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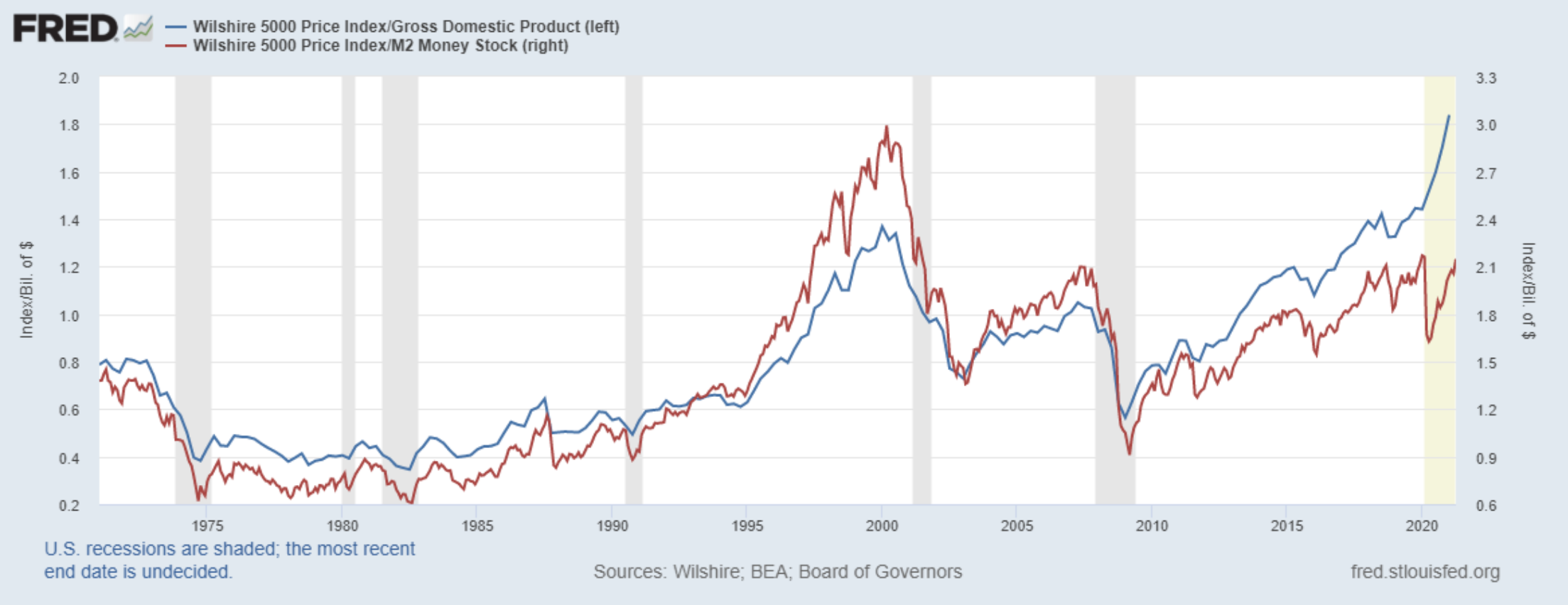
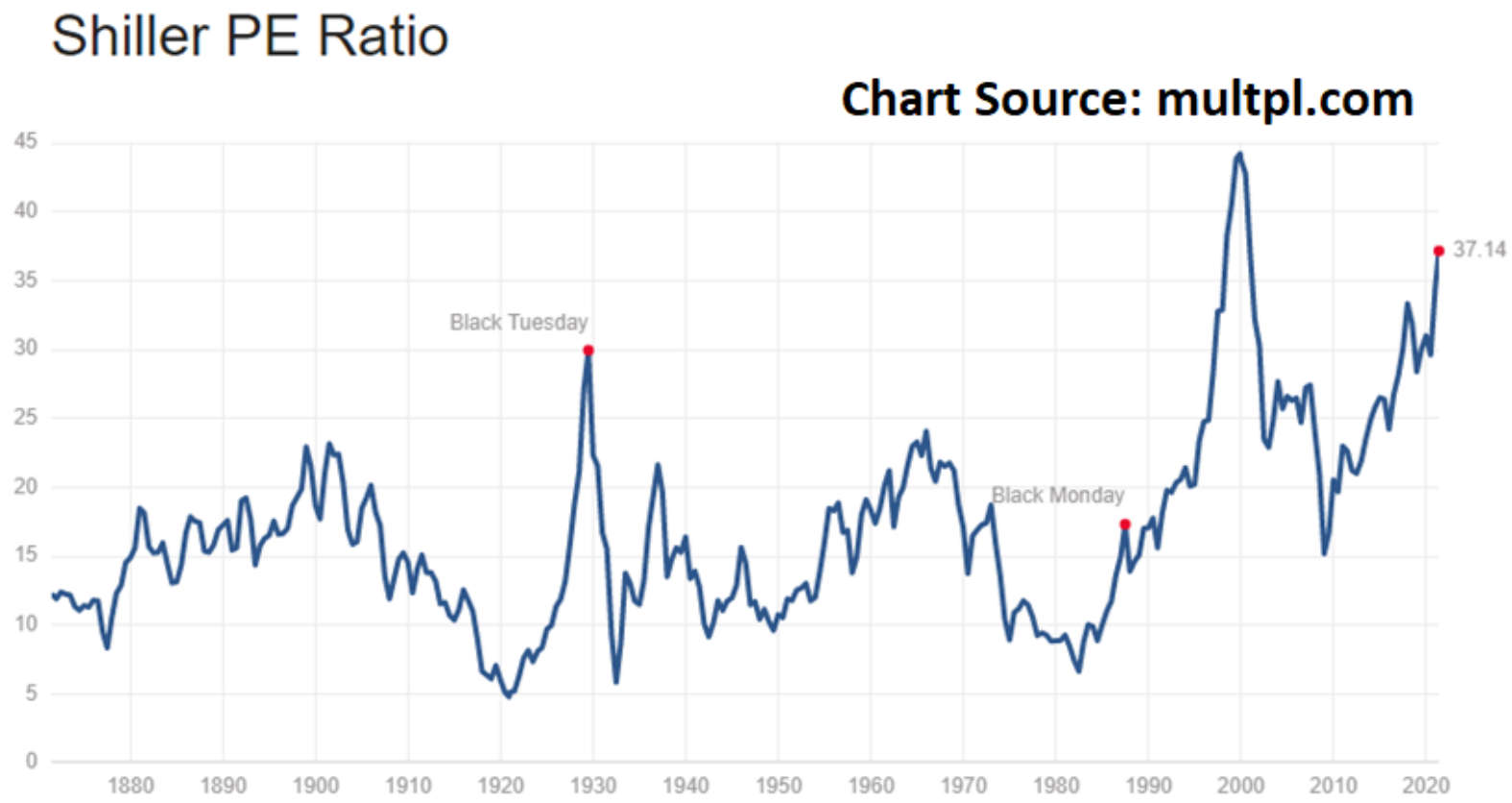
S&P 500: Bubble Or No? A Look at Five Metrics

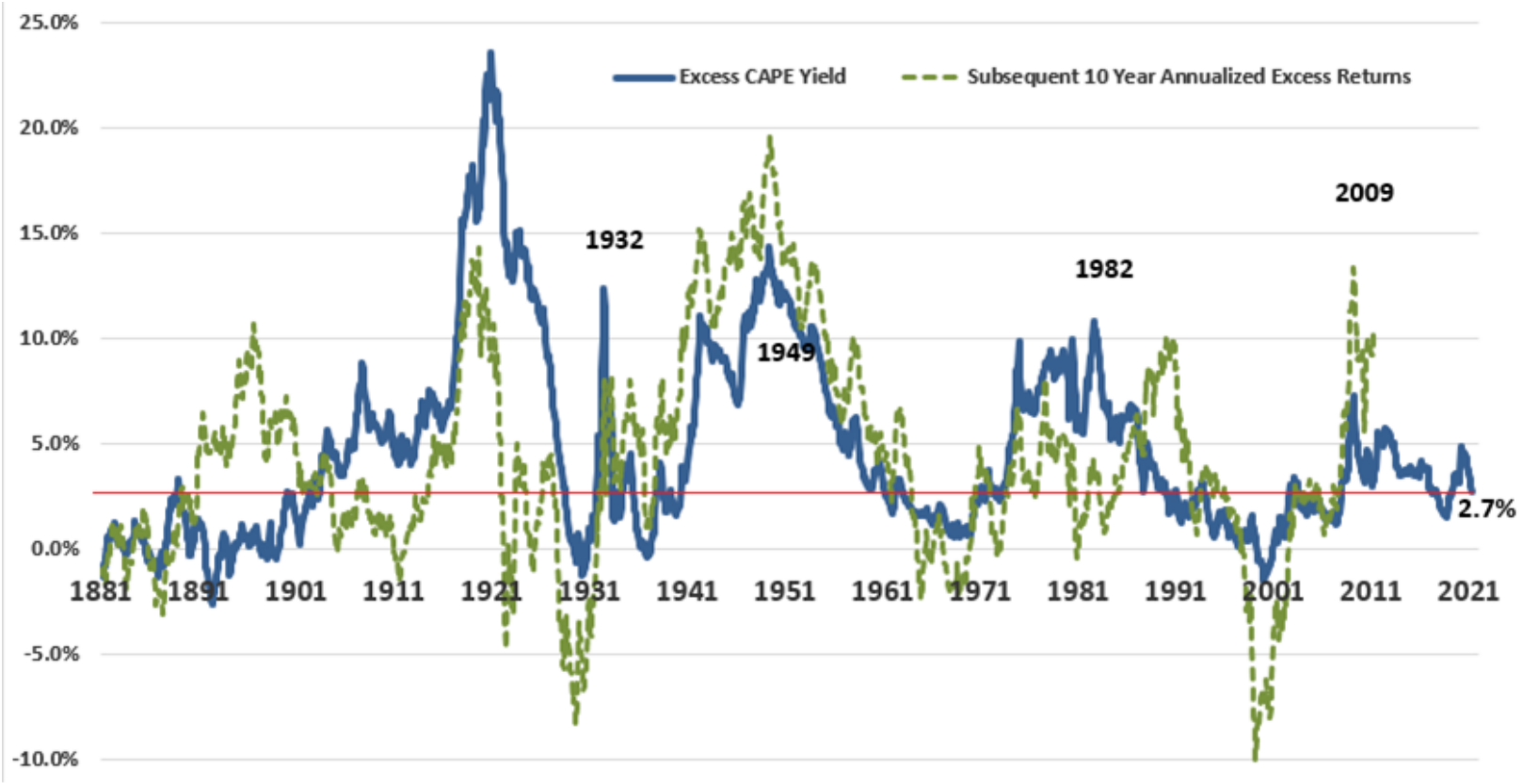
1) Market Cap to GDP and M2: Varies



2) Cyclically-Adjusted CAPE Ratio: High

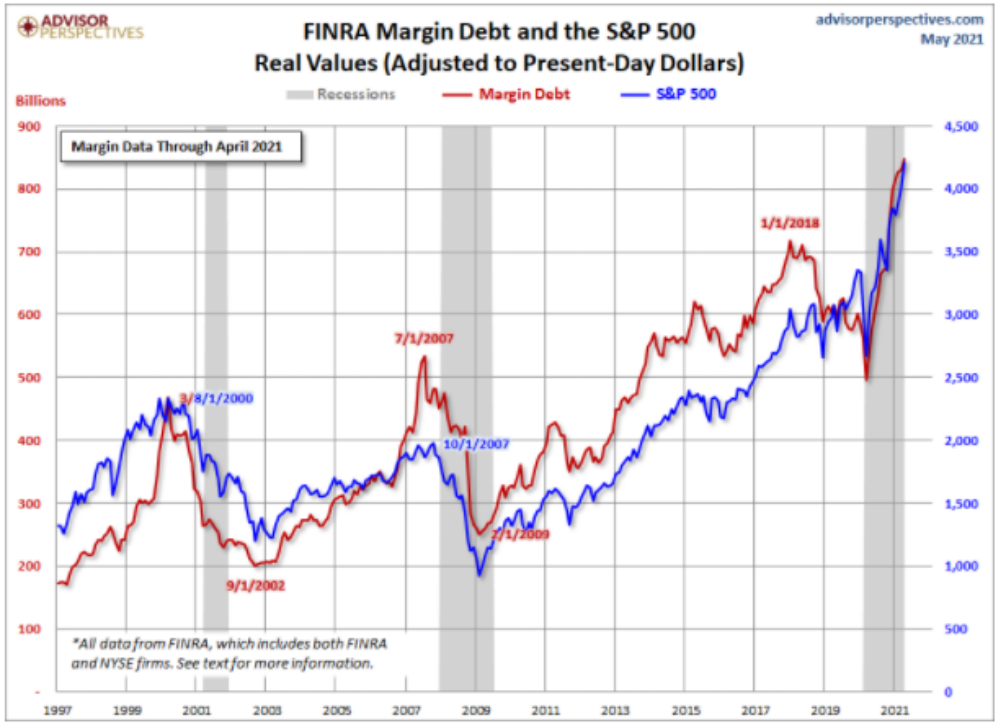


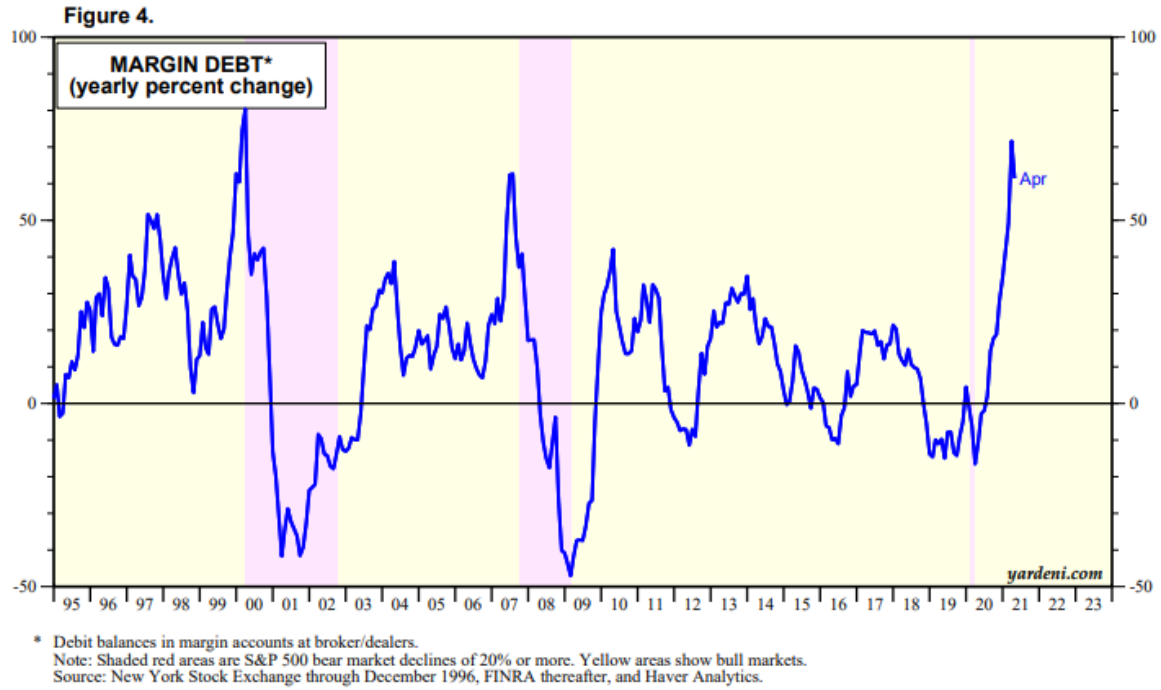
3) Compared to Bonds: Not Extreme



Source: Robert Shiller

4) Margin Debt: Euphoric

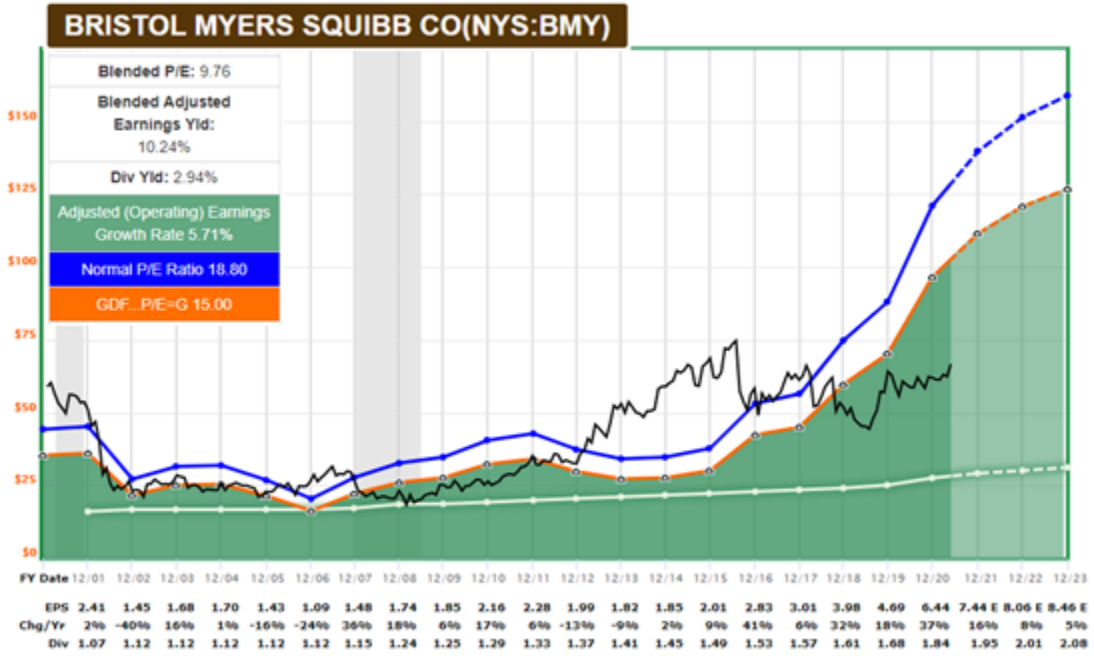




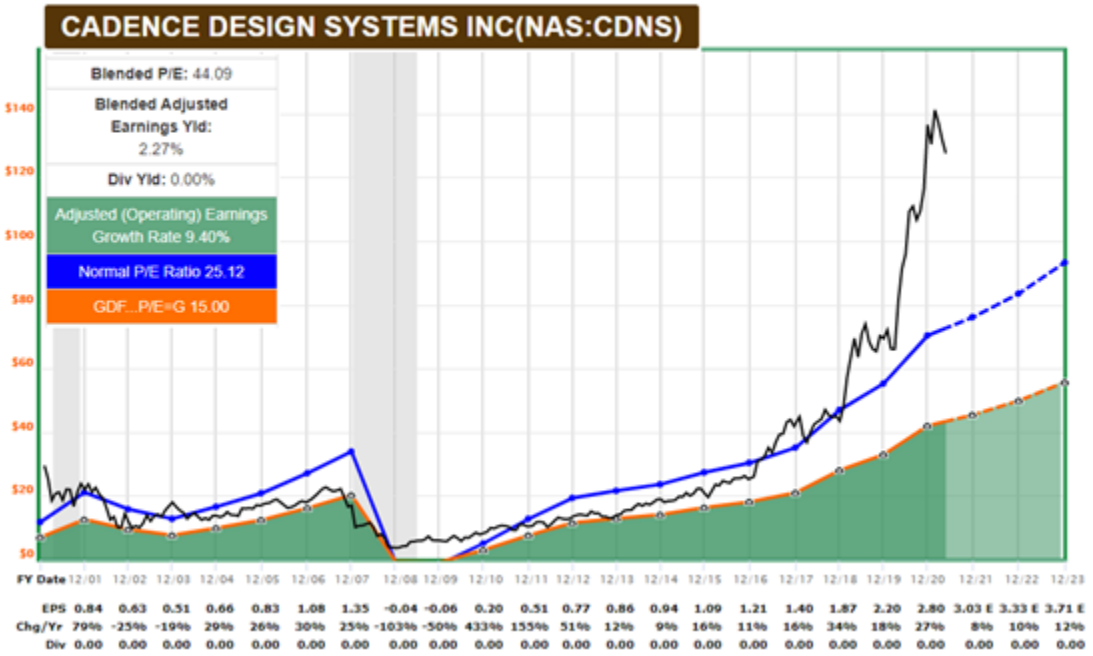
* Debit balances in margin accounts at broker/dealers.
Note: Shaded red areas are S&P 500 bear market declines of 20% or more. Yellow areas show bull markets.
Source: New York Stock Exchange through December 1996, FINRA thereafter, and Haver Analytics.

5a) Individual Stock Examples (F.A.S.T. Graphs)

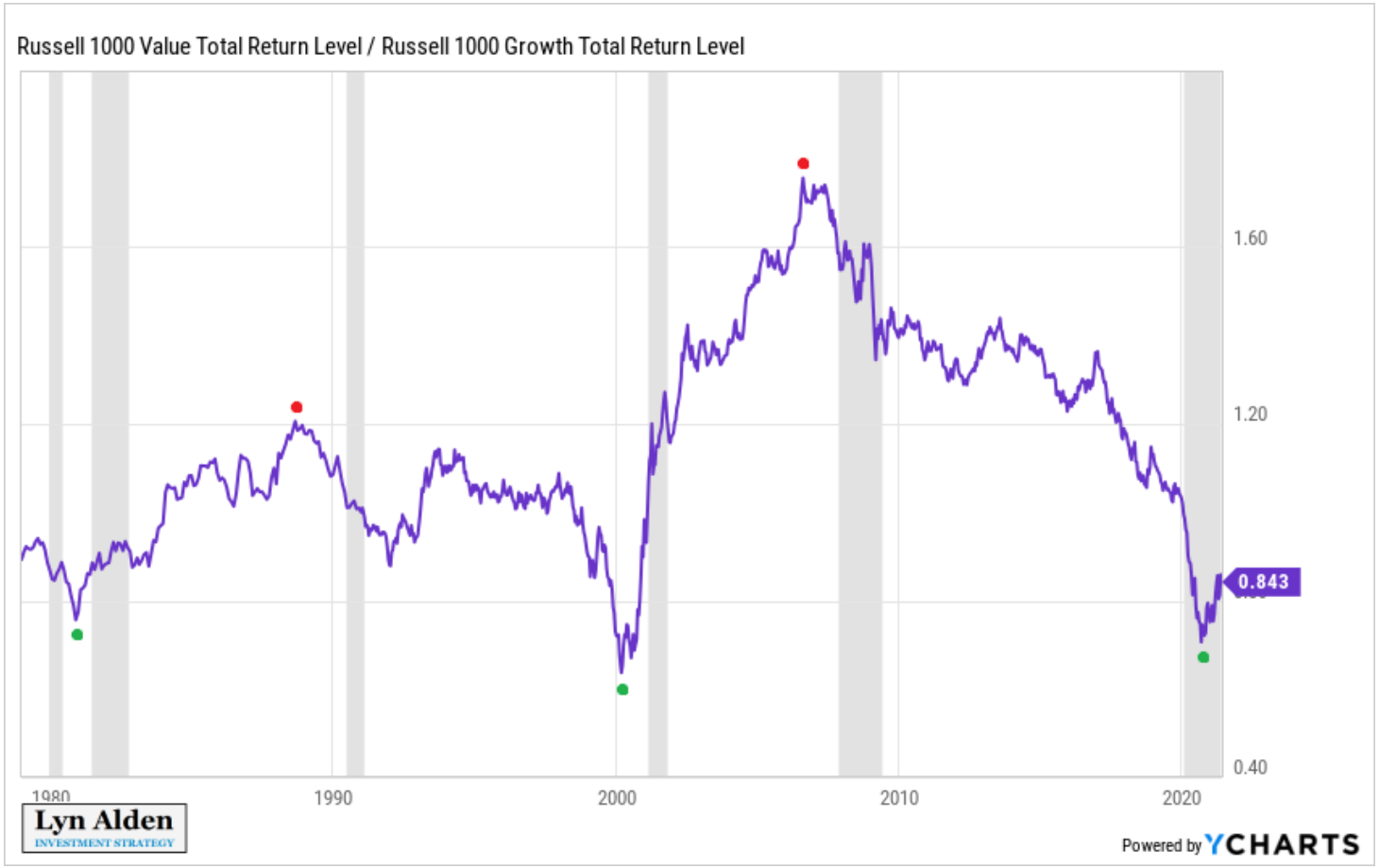
Value Example



Growth Example



5b) Growth to Value Rotation?



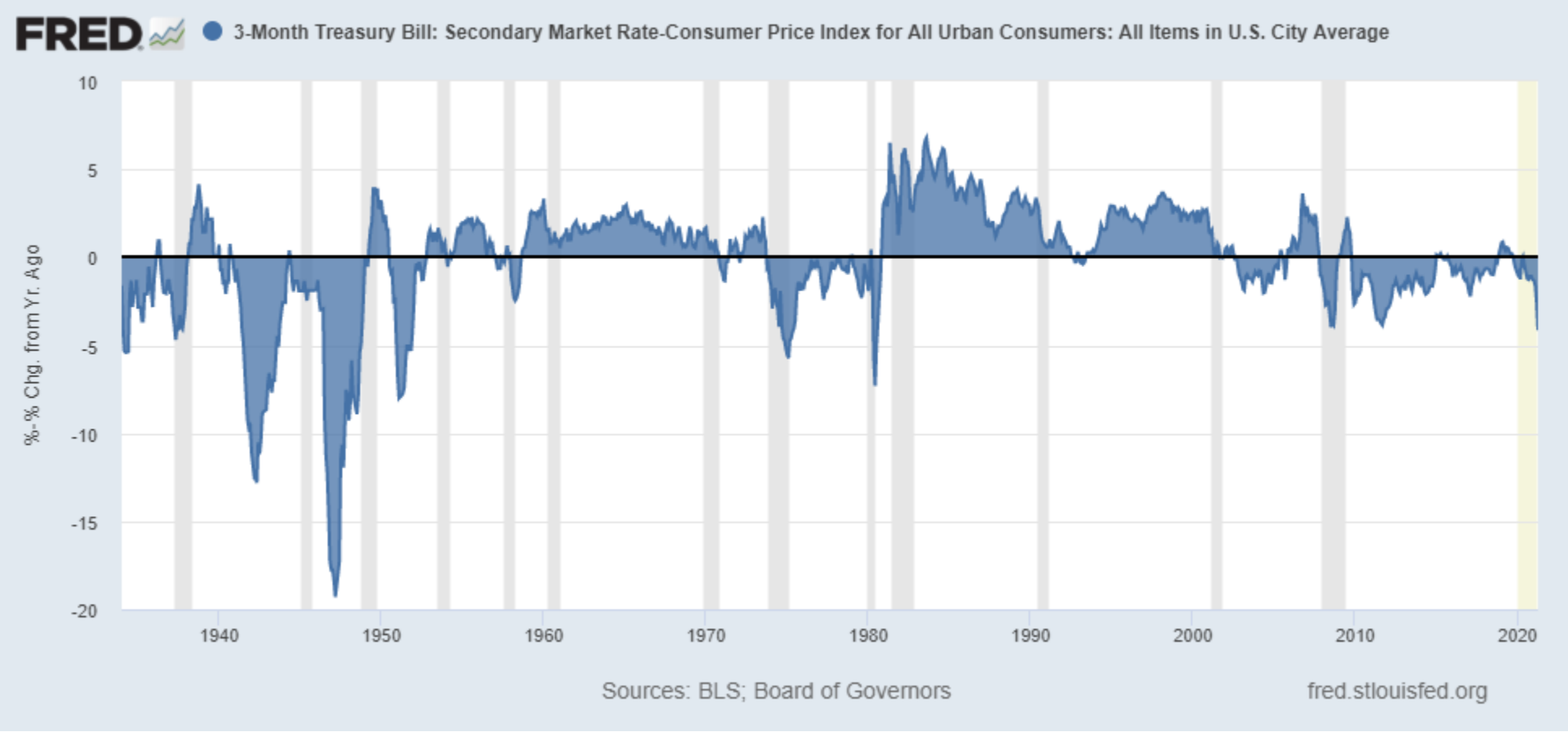
Conclusions

- Stocks are quite expensive in absolute terms.
- Yet, stocks are not necessarily expensive vs bonds.
- Many value stocks are arguably not expensive at all.

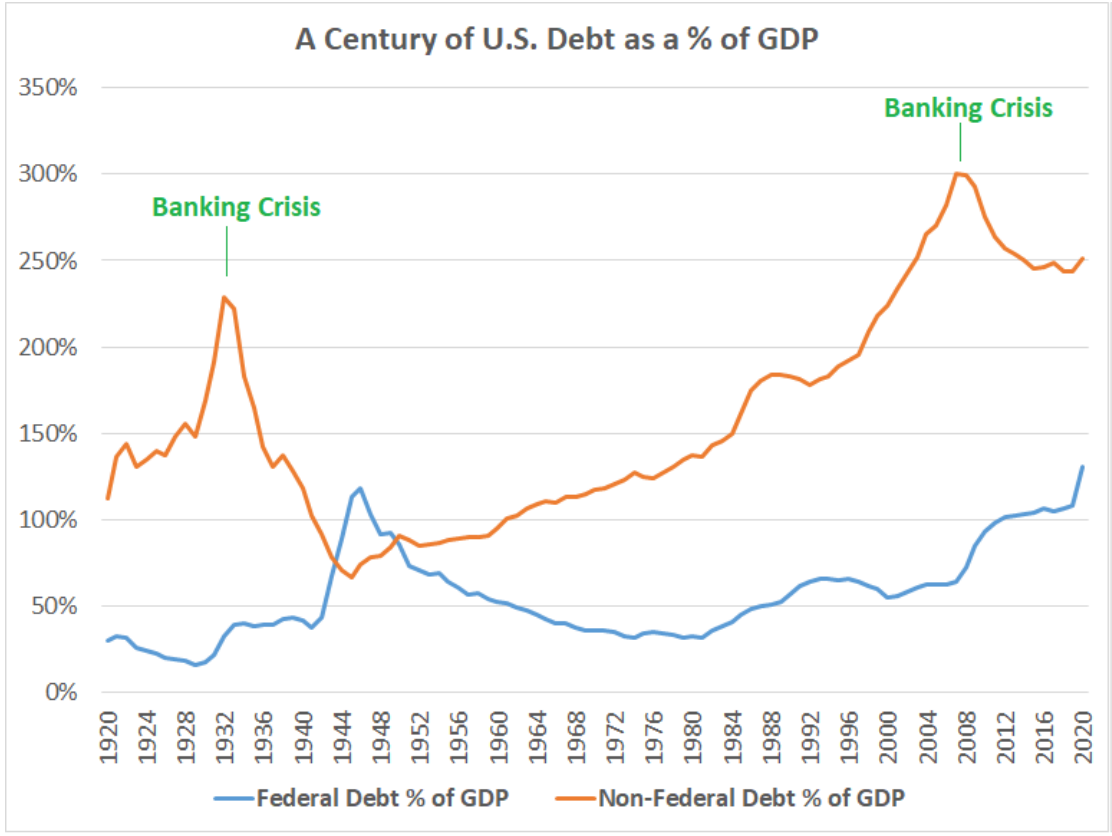
Appendix Section

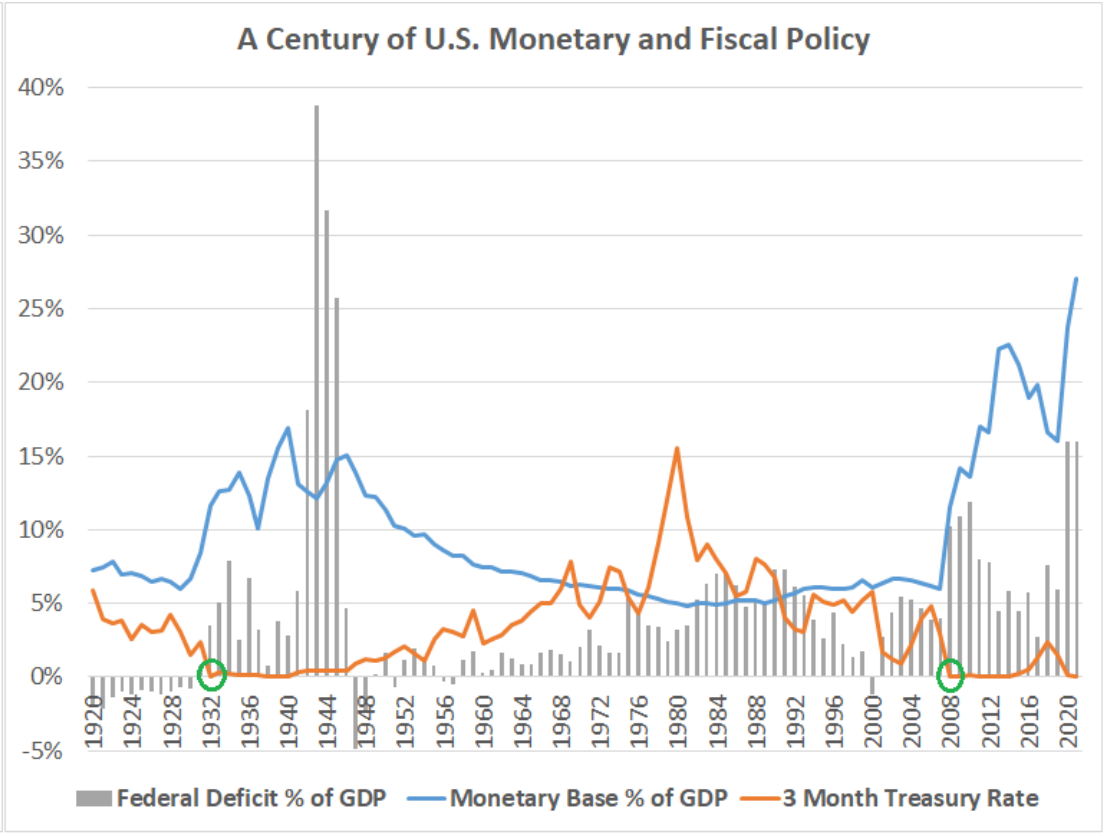
Various Macro Charts for Context and Q&A

Real Cash Equivalent Yields

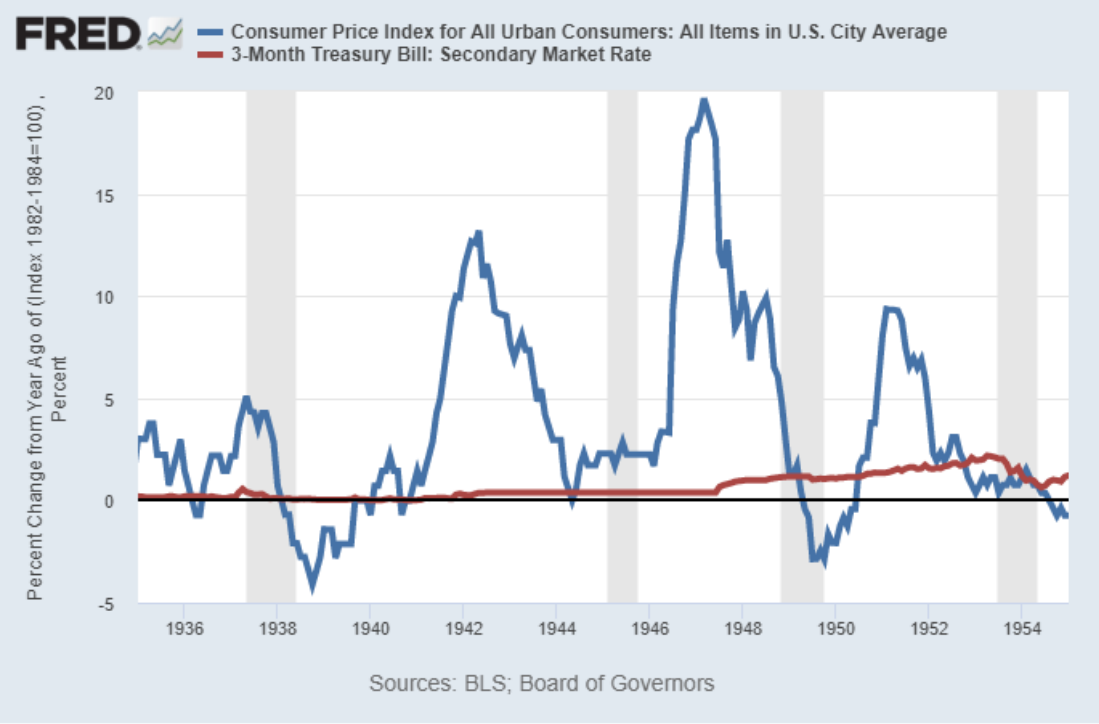


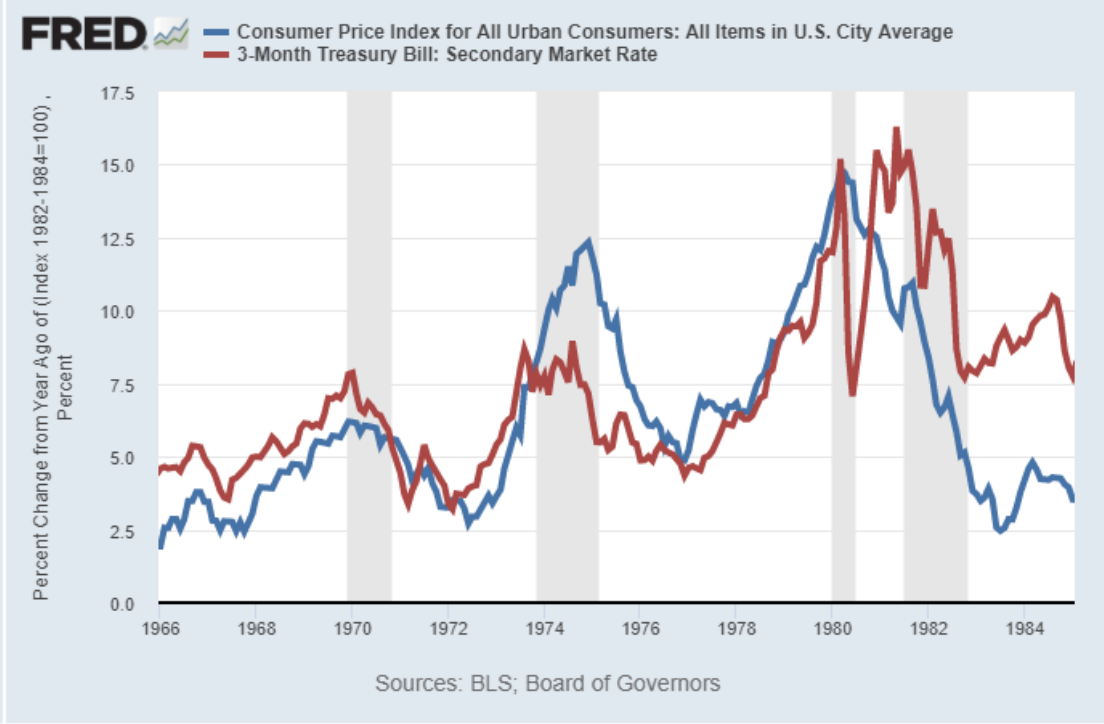
The Long-Term Debt Cycle



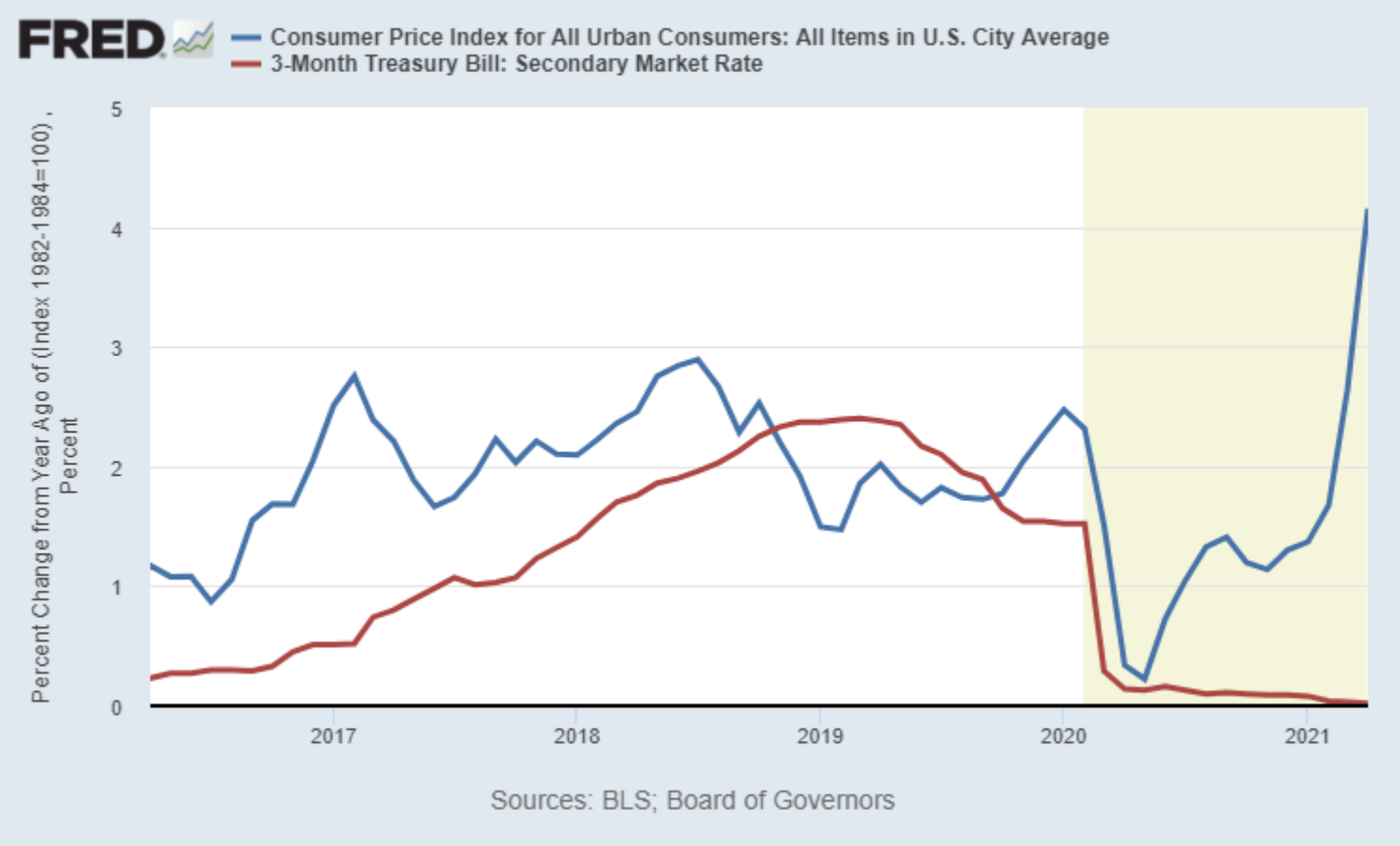


1940s vs 1970s Inflation Response

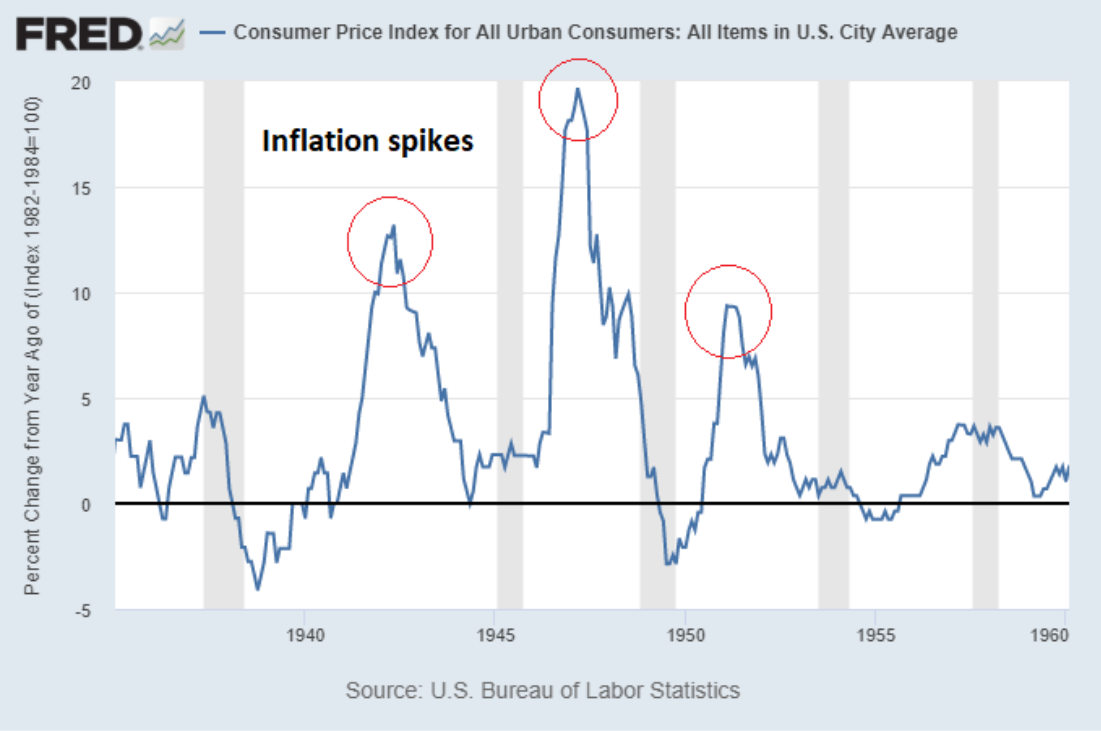


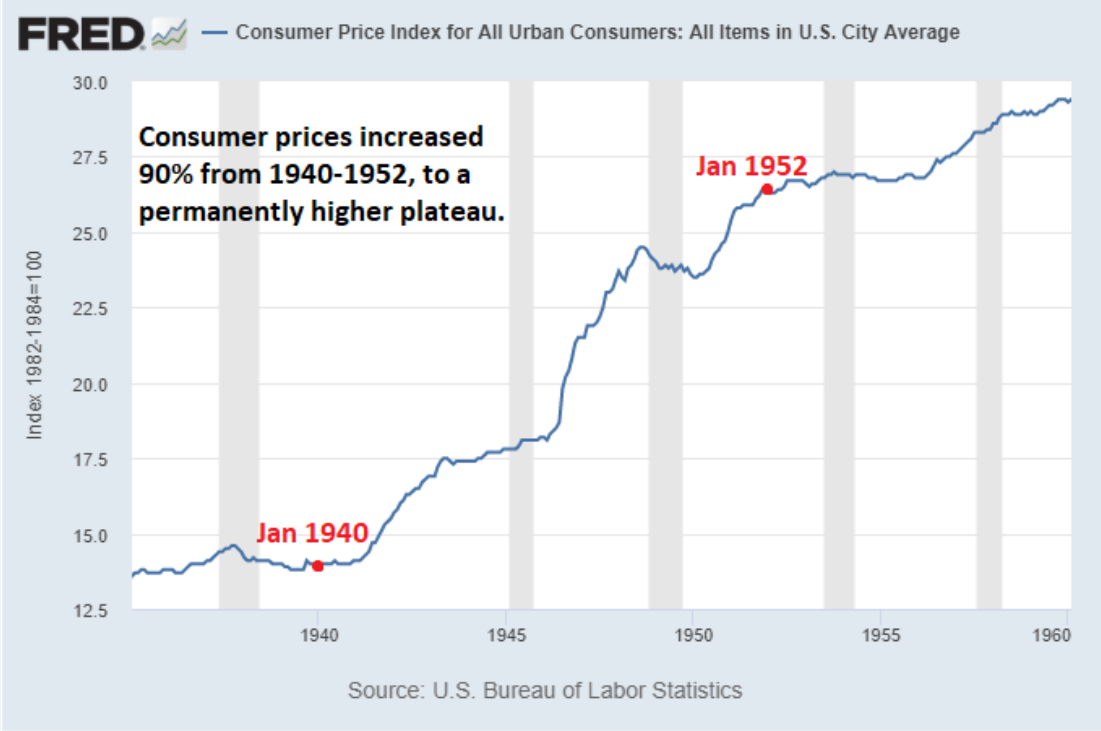


2020s Inflation Response

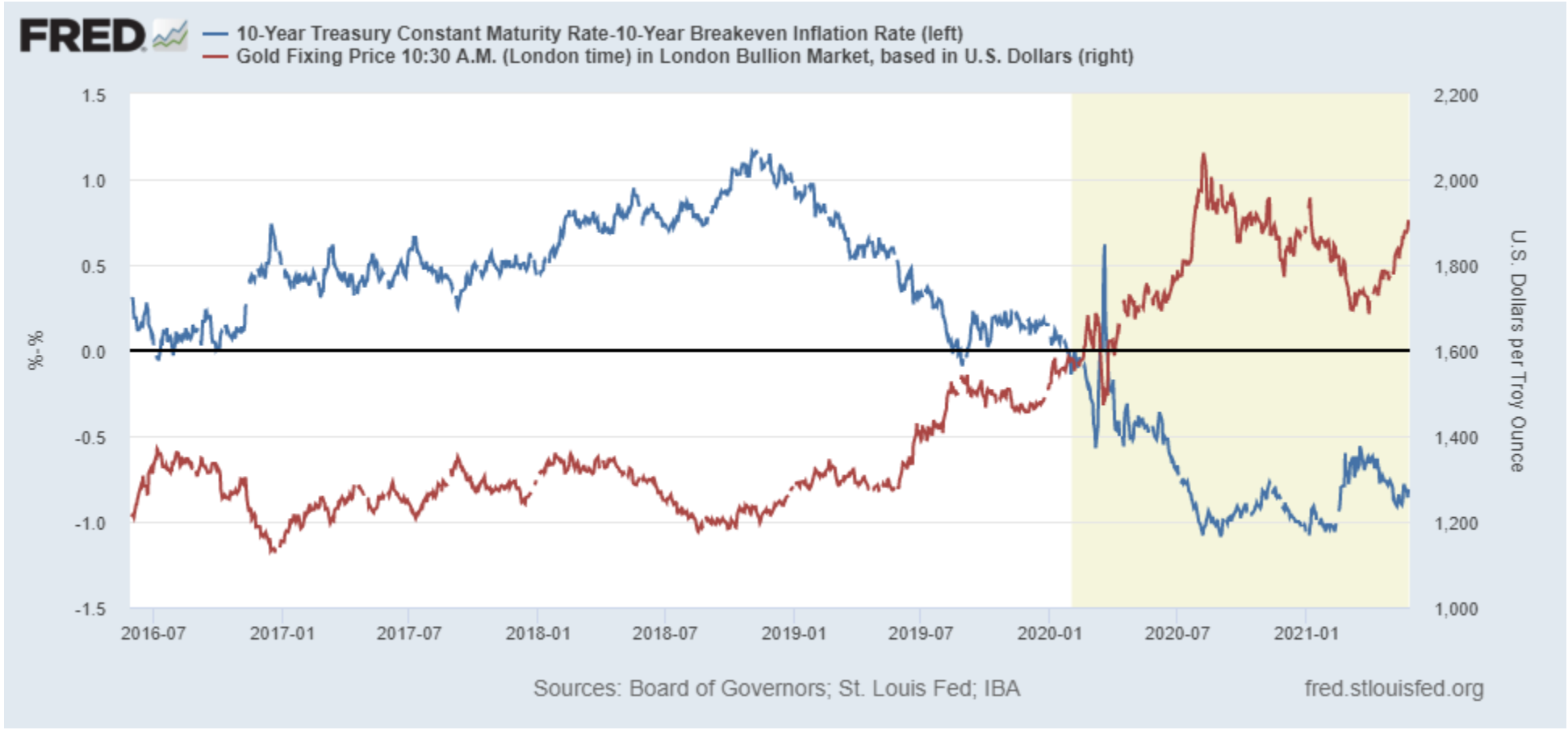


Is Inflation Transitory?



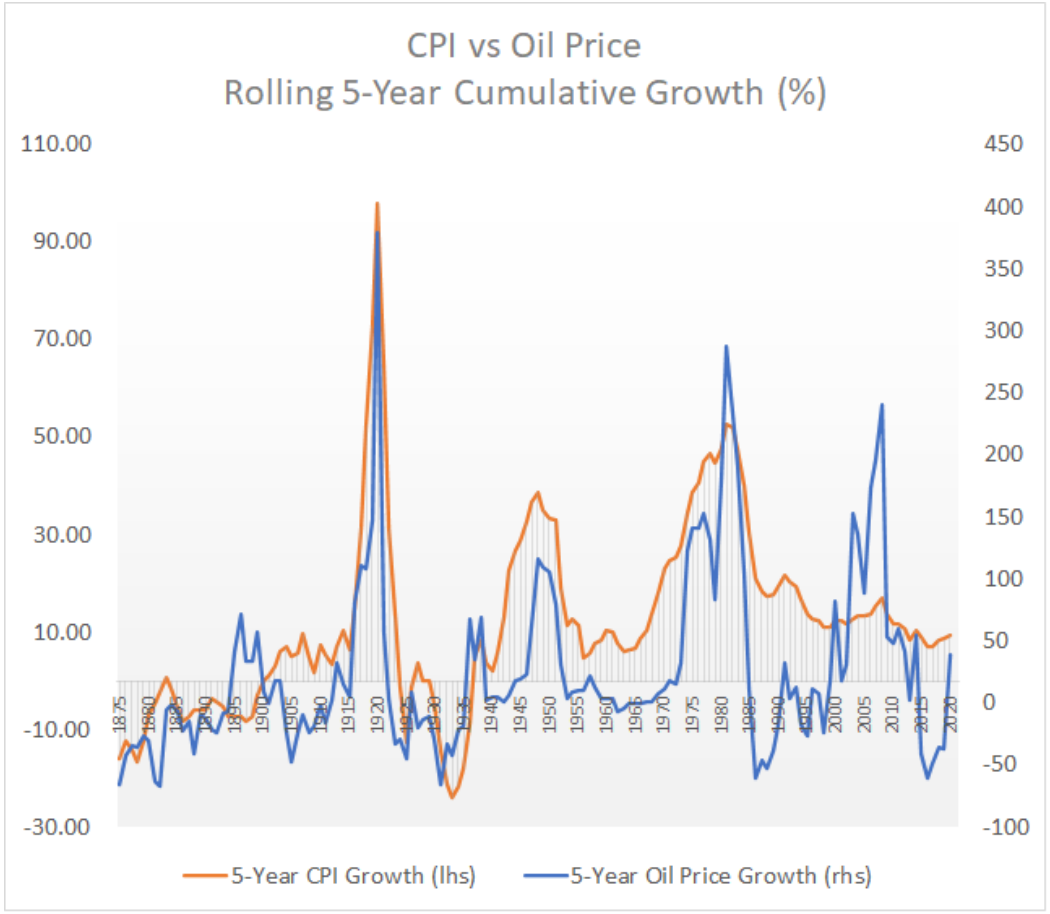


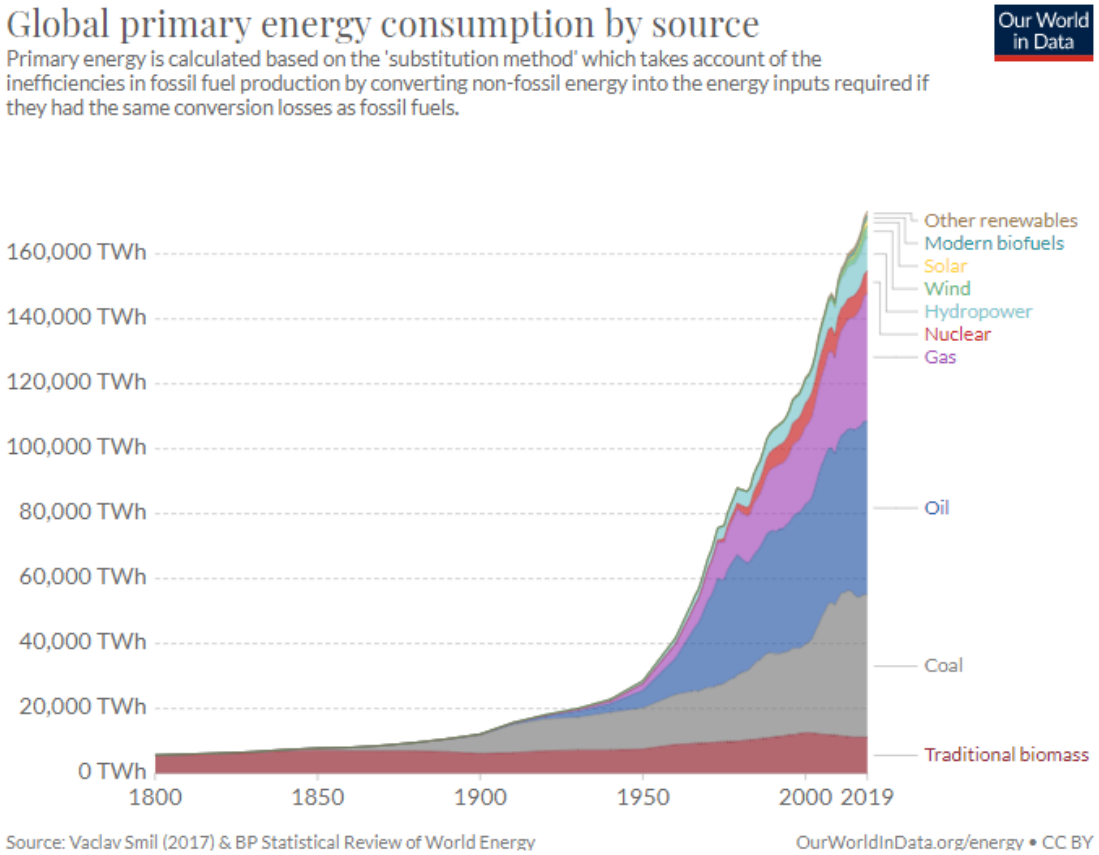
Gold vs Real Interest Rates



Bitcoin Exploring its Total Addressable Market

The Oil Cycle





Broad Money and CPI

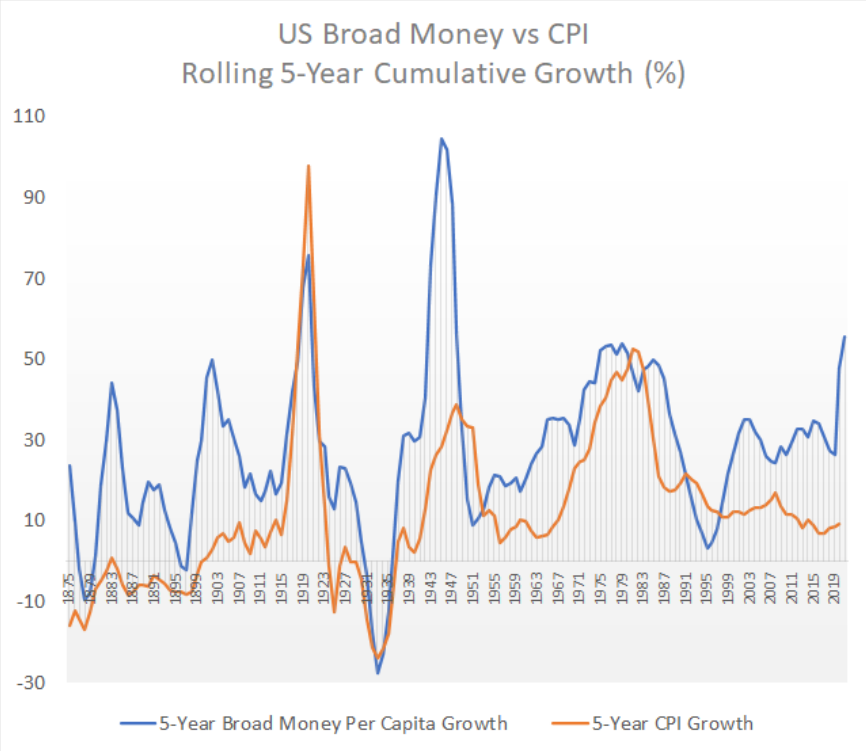
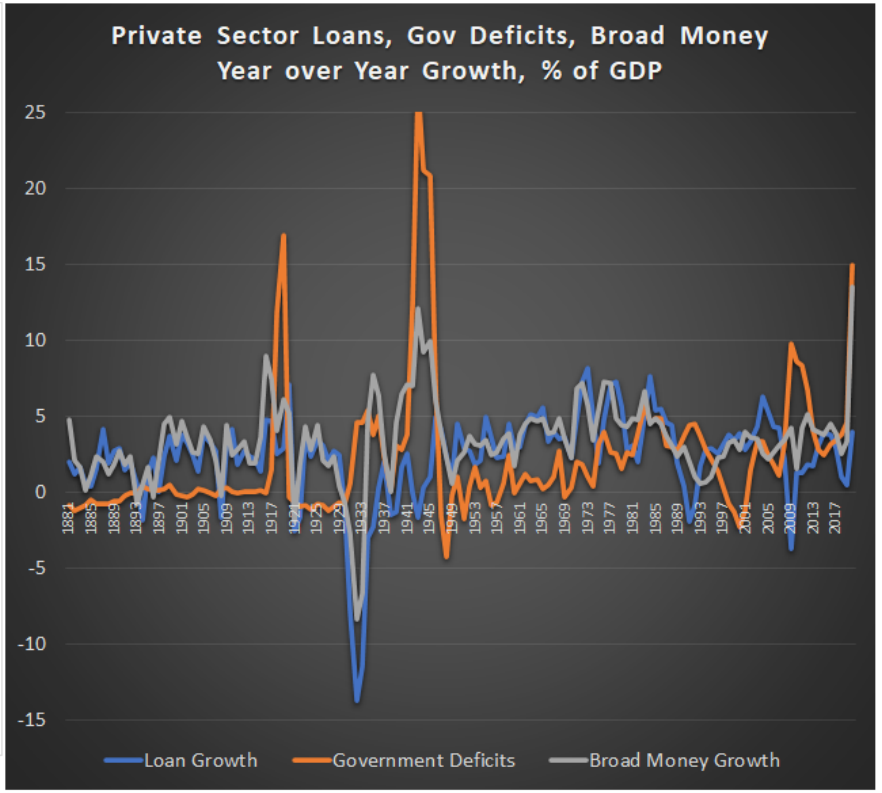


Chart Source: LynAlden.com
Data Sources: macrohistory.net, St. Louis Fed

Òscar Jordà, Moritz Schularick, and Alan M. Taylor. 2017. "Macrofinancial History and the New Business Cycle Facts." in NBER Macroeconomics Annual 2016, volume 31, edited by Martin Eichenbaum and Jonathan A. Parker. Chicago: University of Chicago Press.



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