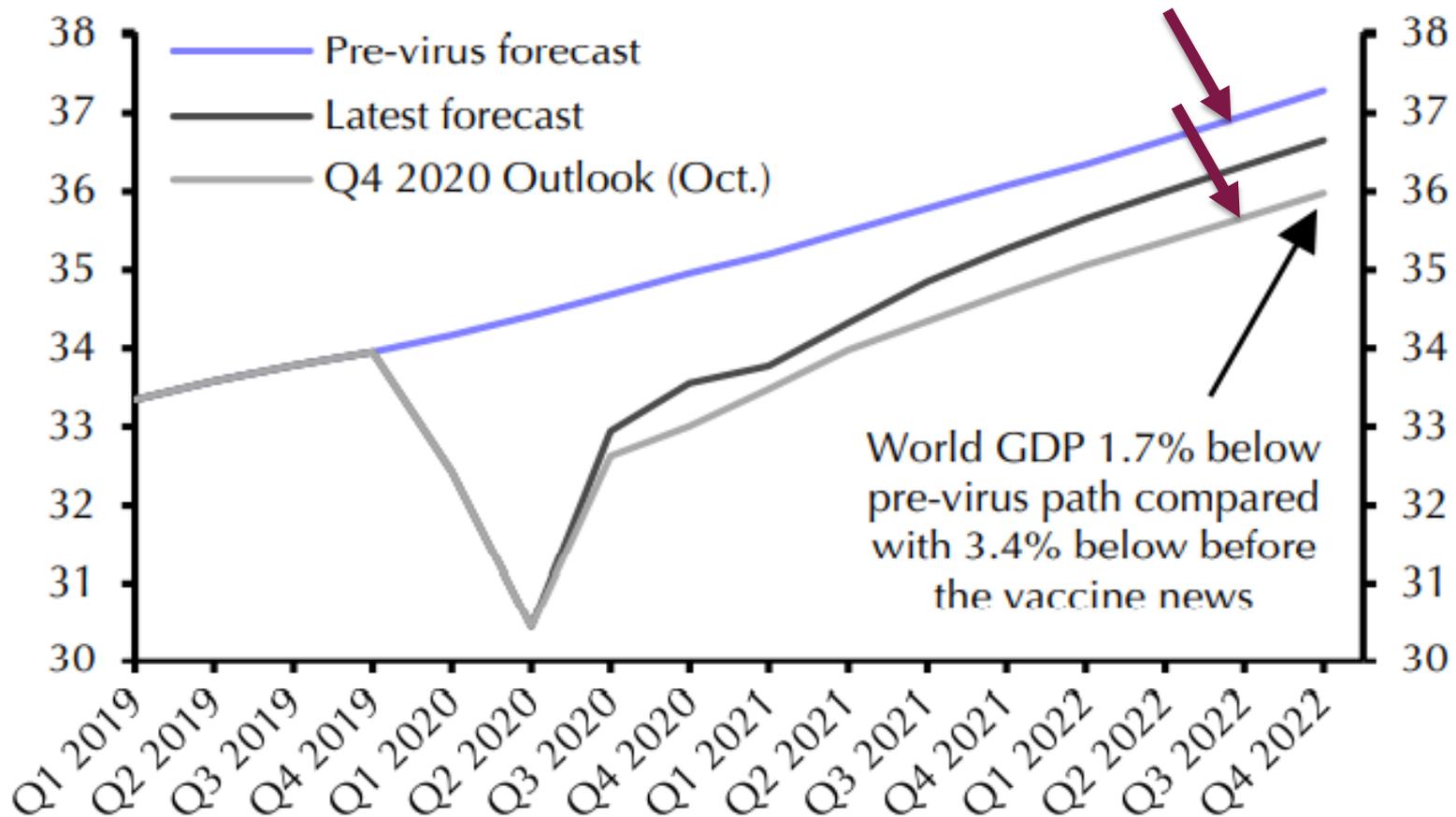


Source: Capital Economics



Global Economic Growth

- **\$1.5 trillion smaller**



Source: Refinitiv, CPB, CEIC, Moovit, Capital Economics



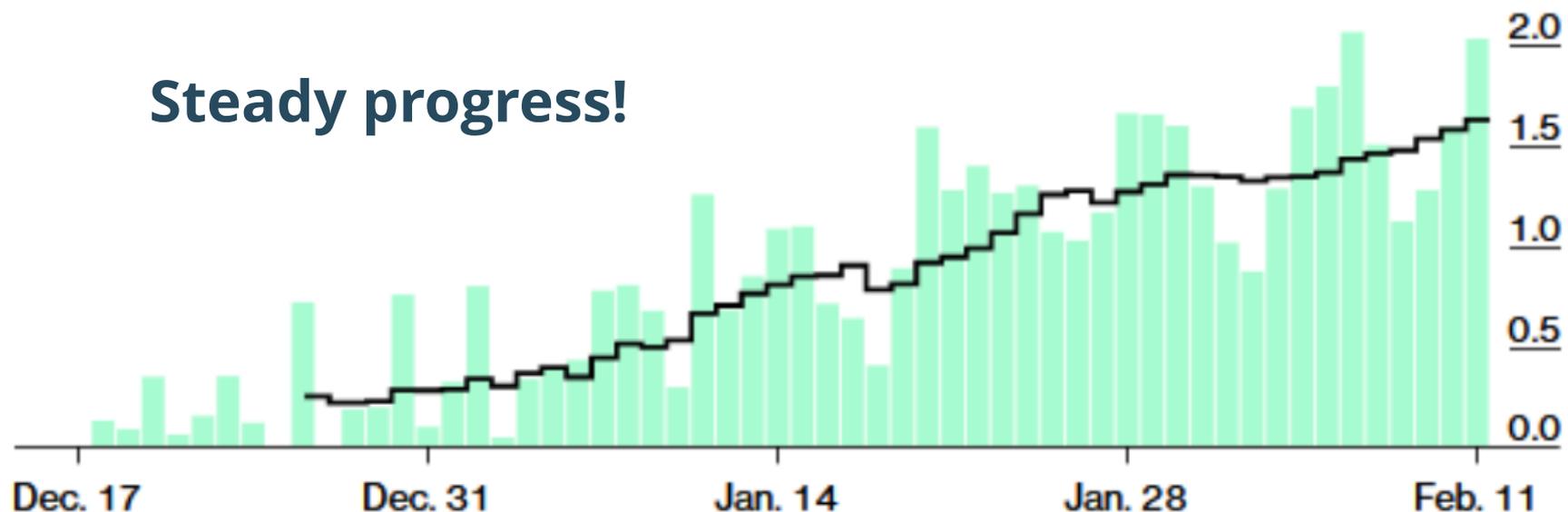
U.S. Daily Vaccinations

- 48 million doses given

／ Seven-day rolling average

Doses per day: 2.5M

Steady progress!

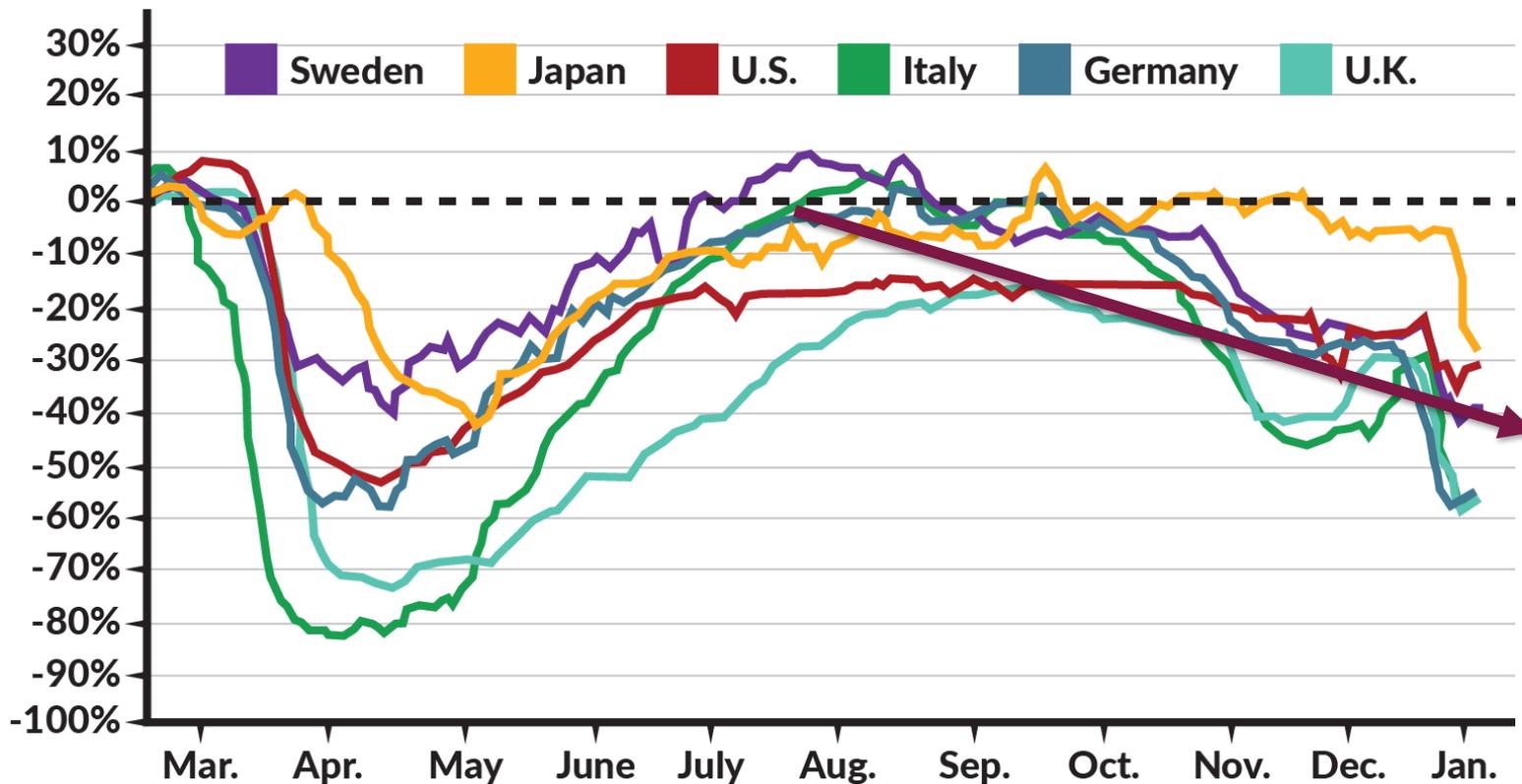


Source: Bloomberg's COVID-19 Vaccine Tracker



Real-Time Activity Tracking

- Mobility Tracker – Feb 2020 median = 0
- Activity further below pre-virus level

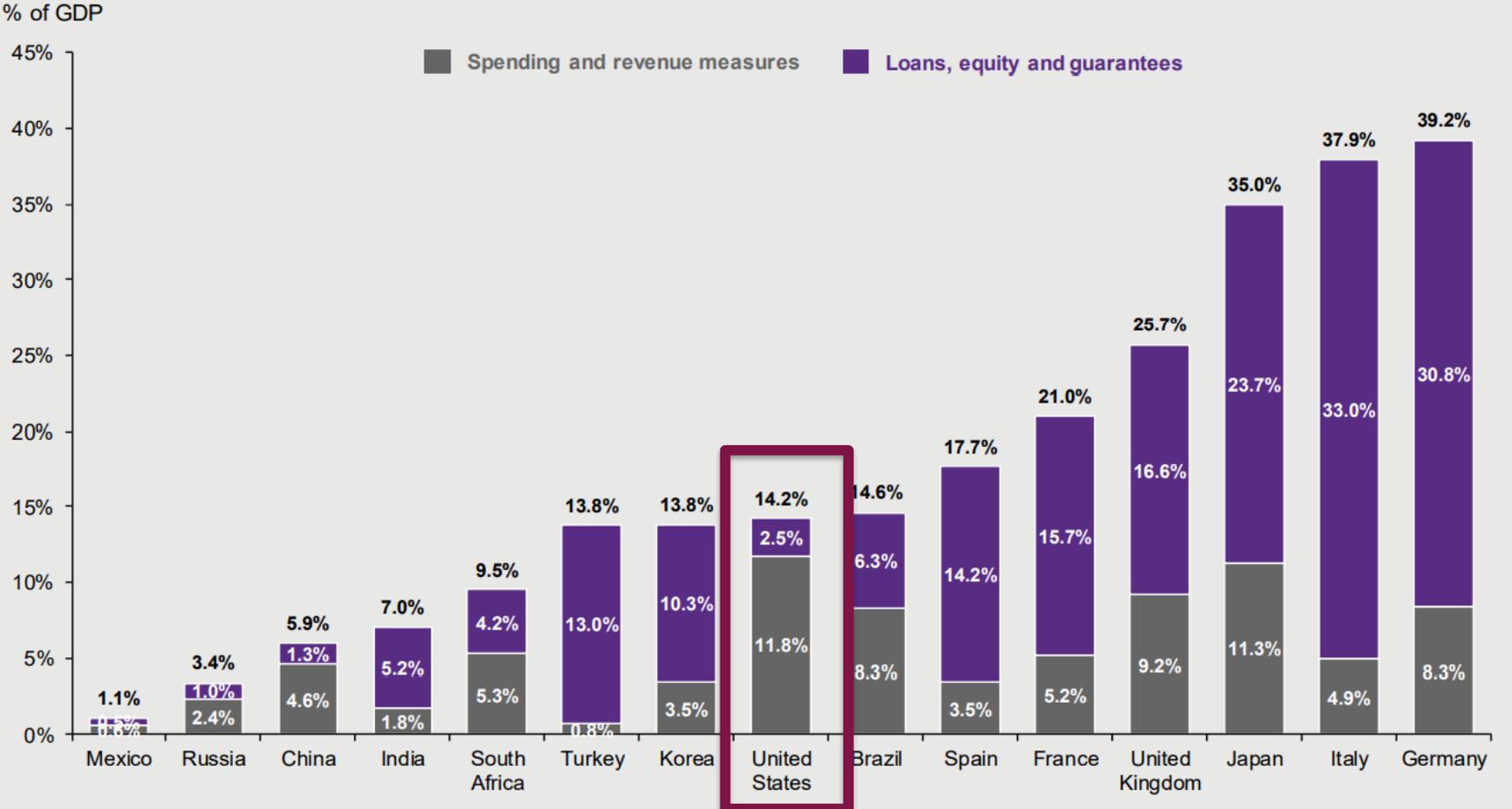


Source: Capital Economics, Google, Apple, Moovit



Unprecedented Global Stimulus

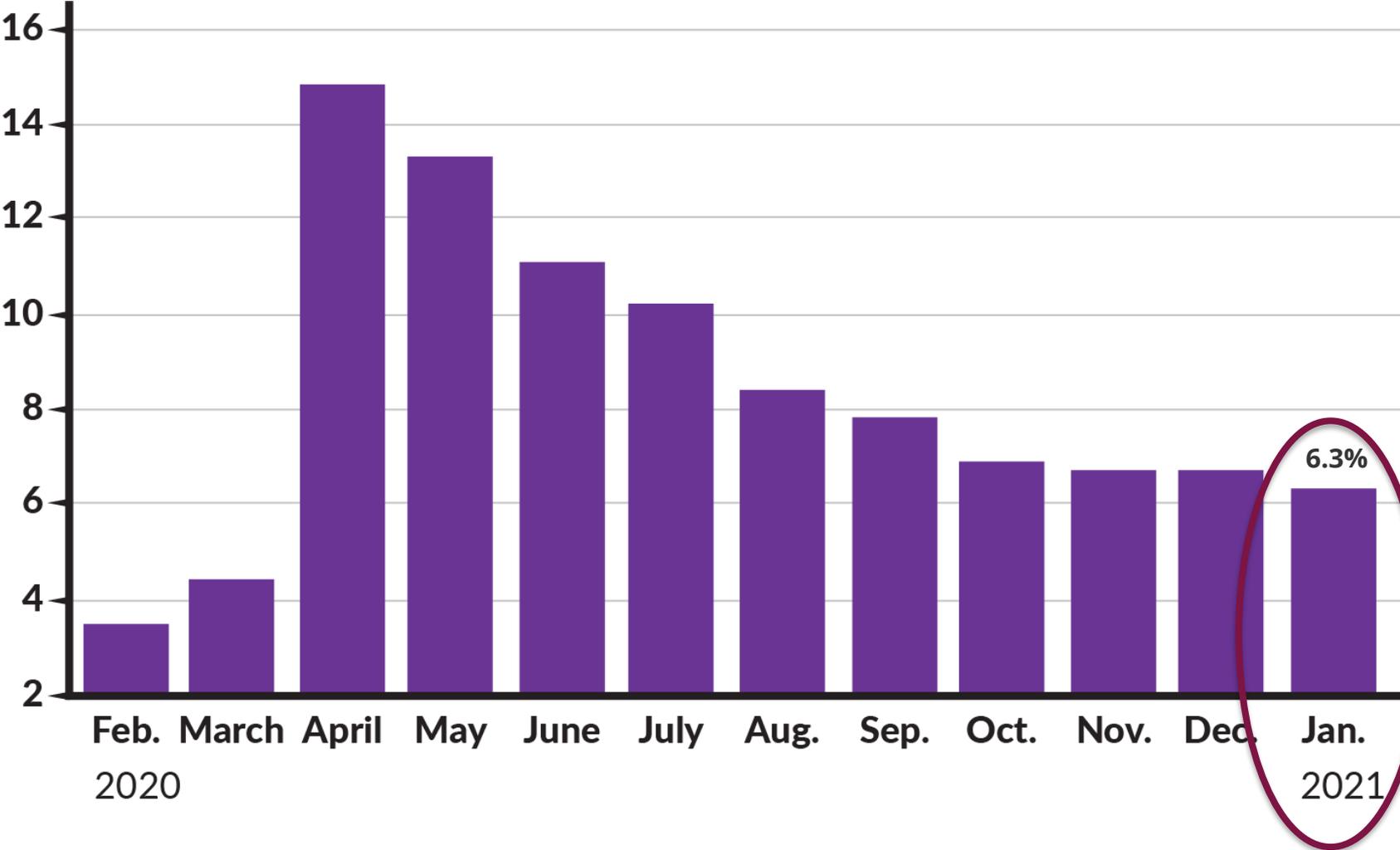
Fiscal response to COVID-19



Source: IMF Fiscal Monitor, JP Morgan Asset Management as of 12/31/20



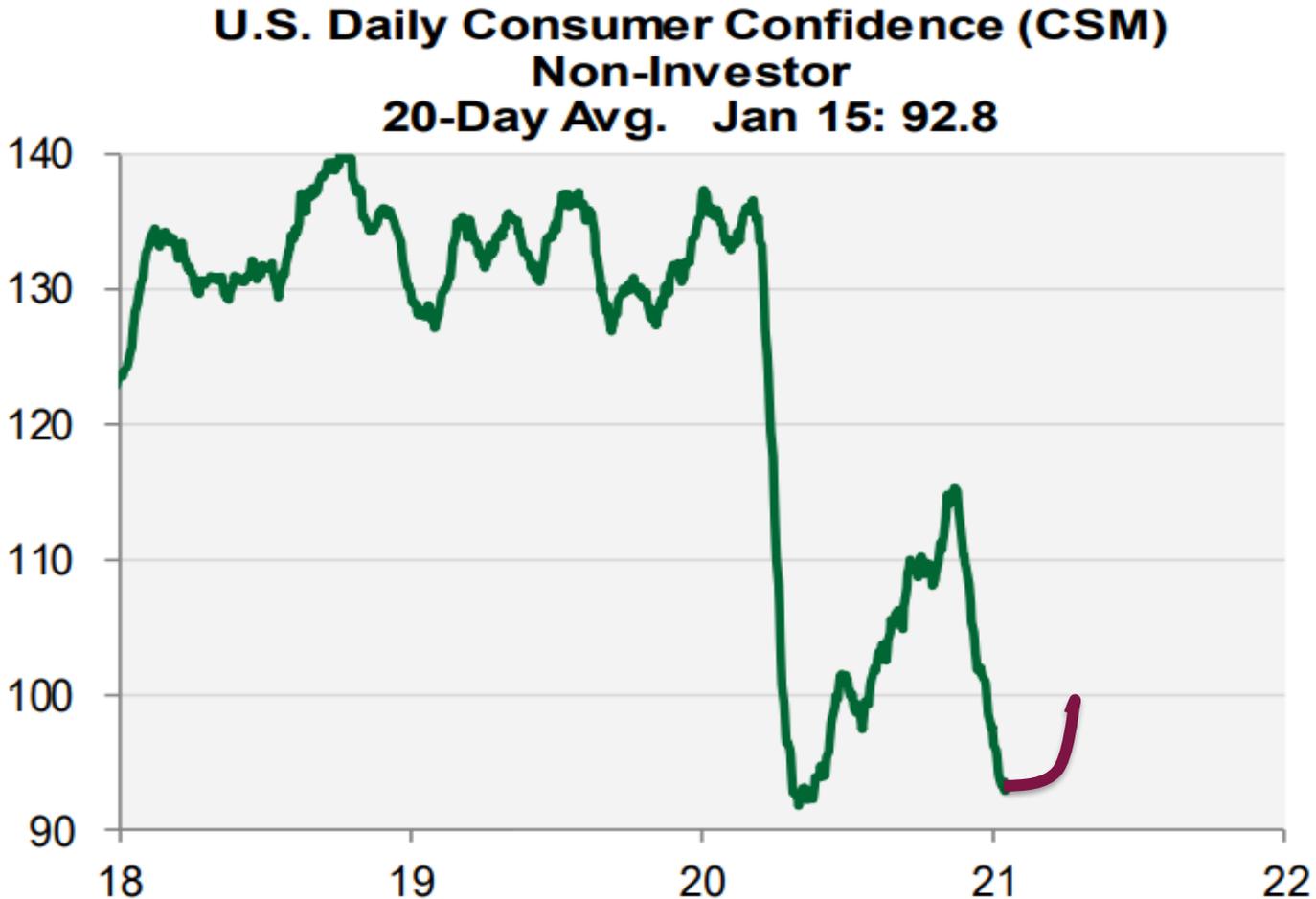
U.S. Monthly Unemployment Rate



Source: TradingEconomics.com, U.S. Bureau of Labor Statistics



Confidence = Consumption

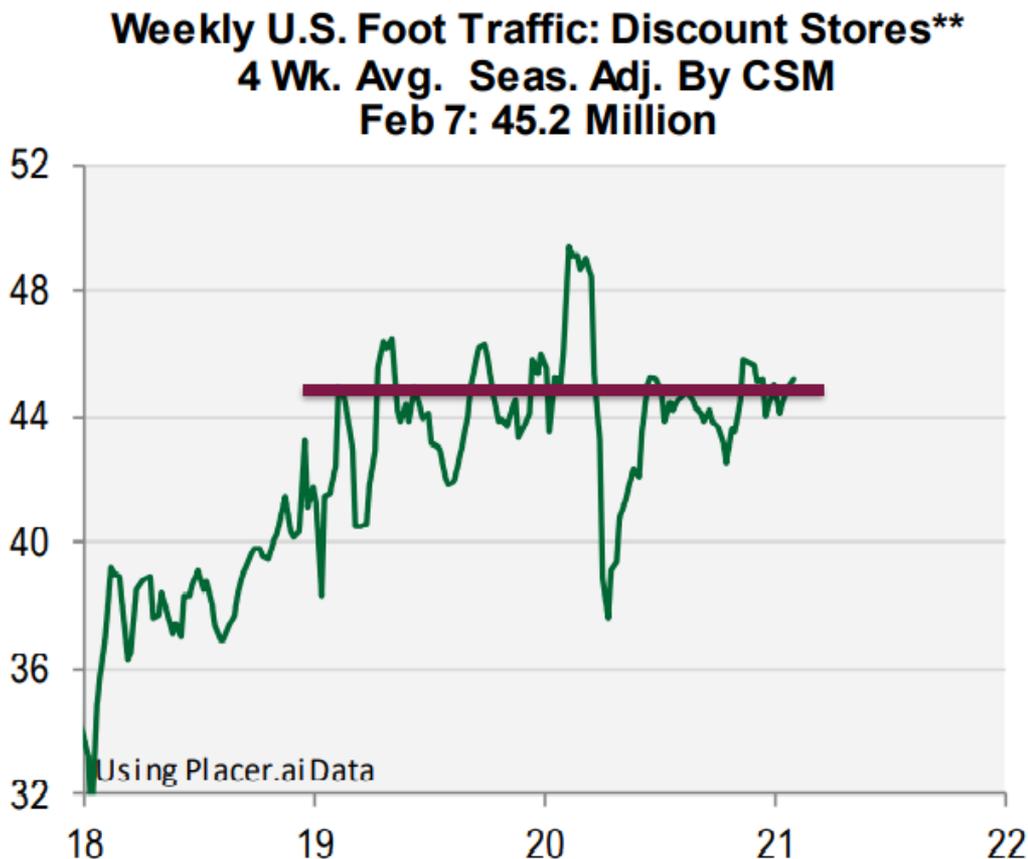


Source: Cornerstone Macro daily confidence survey



Weekly Discount Store Foot Traffic

- Traffic beginning to stabilize
- Consumer sentiment is turning



****Discount Stores:** Sum of weekly 99 Cents Only Stores, Dollar General, Dollar Tree, & Family Dollar patrons, nationwide.

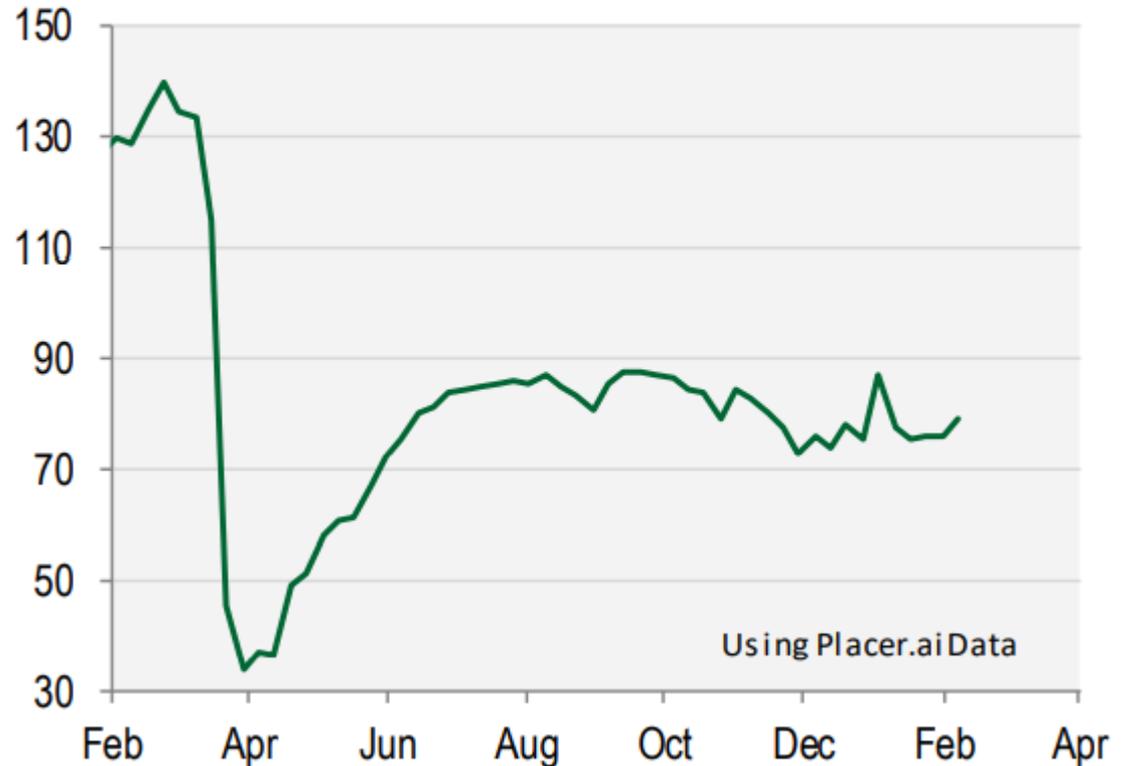
Source: Cornerstone Macro



Dining Foot Traffic

- Traffic turning up, slowly
- 2.4 million pub and restaurant jobs lost since pandemic beginning
- Consumer sentiment is turning

Weekly U.S. Foot Traffic: Dining
Seas. Adj. By CSM
Feb 7: 79.0 Million**



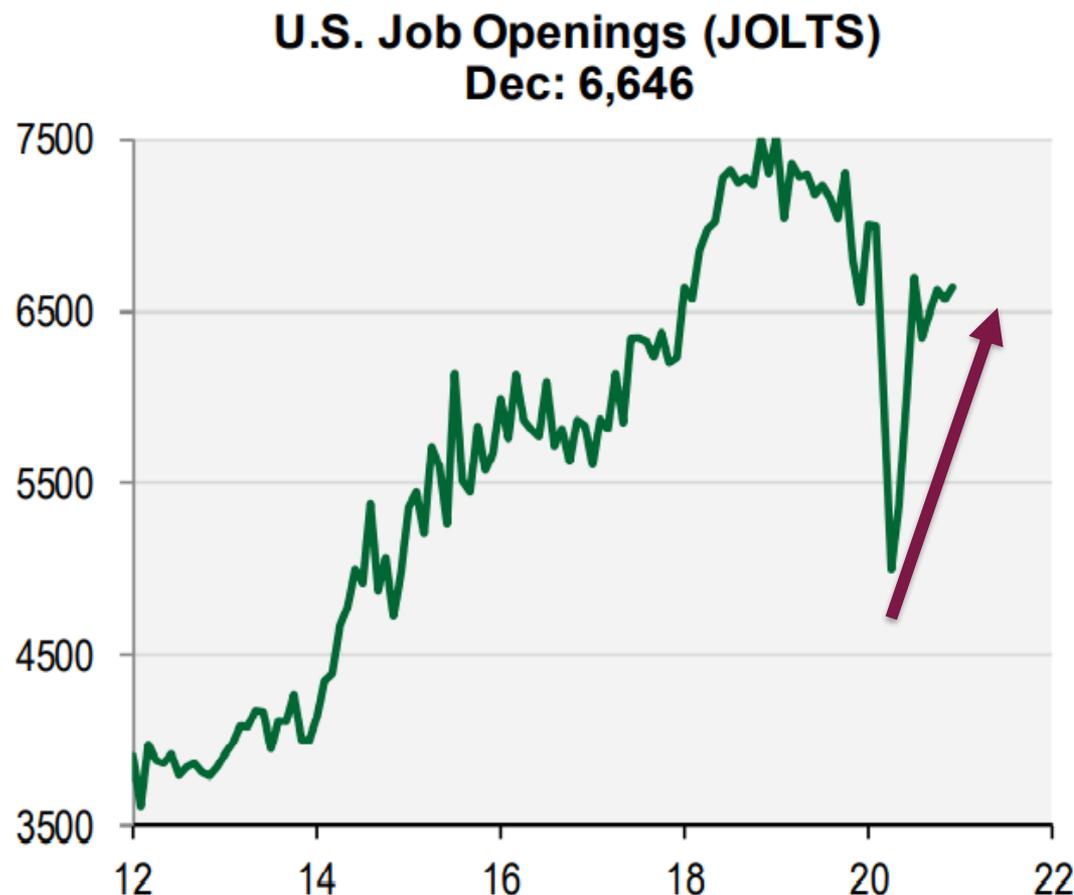
***Sum of weekly patrons nationwide: Applebee's, Chili's Grill & Bar, Panera Bread, The Cheesecake Factory, McDonald's, Chick-fil-A, Texas Roadhouse, IHOP, Chipotle, Mexican Grill, Dunkin' Donuts, Taco Bell.*

Source: Cornerstone Macro



U.S Job Openings Survey

- Indeed.com up .7% YoY
- Help-wanted ads back to pre-pandemic levels



Source: Cornerstone Macro, JOLTS Data



The Next Stimulus Package

| | Biden Plan | Senate GOP | Old, Partisan | New, Partisan |
|-----------------------------------|----------------|--------------|----------------|----------------|
| Rebates | 465 | 220 | 300 | 422 |
| State and Local Government | 350 | 0 | 250 | 200 |
| Unemployment Insurance | 350 | 132 | 263 | 290 |
| Vaccines, Testing / Other | 160 | 160 | 100 | 160 |
| Schools | 170 | 20 | 60 | 100 |
| Child Tax Credit | 120 | 0 | 0 | 110 |
| Child Care | 40 | 20 | 40 | 40 |
| Small Business | 40 | 50 | 40 | 40 |
| Housing | 35 | 0 | 35 | 35 |
| Transportation | 20 | 0 | 20 | 20 |
| \$15/hr Minimum Wage | 77 | 0 | 0 | 0 |
| Other | 62 | 16 | 100 | 100 |
| Total | \$1,889 | \$618 | \$1,208 | \$1,517 |

Source: Joint Committee on Taxation, Biden Administration, Sen. Collins, Cornerstone Macro



Stimulus Means Economic Growth

- Stimulus benefits are seen 12-18 months after initiated
- December stimulus of \$900 billion could get 2021 growth to 6%
- \$1.9 trillion of add'l stimulus being proposed

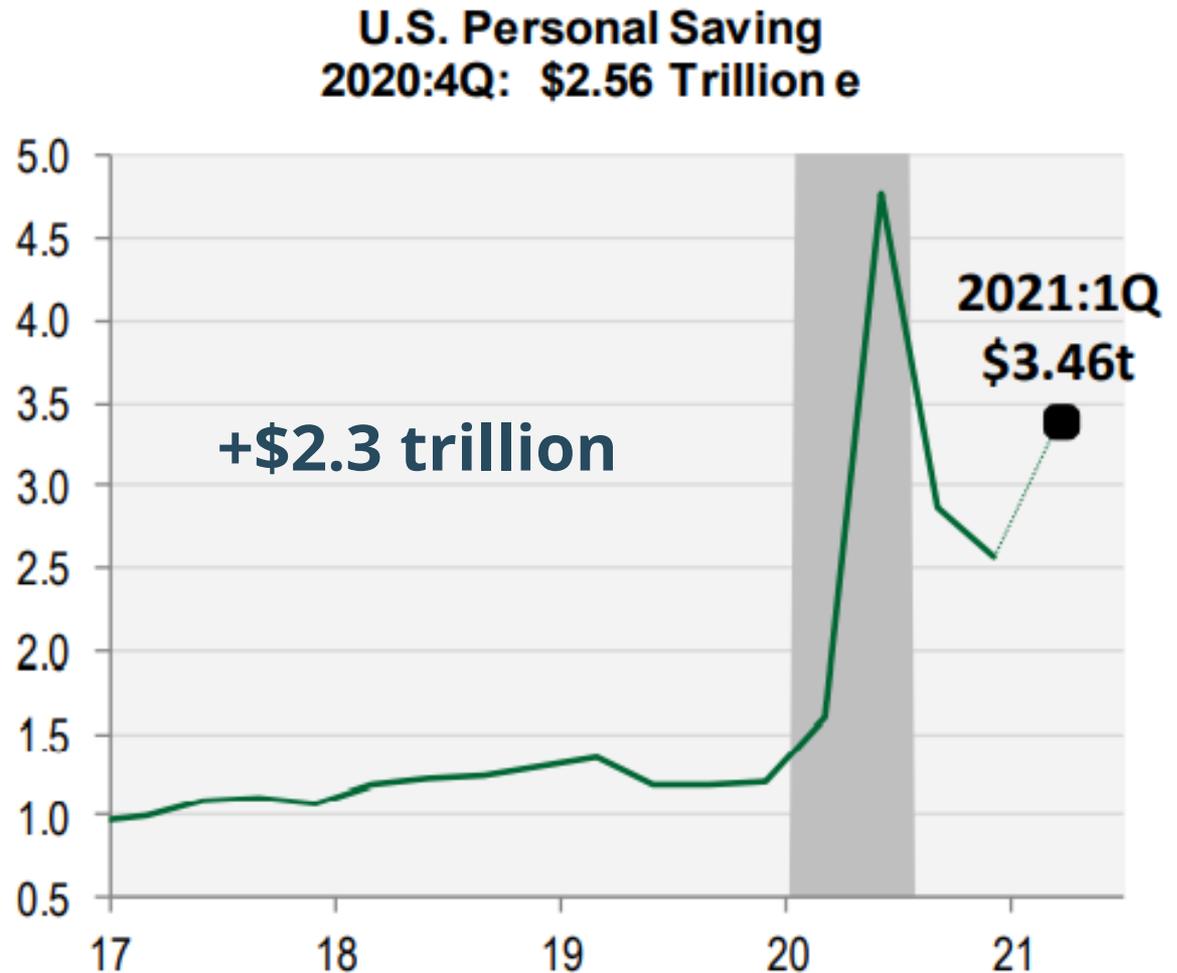
| Biden – Potential Stimulus Plans 2021 | | | 2021 Real GDP |
|---------------------------------------|-----------------|----------------------|------------------------|
| Trillions of Dollars | 0.6x Multiplier | Percent 2020 Nom GDP | With Base Case of 2.5% |
| \$2.00 | \$1.20 | 5.8% | 8.1% |
| \$1.00 | \$0.60 | 2.9% | 5.3% |
| \$0.50 | \$0.30 | 1.4% | 3.9% |
| \$0.90 | \$0.54 | 2.6% | 5.0% |

Source: Cornerstone Macro



Savings Leads To Consumer Recovery

- New stimulus leads to > savings
- If all savings spent growth = +15%
- Post WWII was +44%

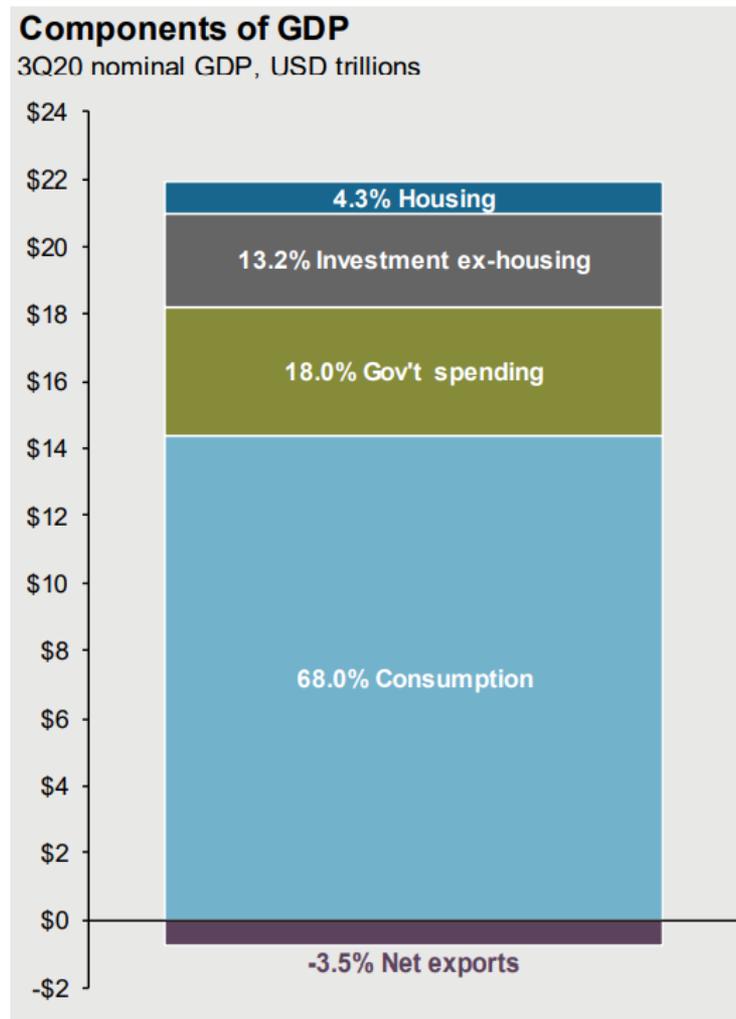


Source: Cornerstone Macro, bea.gov



U.S. Economic Growth

- 68.0% of economy is you and I
- Government spending is almost 18.0%
- Housing is 4.3%

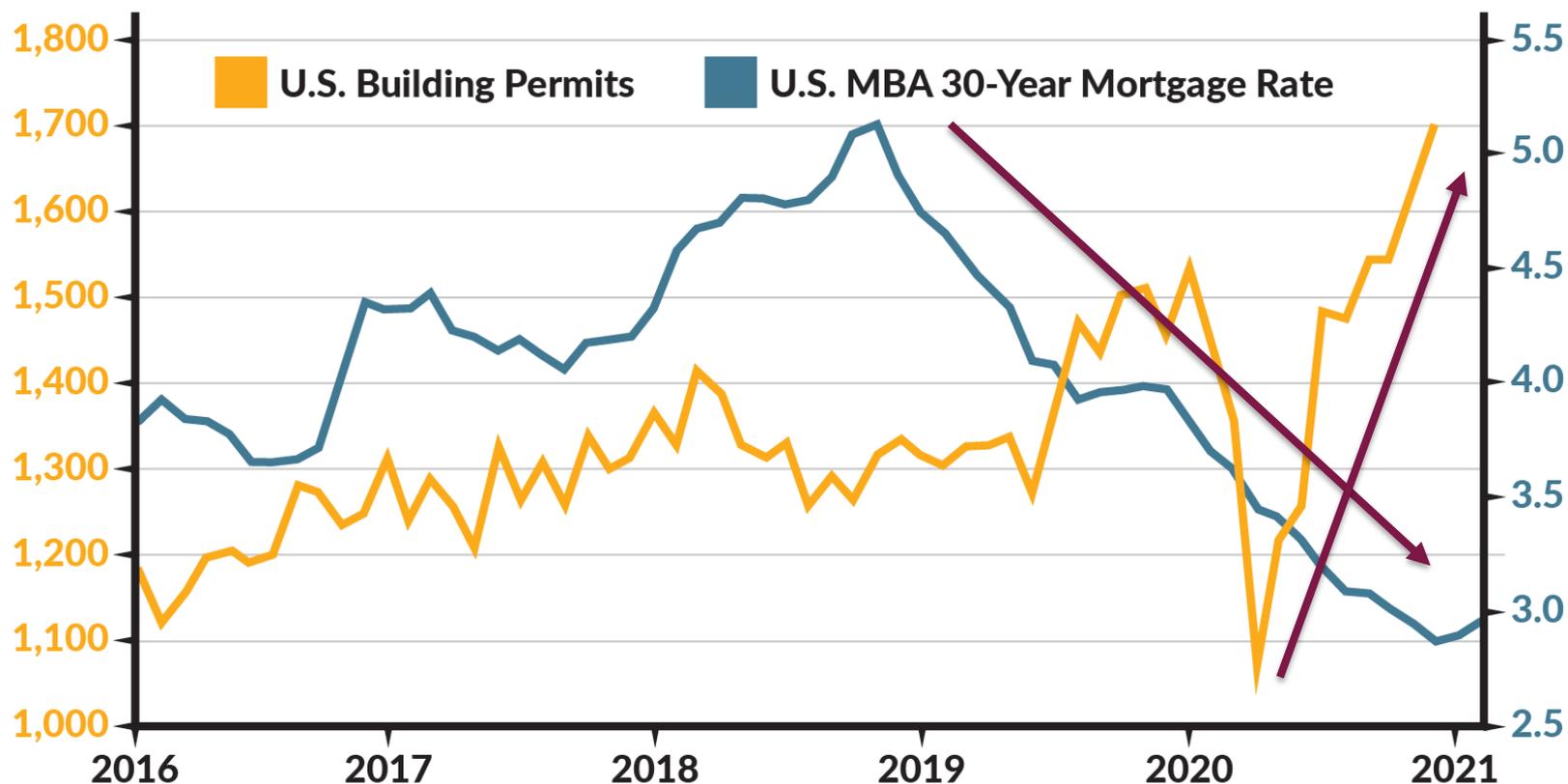


Source: JP Morgan Asset Management



U.S. Building Permits

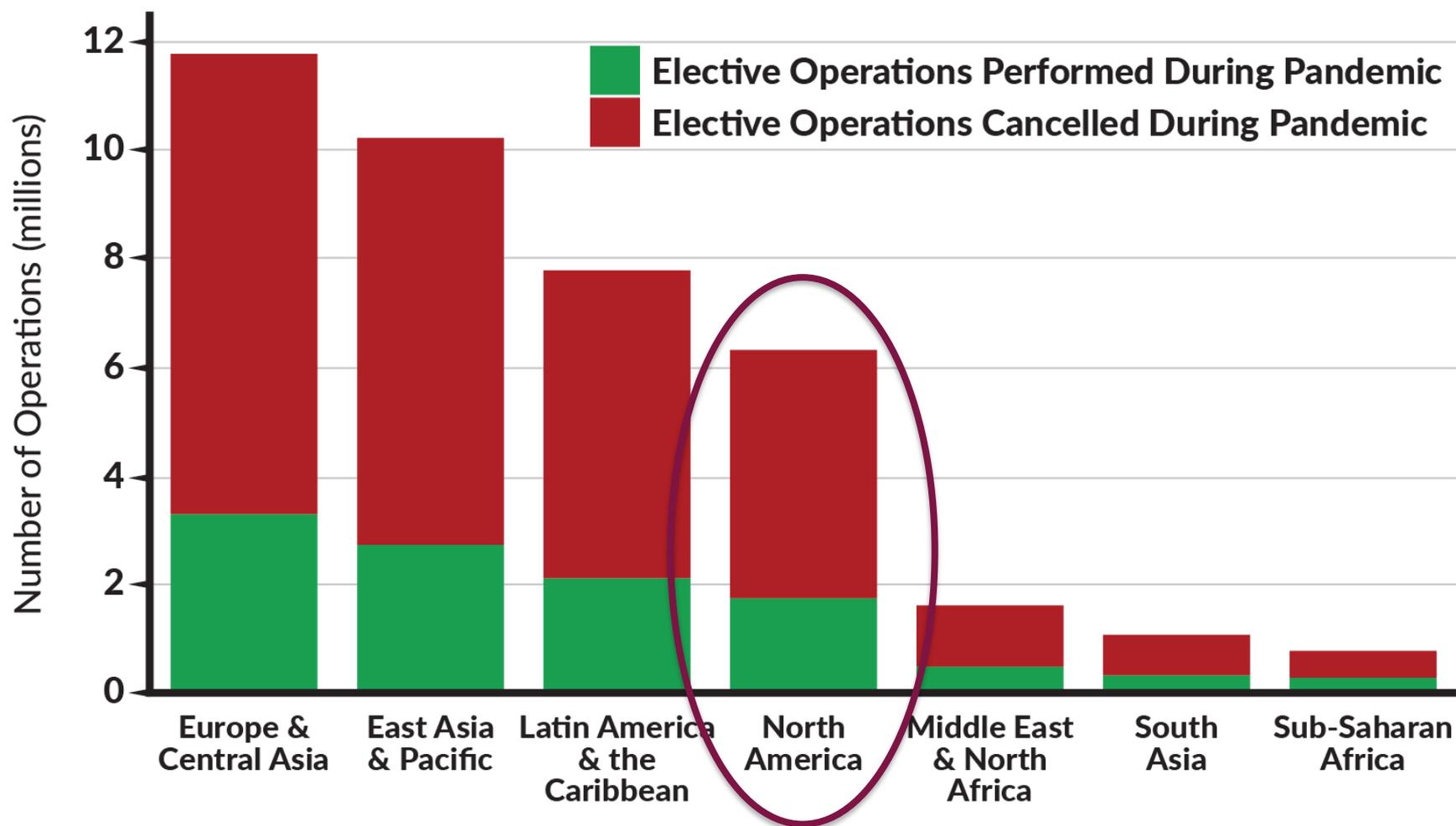
- 1.64 million permits
- 30-year = 3.0%



Source: TradingEconomics.com



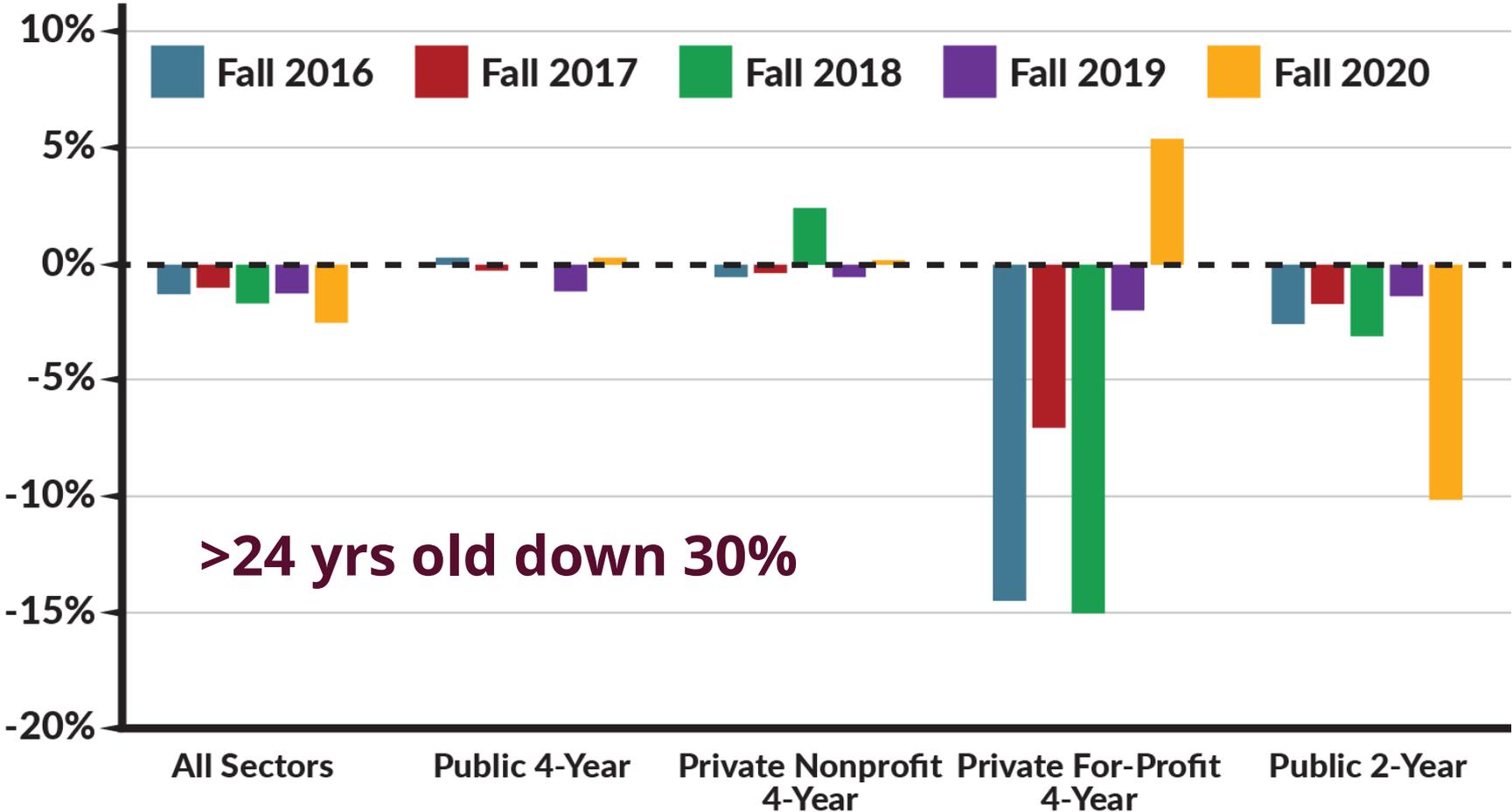
Peak Disruption



Source: British Journal of Surgery, Vol. 107, Issue 11



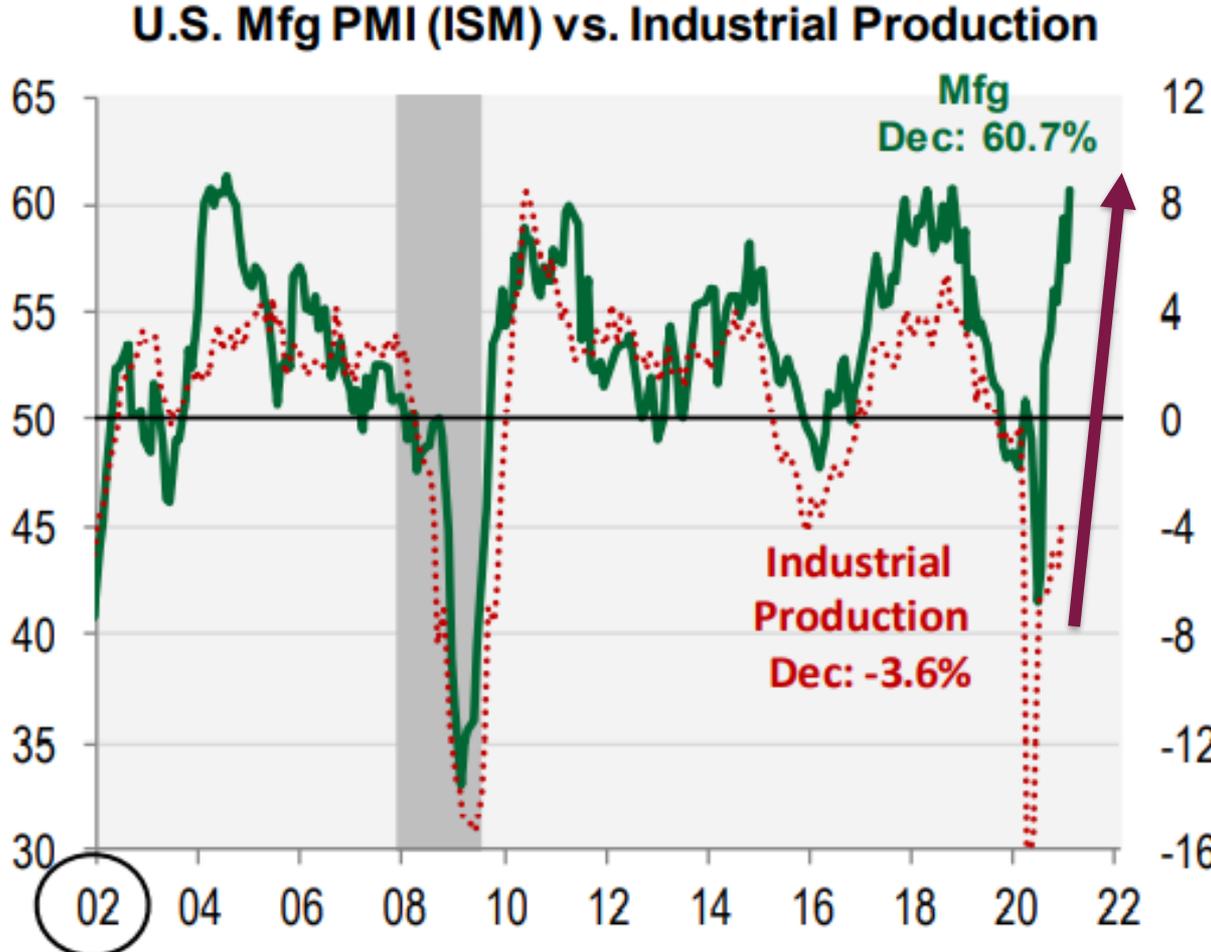
Enrollment's Pandemic Decline, Year Over Year



Source: National Student Clearing House Research Center



Manufacturing Led Recovery

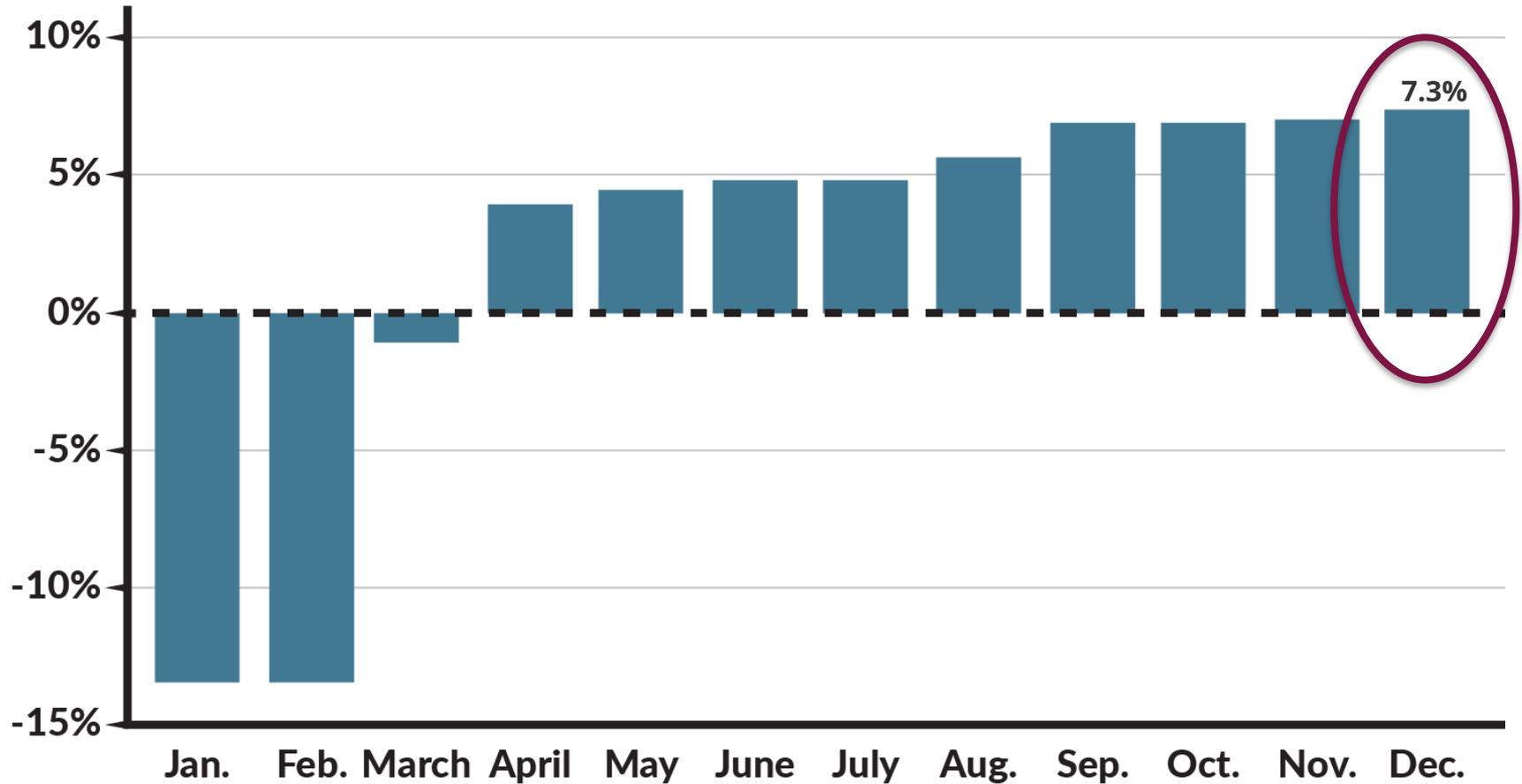


Source: Cornerstone Macro, Institute for Supply Management



China's Industrial Production

YoY Growth Rate

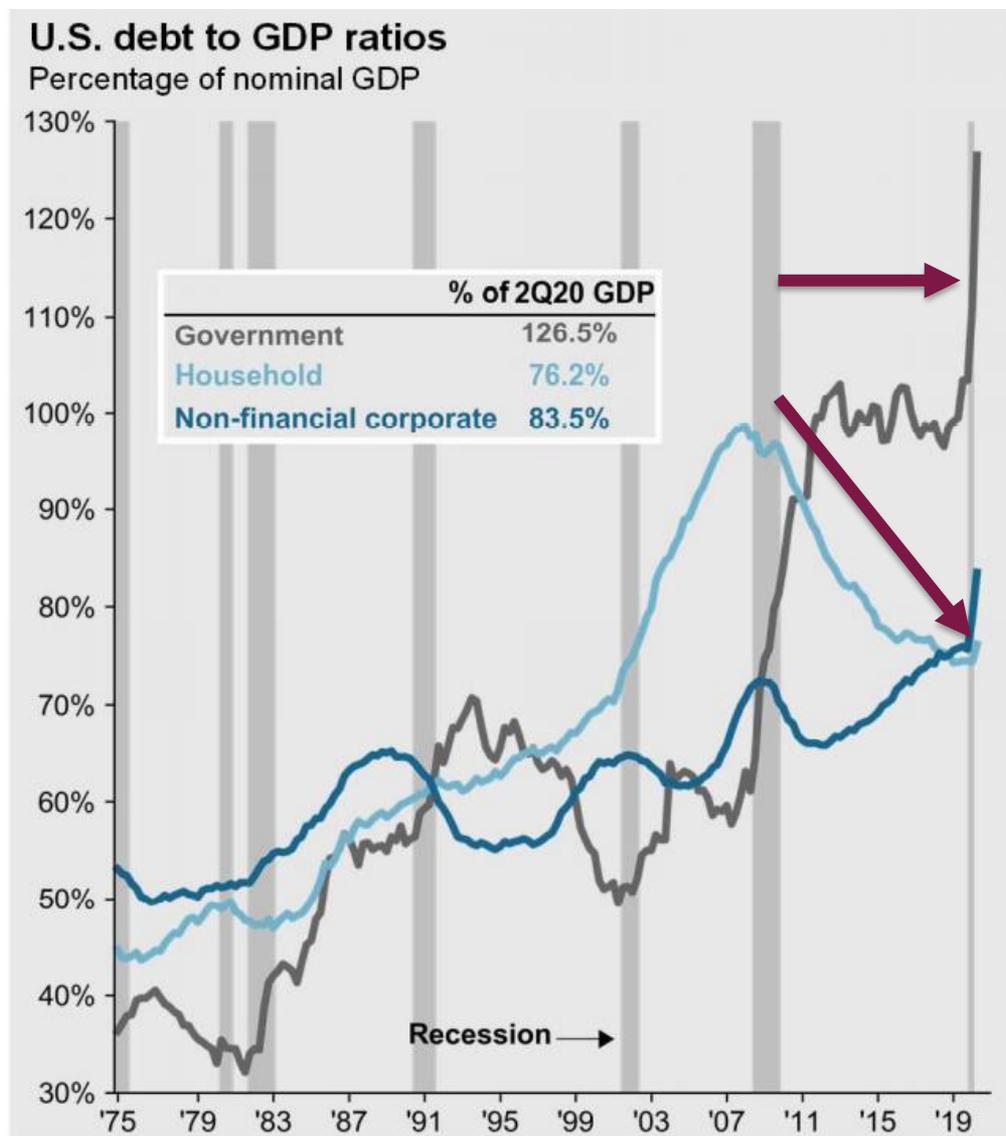


Source: TradingEconomics.com, National Bureau of Statistics of China



U.S. Debt

- Gov't debt has risen dramatically
- Household debt has actually declined
- Corporate debt has risen due to low cost of funds/PPP



Source: JP Morgan Asset Management



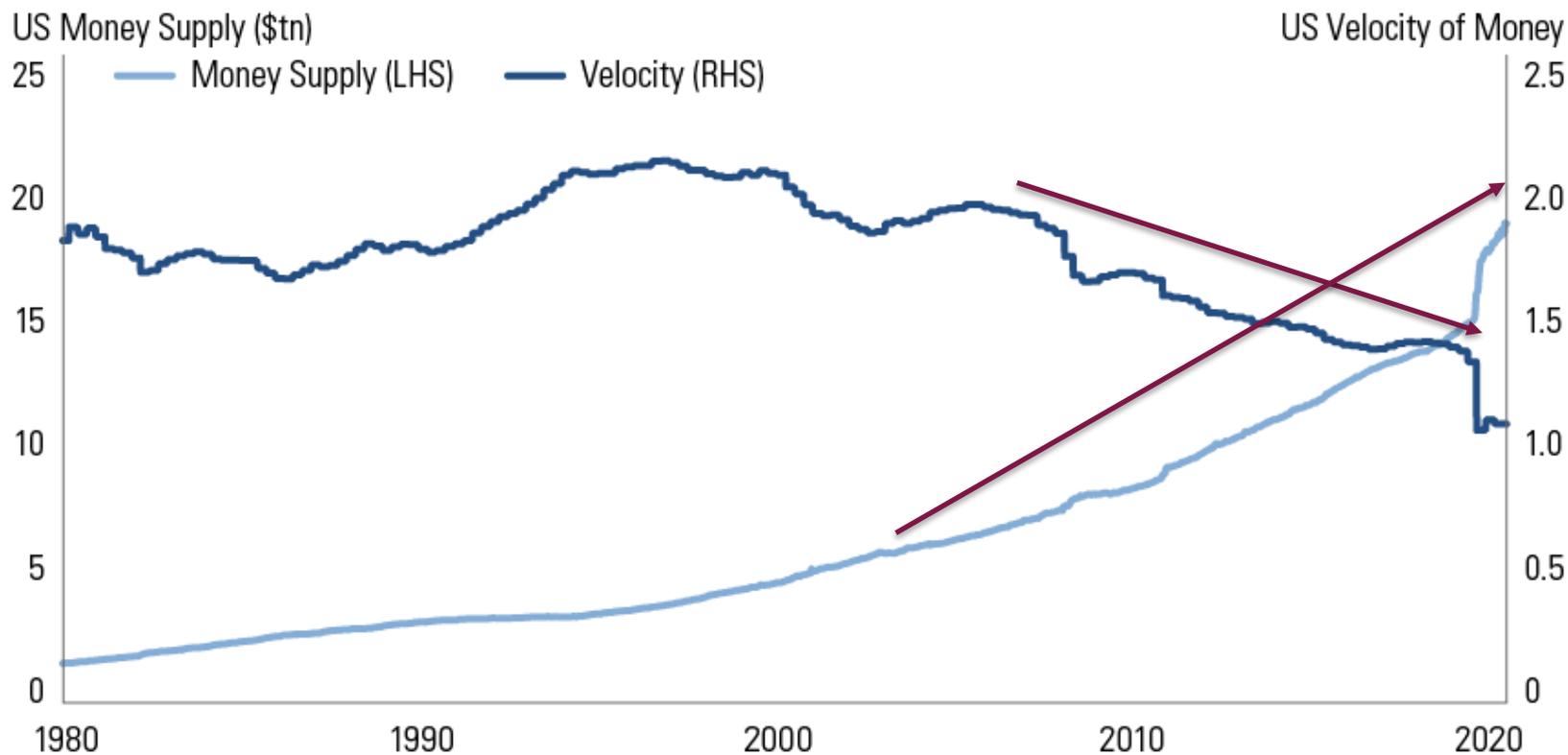
U.S Consumer Inflation Expectations



Source: TradingEconomics.com, Federal Reserve Bank of New York



Where's Inflation?

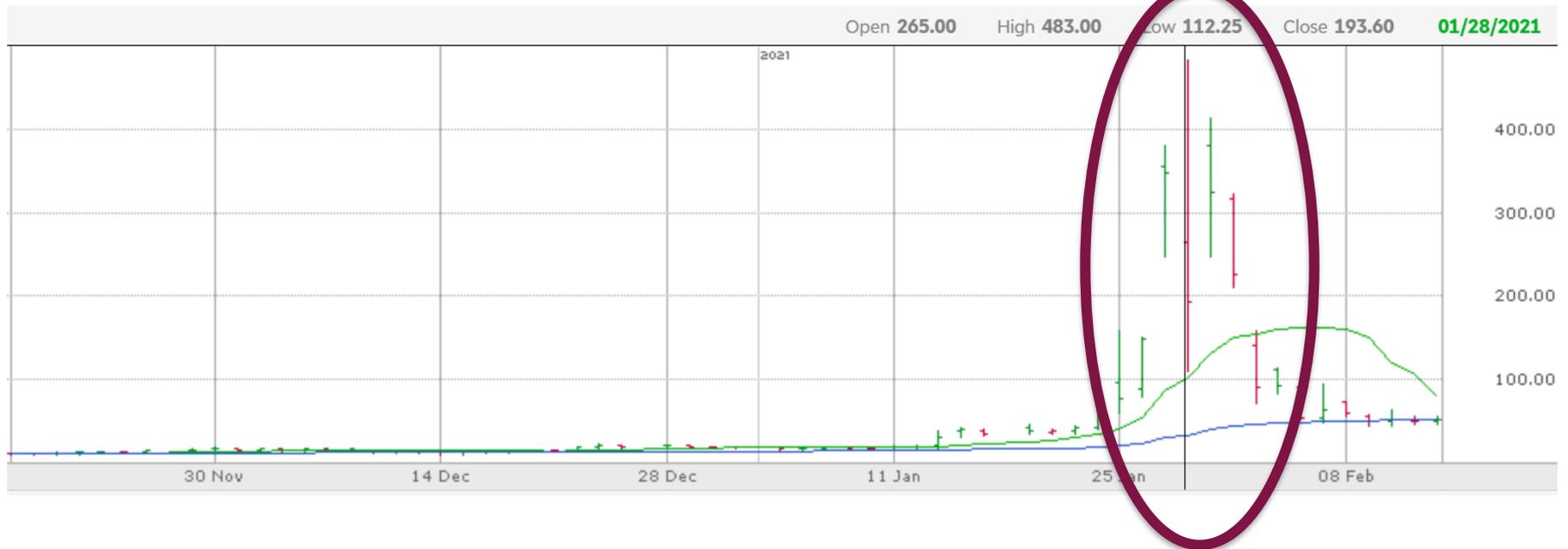


Source: Goldman Sachs, Federal Reserve



Just A Game?

Gamestop Corp. Stock Price Movement



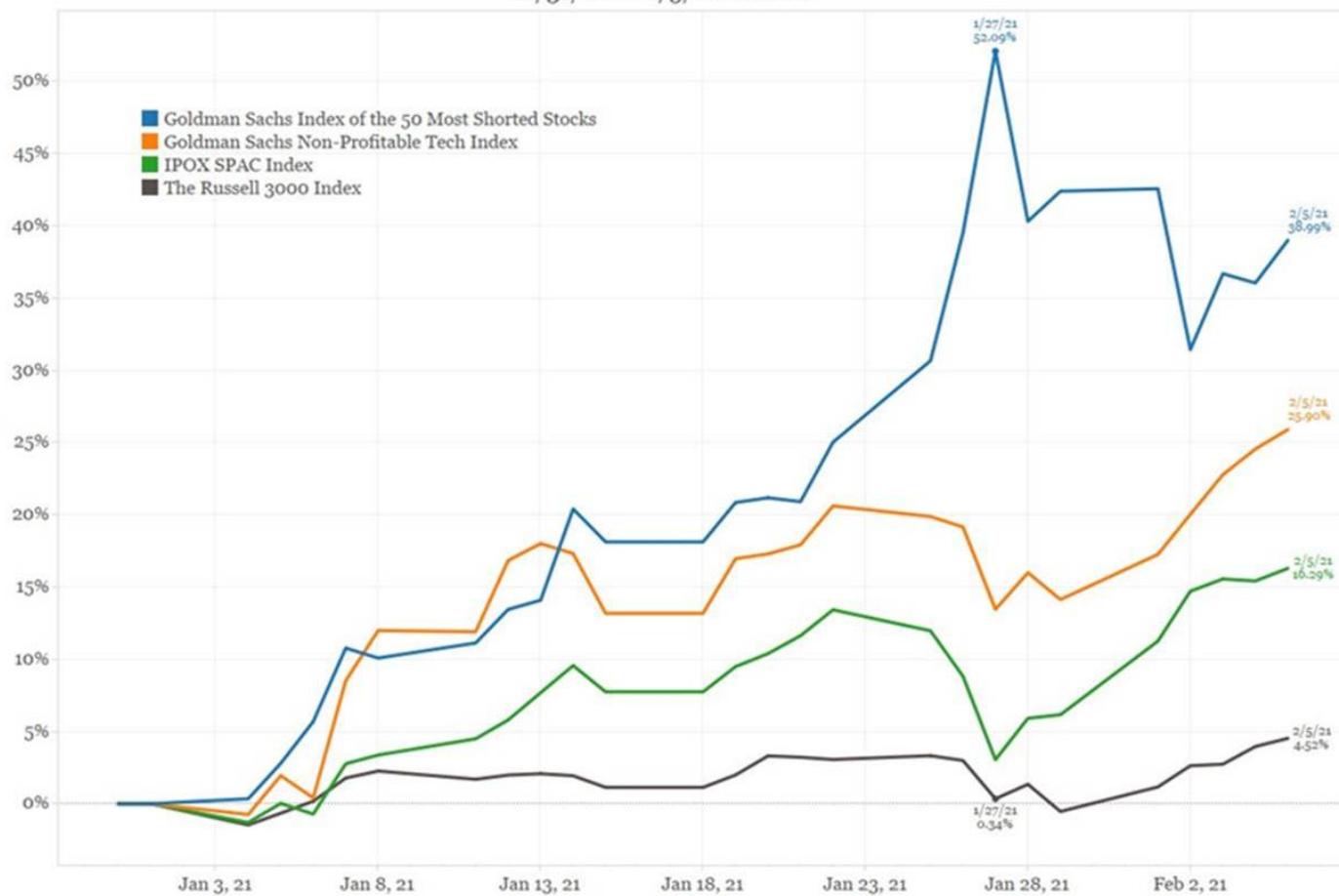
- Shorting stocks makes big news
- GME trades up by over 350 points in a week
- On one day trades from \$112.25 to \$483.00



What's Driving Stocks?

The Biggest Stock Market Themes of 2021

12/31/20 to 2/5/21 Returns



Source: Bloomberg, Goldman, IPOX, Russell

© 2021 Bianco Research, L.L.C. All Rights Reserved
<https://www.biancoresearch.com/>



New Economy

- Almost ½ millienials use gig economy to find work
- Almost ½ have no emp. benefits
- Pay is 58% less than full time



Conclusions

- Tracking mobility and immunity
- Rapid recovery is possible
- Jobs are returning
- Consumers are leading the way
- Global improvement in economic activity



Disclosure

This content is for informational purposes only and is not to be taken as advice or a recommendation to buy or sell any investment. Forecasts, figures, opinions or statements of market trends are subject to change without prior notice. All information presented is considered accurate at the time of publication, but no warranty of accuracy is given and no liability with respect to any error or omission is accepted. Charts and graphs, in and of themselves, should not be used as a basis for investment decisions. Past performance is not a guarantee of future results.

Johnson Financial Group is a privately-held financial services company and marketing name for its subsidiaries, Johnson Bank, Johnson Wealth Inc., and Johnson Insurance Services, LLC.

