



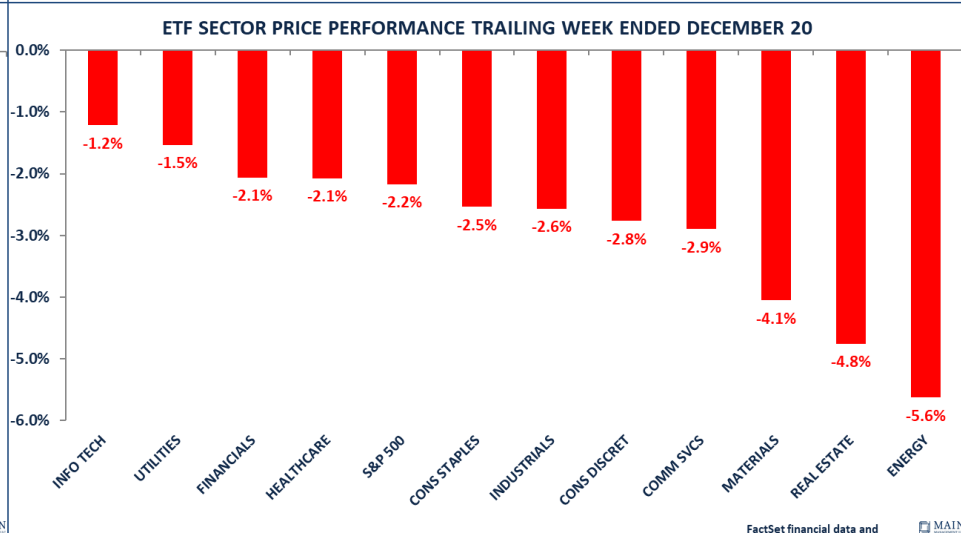
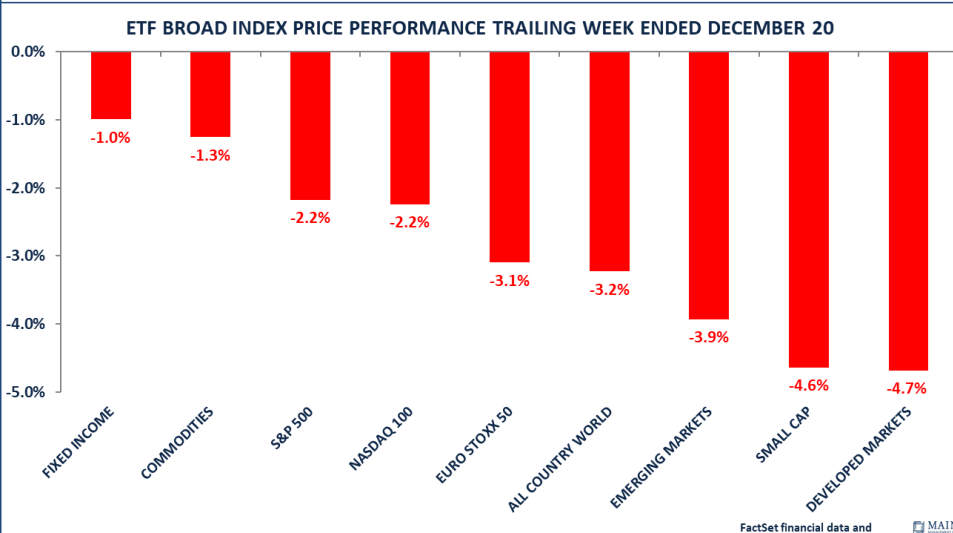
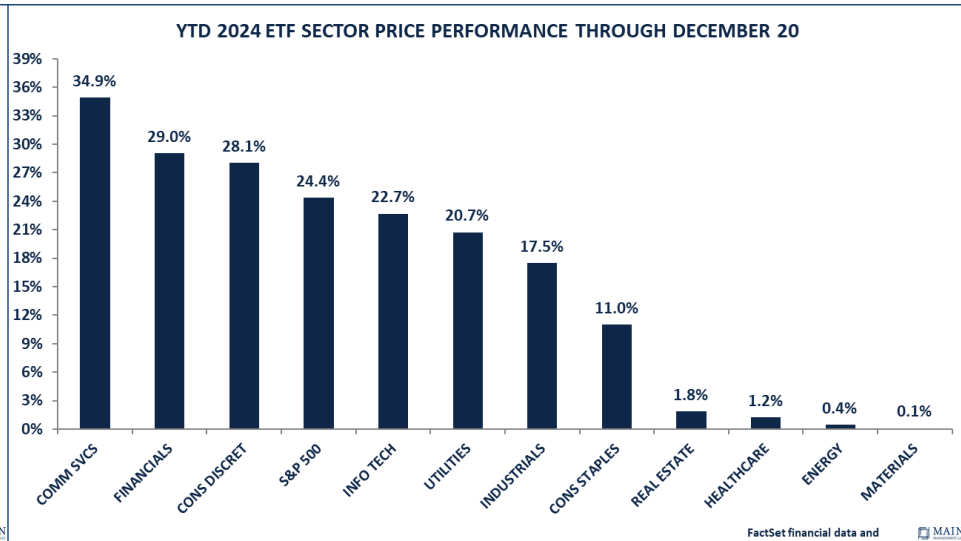
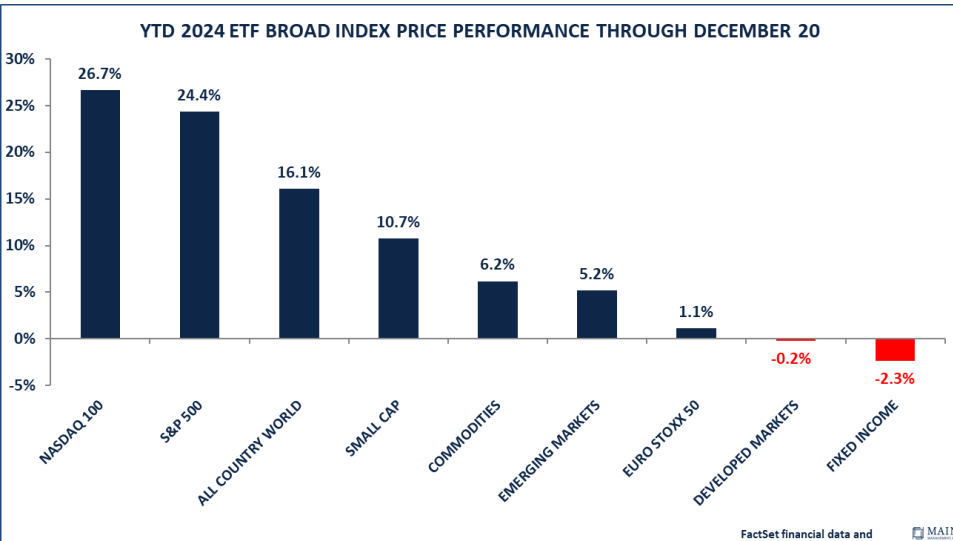
MAIN
MANAGEMENT, LLC

MAIN MANAGEMENT MARKET NOTE: **December 20, 2024**

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Performance



Recession Dashboard

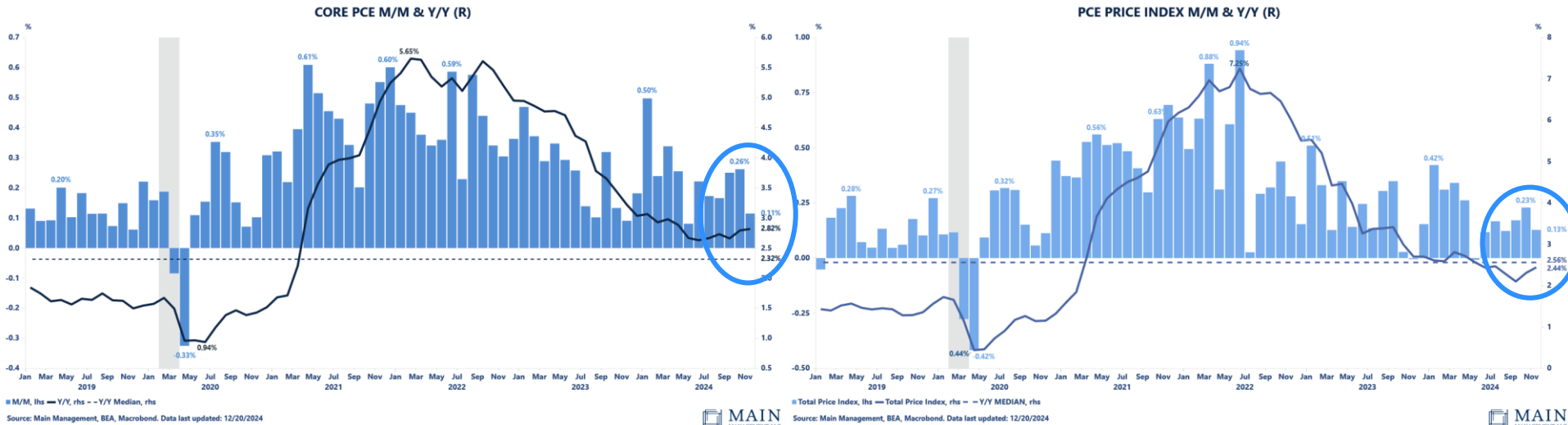
RECESSION START	INFLATION	CONSUMER	YIELD CURVE	HOUSING	SENTIMENT	AUTOS	EMPLOYMENT	PMI	RETAIL SALES
NOV 1973	↓	—	—	↓	—	—	↓	↓	—
JAN 1980	↓	↓	↓	↓	↔	↓	↓	↓	—
JUL 1981	↓	↓	↓	↓	↔	↓	↓	↓	—
JUL 1990	↓	↓	↓	↓	↔	↓	↓	↔	—
MAR 2001	↔	↓	↓	↔	↔	↔	↓	↓	↔
DEC 2007	↓	↓	↓	↓	↔	↓	↓	↓	↓
DEC 2019	↑	↑	↔	↔	↑	↔	↑	↔	↔
DEC 2024	↔	↑	↔*	↔	↑	↓	↓	↑	↑
LAST CHANGE	GREEN DEC '24	BLUE DEC '24	RED MAR '23	GREEN DEC '24	BLUE DEC '24	BLUE SEP '23	BLUE SEP '22	BLUE JUN '23	BLUE DEC '24

↑ Positive
↔ Neutral
↓ Negative

Inflation: Headline CPI. Source: St. Louis Fed. **Consumer:** Conference Board Consumer Confidence. Source: The Conference Board. **Yield Curve:** 10 year – 3 month Treasury spread. Source: FactSet financial data and analytics. **Housing:** Housing Starts & Existing Home Sales. Source: St. Louis Fed. **Sentiment:** Conference Board Consumer Confidence, UMich Consumer Sentiment, State Street Investor Confidence, CEO Confidence, VIX, AAll **Autos:** Auto Sales. Source: St. Louis Fed. **Employment:** Initial Weekly Unemployment Claims & Nonfarm Payrolls. Source: St. Louis Fed. **PMI:** Markit US Manufacturing PMI & US ISM Manufacturing PMI & Chicago PMI. Source: Markit, ISM. **Retail Sales:** Advance Retail Sales. Source: St. Louis Fed. * 10 year – 3 month Treasury spread inverted on 11/2/22.

Core PCE

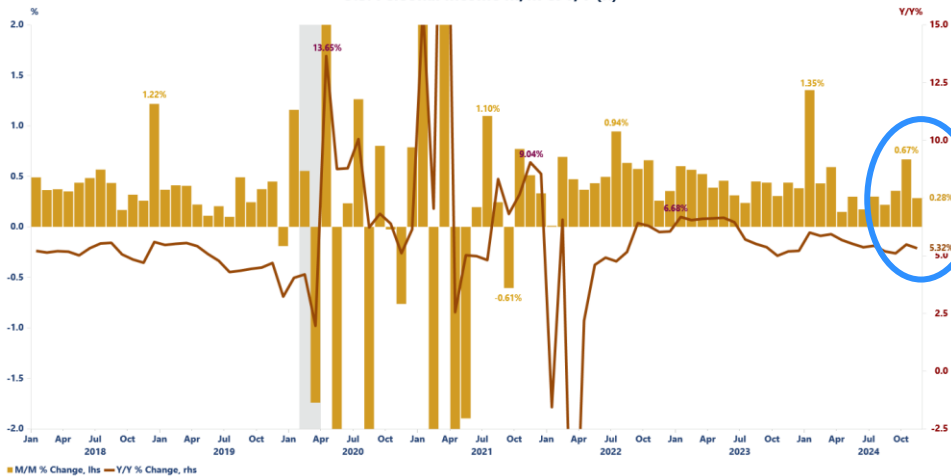
Core PCE (left), the Fed's preferred inflation measure, came in at +0.11% M/M in November, below forecasts for a 0.2% reading. On a Y/Y basis, Core PCE accelerated to +2.82%, the highest since April 2024. The PCE Price Index (right) rose +0.13% M/M as the Y/Y figure ticked up to +2.44%. These lower-than-expected readings should help ease fears that inflation is proving to be more sticky than desired.



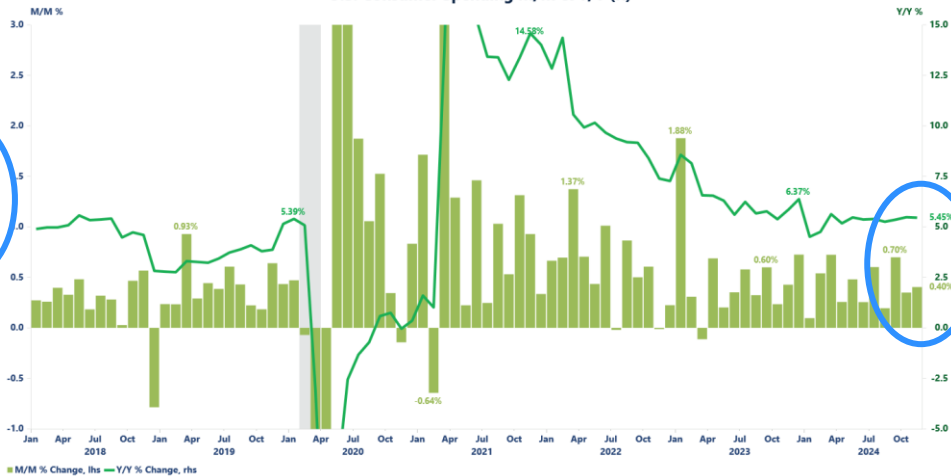
Income & Spending

Incomes rose +0.28% M/M, slightly below forecasts, and the y/y figure slowed a bit to +5.32%. Still, incomes are outpacing inflation which is good for consumers and their purchasing power. This dynamic has been seen in the continued steady Consumer Spending figures (right). Spending was up +0.40% M/M in November, also slightly below forecasts for a 0.5% reading. The Y/Y figure inched down to 5.45% from 5.48% but that's still running above pre-pandemic levels.

U.S. Personal Income M/M & Y/Y (R)

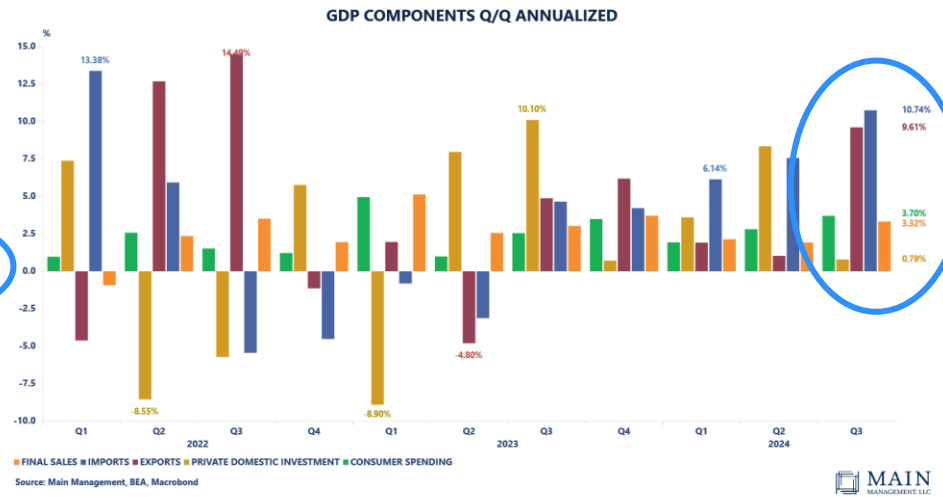
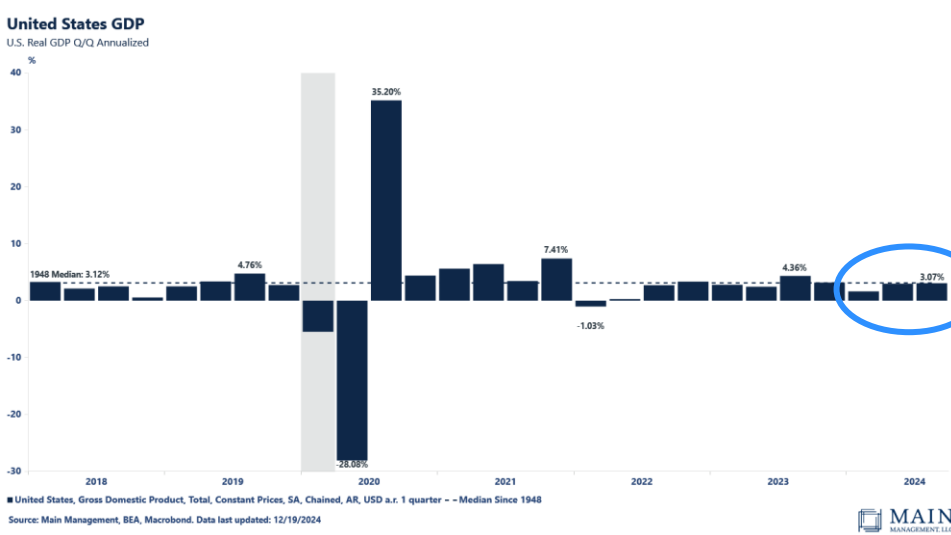


U.S. Consumer Spending M/M & Y/Y (R)



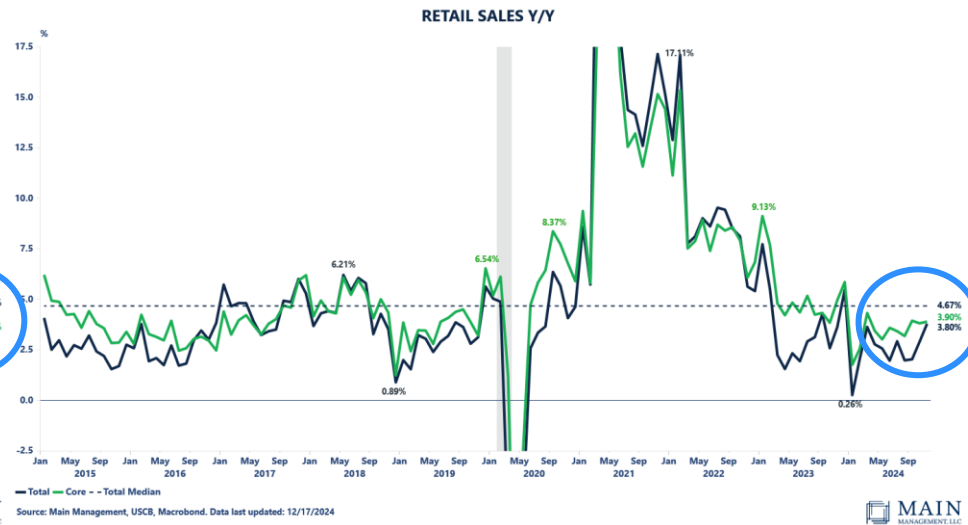
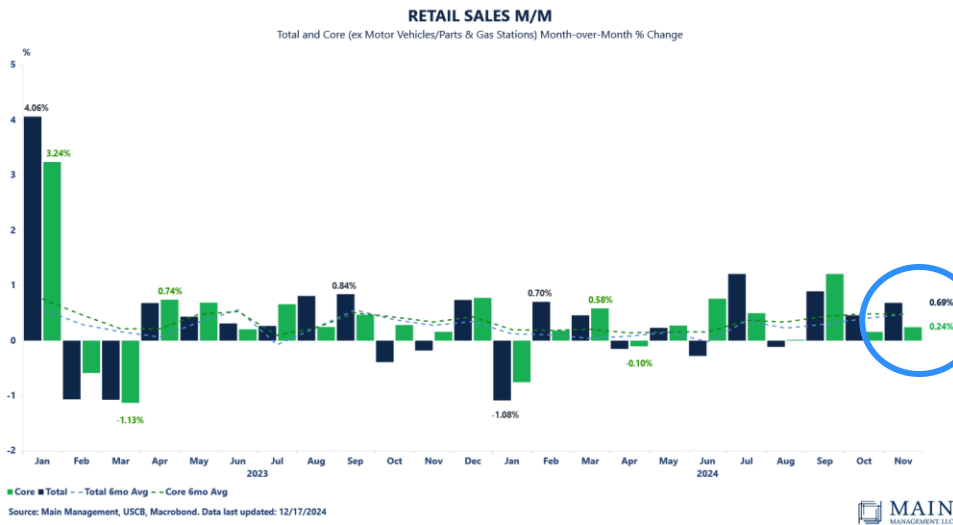
Q3 2024 U.S. GDP

The final reading for Q3 2024 U.S. GDP (left) was revised up to 3.07% Q/Q annualized (left). For the components (right), Final Sales were revised up to 3.32% from 3.02%, their best since Q4 2023. Imports revised lower to 10.74% from 11.19%. Exports were revised up to 9.61% from 8.91%, the highest since Q3 2022. Investment was revised up to +0.79% from +0.35%. Consumer Spending was also revised up to 3.70% from 3.67%, its best reading since Q1 2023.



Retail Sales

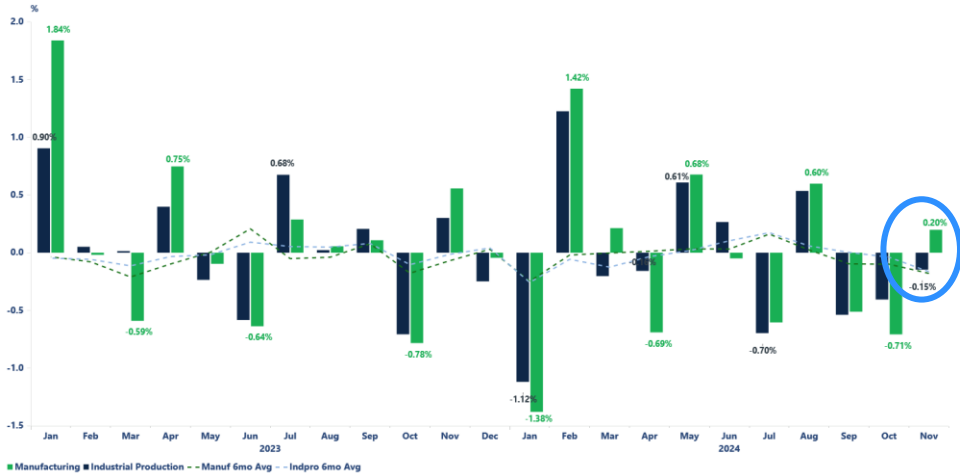
November Total Retail Sales rose +0.69% M/M (left) while Core Retail Sales were up a more muted +0.24%. The big difference was Autos, which are not in the Core basket and jumped +2.8% M/M. That Total +0.7% rise was above forecasts for a +0.5% reading while Core missed estimates of +0.4%. On a Y/Y basis (right), Total Retail Sales have been accelerating of late, rising to +3.80% which is the highest since December 2023. Core Retail Sales are up +3.90% from a year ago. It would be good to see both of these continue to accelerate.



Industrial Production

Industrial Production declined -0.15% M/M in November (left), solidly below forecasts for a +0.2% rise and the 4th decline in the last 5 months. Manufacturing Output, which accounts for the majority of Industrial Production, was up +0.20% M/M but was outweighed by declines in Mining and Utilities. The year-over-year figures (right) have been trending lower. Industrial Production slowed to -0.90% and Manufacturing Output is down -0.91%.

INDUSTRIAL PRODUCTION & MANUFACTURING OUTPUT M/M



Source: Main Management, Fed, Macrobond. Data last updated: 12/17/2024

INDUSTRIAL PRODUCTION AND MANUFACTURING OUTPUT Y/Y



Source: Main Management, Fed, Macrobond. Data last updated: 12/17/2024

Summary

- Core PCE, the Fed's preferred inflation measure, came in below expectations at +0.11% M/M and +2.82% Y/Y. This reading should help ease fears around sticky inflation a bit.
- The FOMC cut rates by 25bps this week as expected. However, their 2025 forecast now shows only 2 cuts, down from 4 earlier this year.
- The final reading for Q3 2024 U.S. GDP was revised up to +3.07% from the 2nd reading of 2.8%. Consumer Spending continues to be solid.
- Total Retail Sales beat forecasts in November, driven by Autos, while Core Sales came in below expectations. Both categories accelerated on a Y/Y basis.
- Industrial Production came in below expectations, slowing to -0.90% Y/Y.
- Upcoming key data to watch:
 - Durable Goods (Tuesday)
 - New Home Sales (Tuesday)

Appendix

Yields & Futures

FED FUNDS FUTURES & 2-YEAR TREASURY YIELD

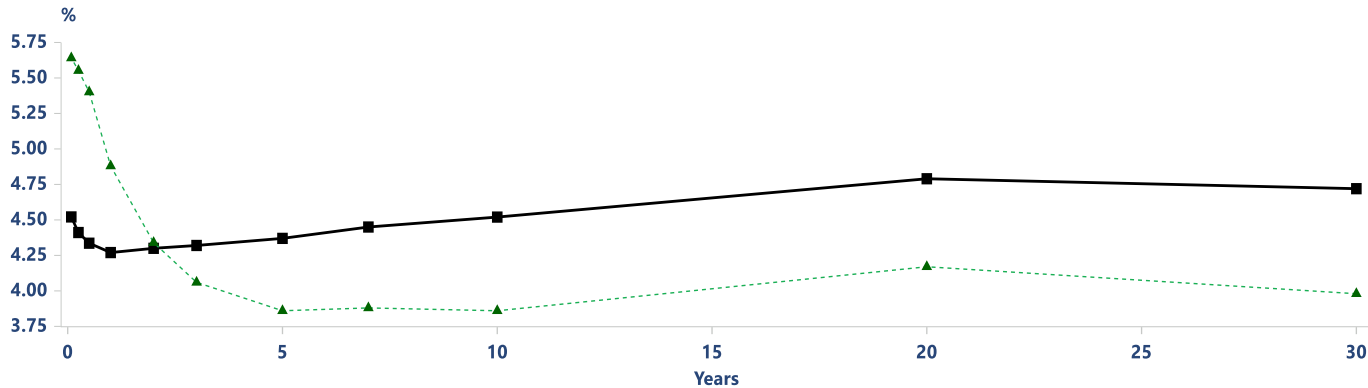


— Fed Funds Futures Dec '24 — 2yr Treasury Yield

Source: Main Management, CME Group, U.S. Treasury, Macrobond. Data last updated: 12/20/2024



US TREASURY YIELD CURVE



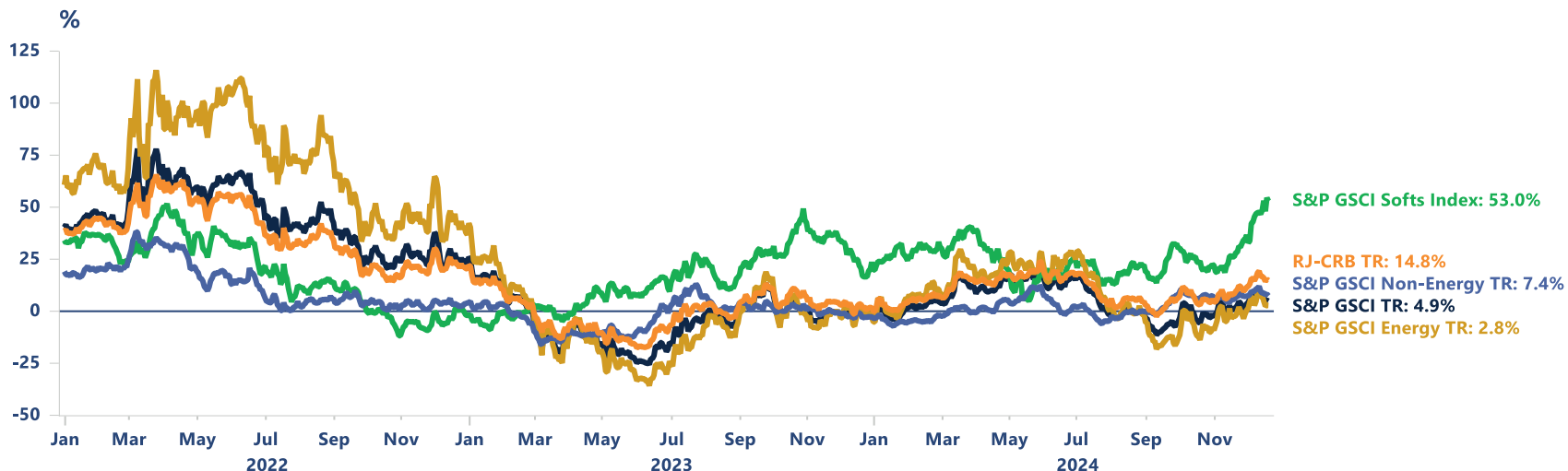
■ Now ▲ 12 months ago

Source: Main Management, U.S. Treasury, Macrobond. Data last updated: 12/20/2024



Inflation Watch

MAJOR COMMODITY INDICES Y/Y



Source: Main Management, S&P Global, CoreCommodity Management, LME, EIA, LBMA, Macrobond, LPPM, NRCan, ICCO, ICO, USDA, MIAx, TREA, TMX, Macrobond. Data last updated: 12/20/2024

Commodity	1 Month	3 Months	YTD ↓	1 Year
Bitcoin	7.7%	58.1%	131.6%	128.7%
Coffee	15.3	23.0	71.9	54.5
Natural Gas	20.6	56.9	42.6	43.2
Gold	-0.7	1.4	25.7	28.0
Silver	-6.6	-4.1	22.0	22.1
US Dollar (DXY)	2.0	7.8	6.9	5.7
S&P GSCI	0.2	2.0	6.4	5.4
Lumber	-7.0	9.8	4.0	4.0
Copper	-1.6	-5.4	3.8	4.9
BBG Commodity Index	-1.2	-0.6	-2.1	-2.6
Crude Oil	0.3	-0.3	-3.5	-4.6
Corn	2.7	6.7	-6.5	-7.6
Gasoline	-4.7	-4.4	-8.6	-10.9
Cotton	1.9	-2.5	-16.2	-14.1
Soybeans	-4.6	-5.0	-25.6	-27.4

Source: Main Management, S&P Global, CME Group, ICE, LME, Macrobond. Data last updated: 12/19/2024

Disclosures

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