

Jeff deGraaf | Technical@renmac.com | 212.537.8822

Neil Dutta | Econ@renmac.com | 212.537.8826

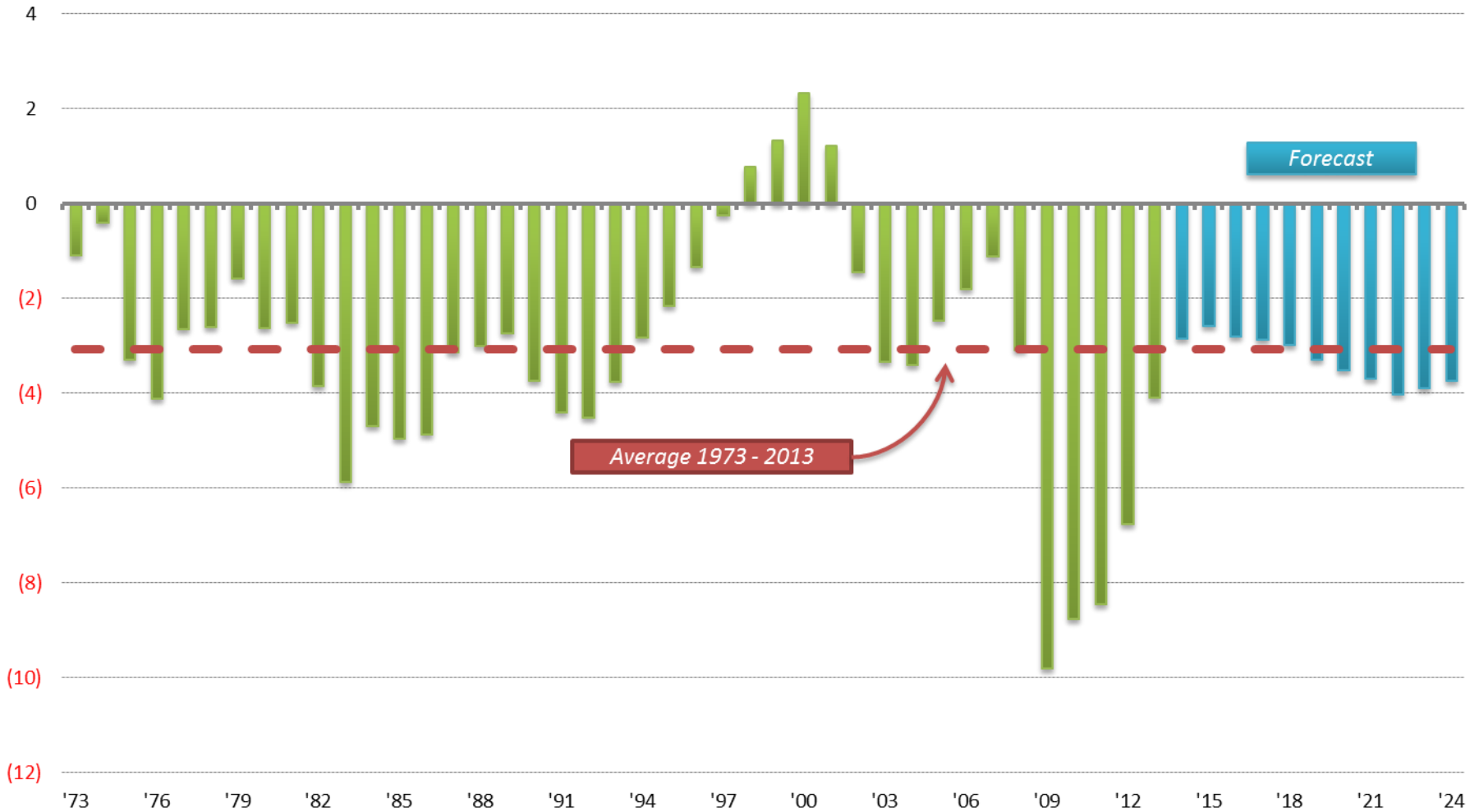
Rob Ginsberg | Rginsberg@renmac.com | 212.537.8819

Kim Wallace | Policy@renmac.com | 202.470.1518

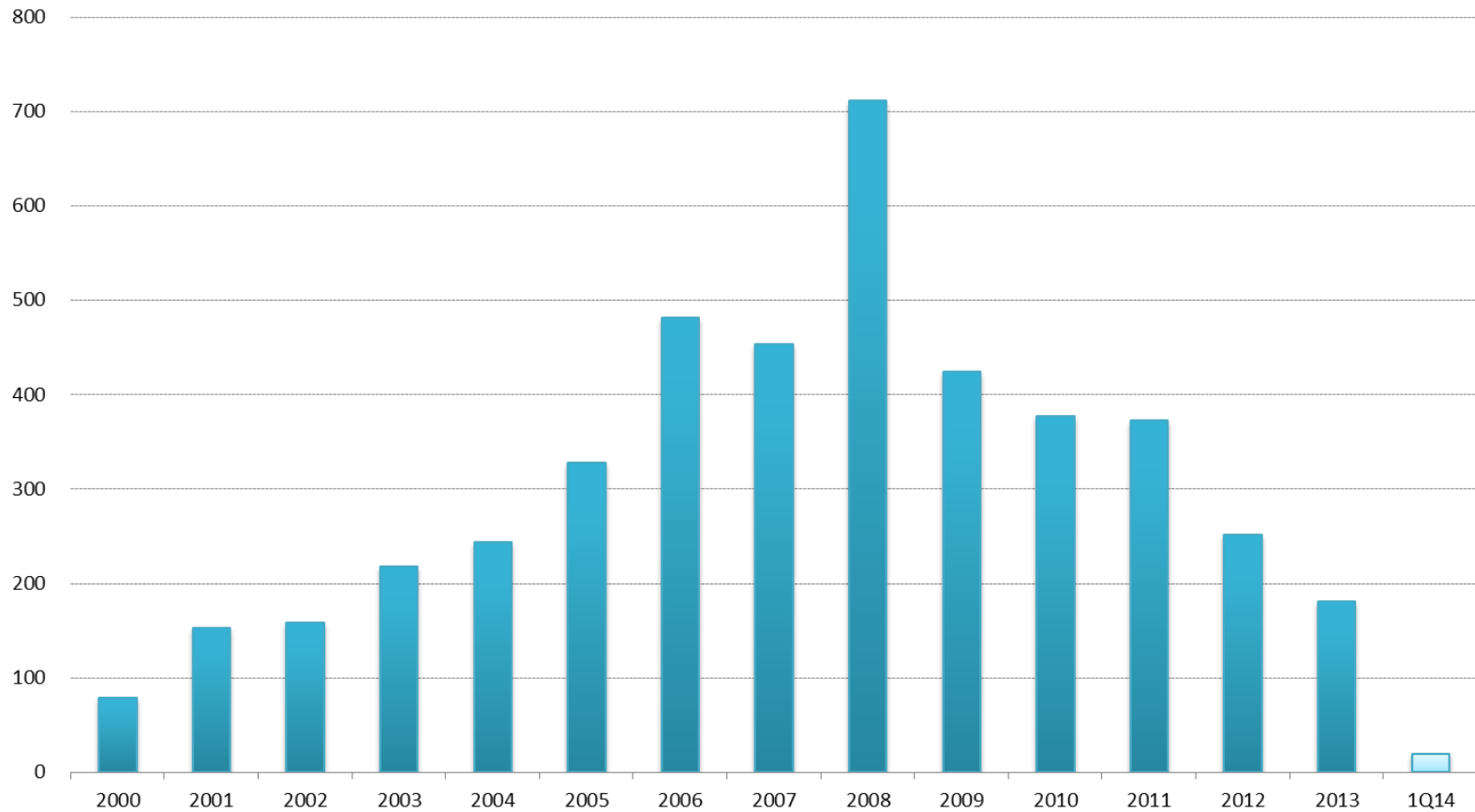
Kim Wallace

Fiscal: Twin Test for Prudent Policy

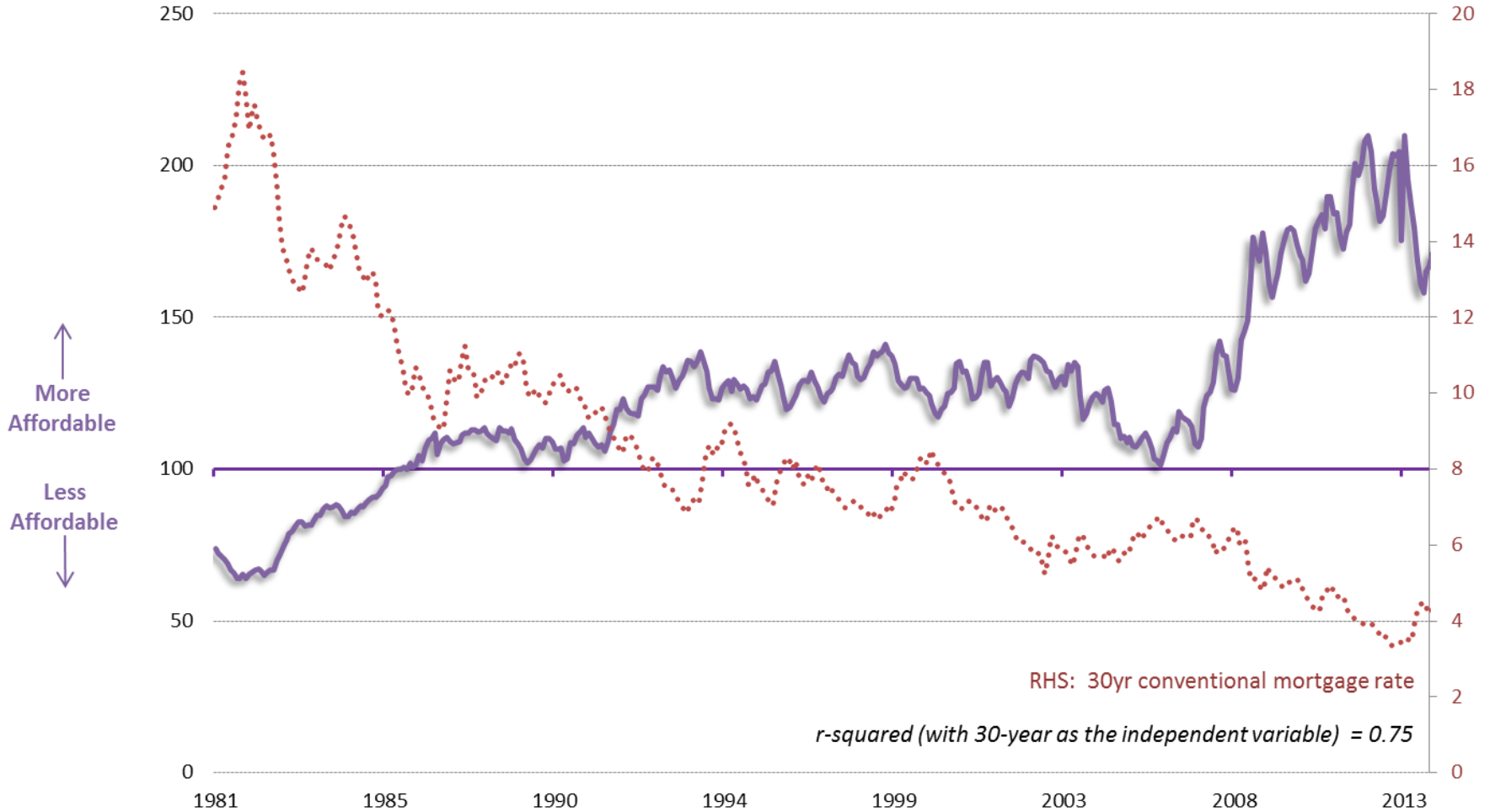
Federal Balance, 1973 - 2024 (% GDP)



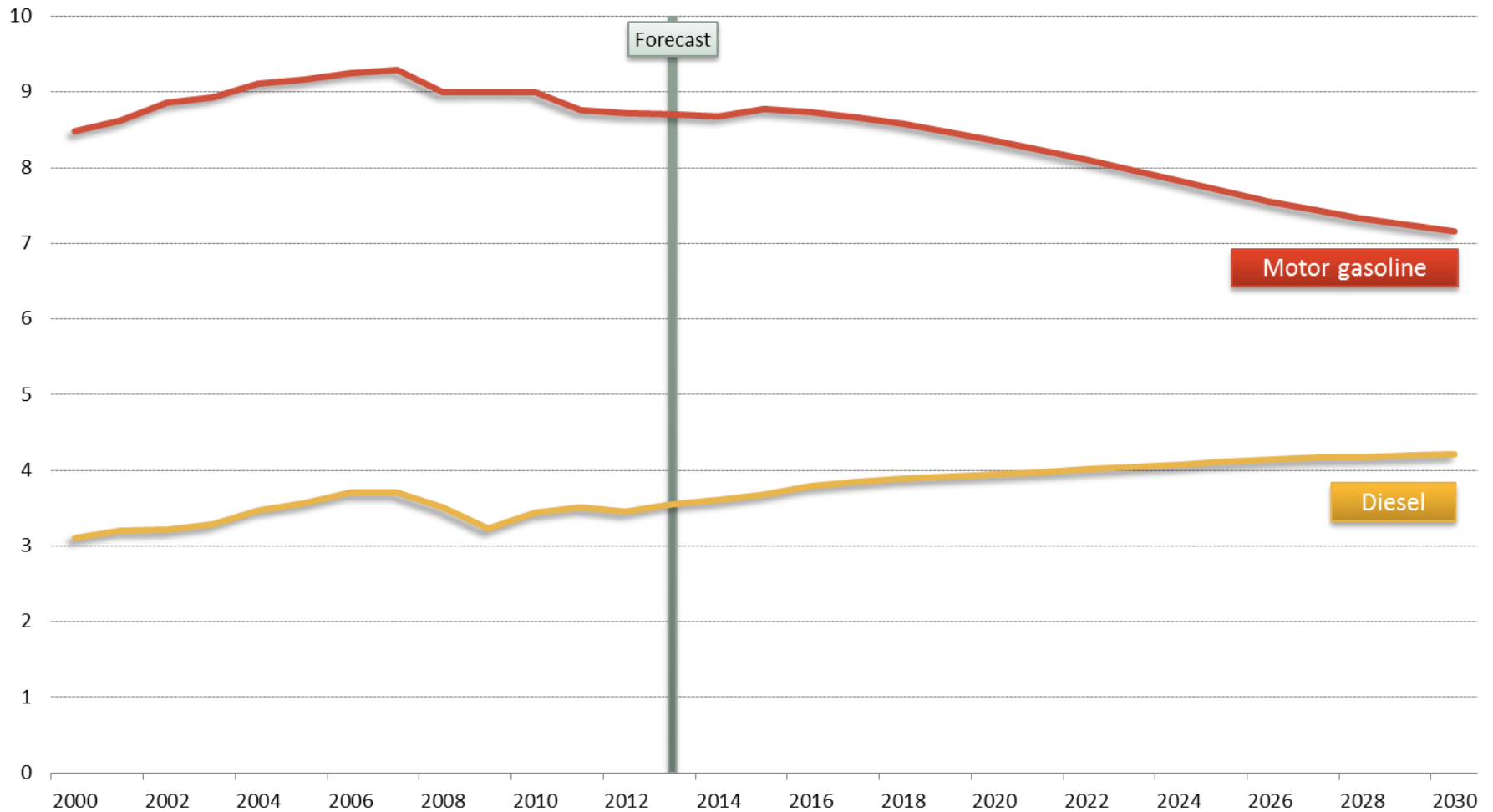
Europe ABS Issuance (€ bn)

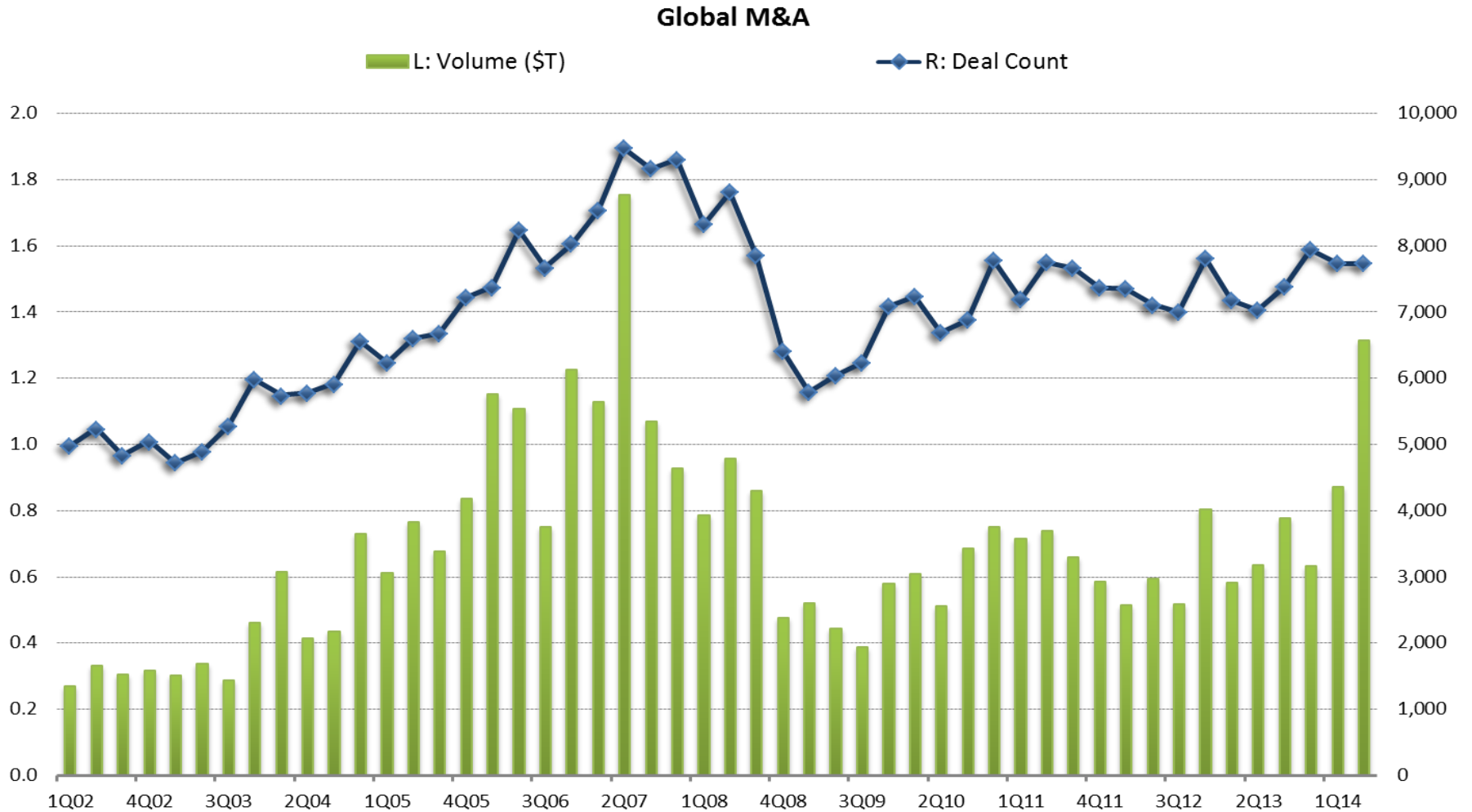


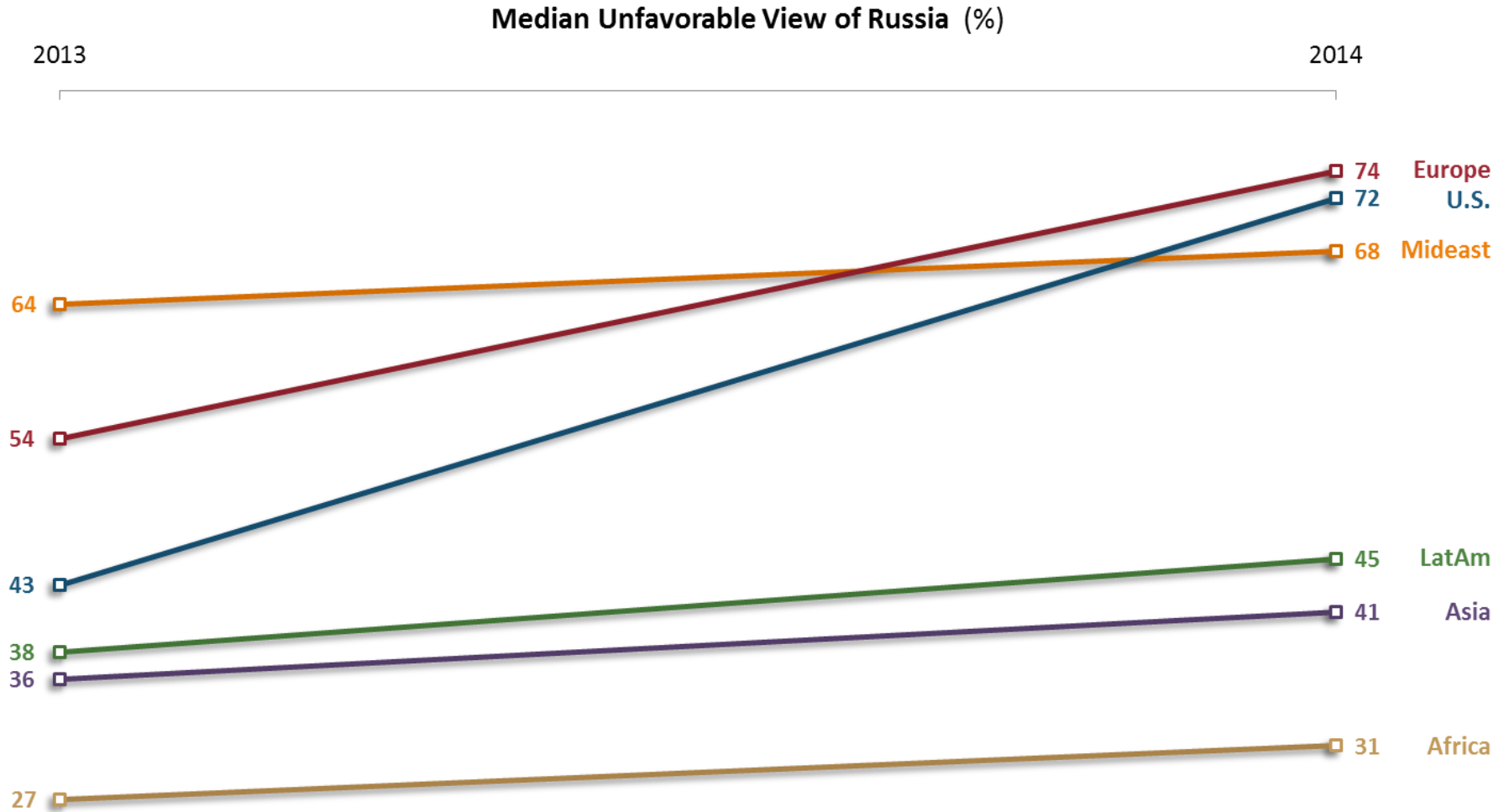
Housing Affordability Index (Composite)
 Jan. 1981 - May 2014



Gasoline & Diesel Use (million barrels)

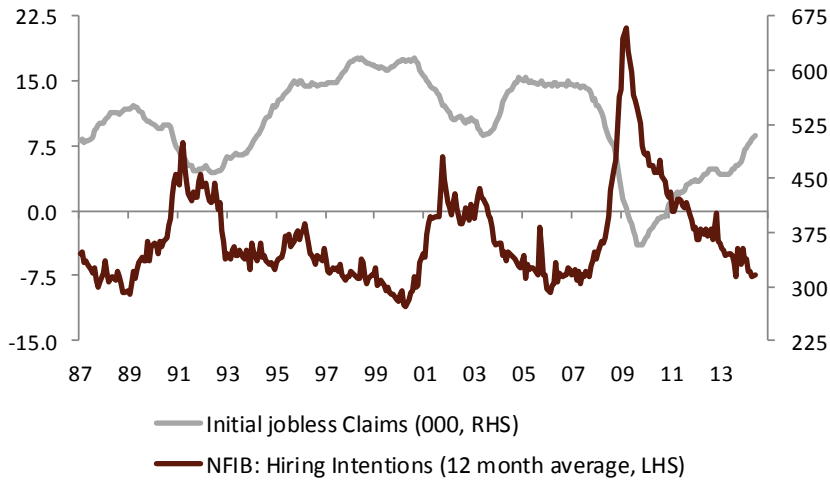




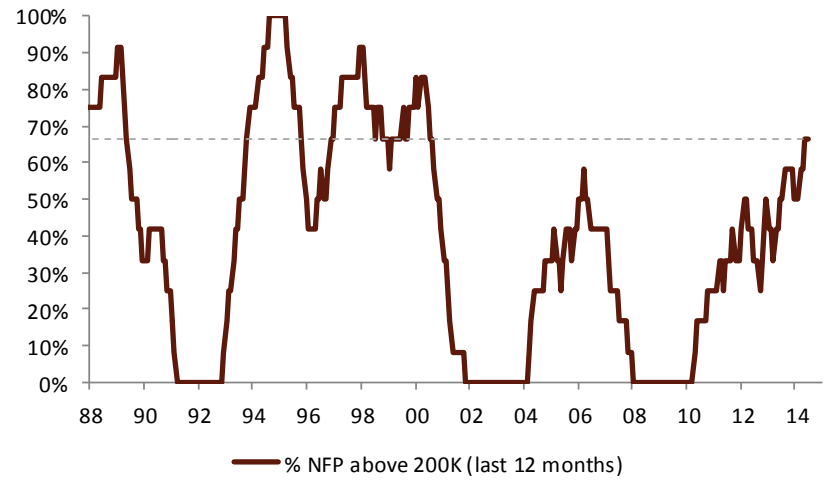


Neil Dutta

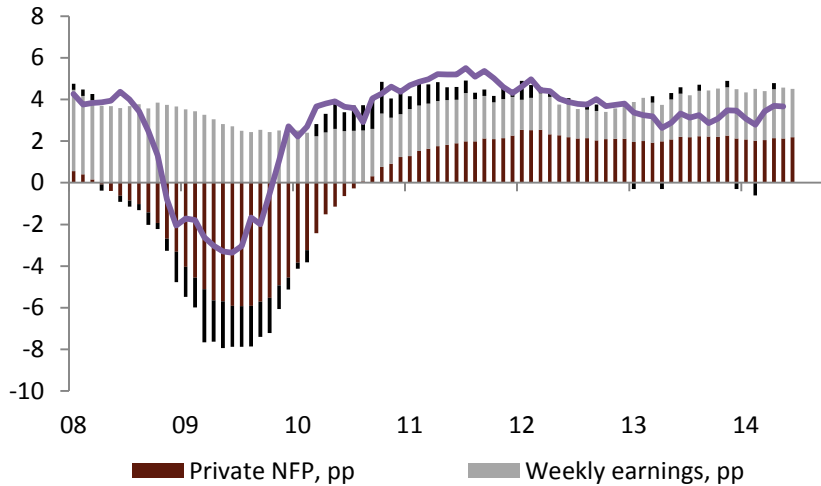
Hiring intentions climbing as firings fall



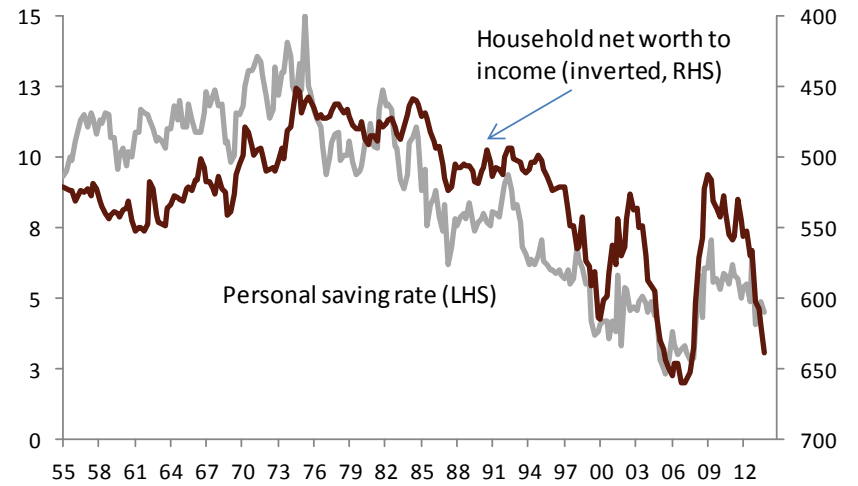
Increasing propensity for strong NFP prints



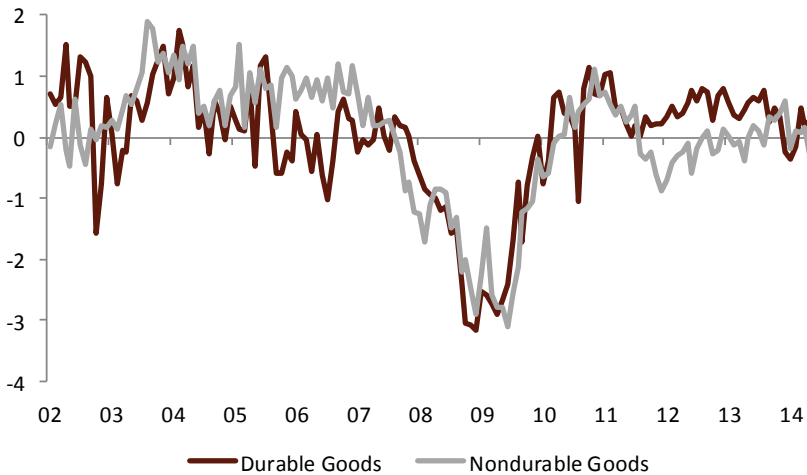
Total income running ahead of spending



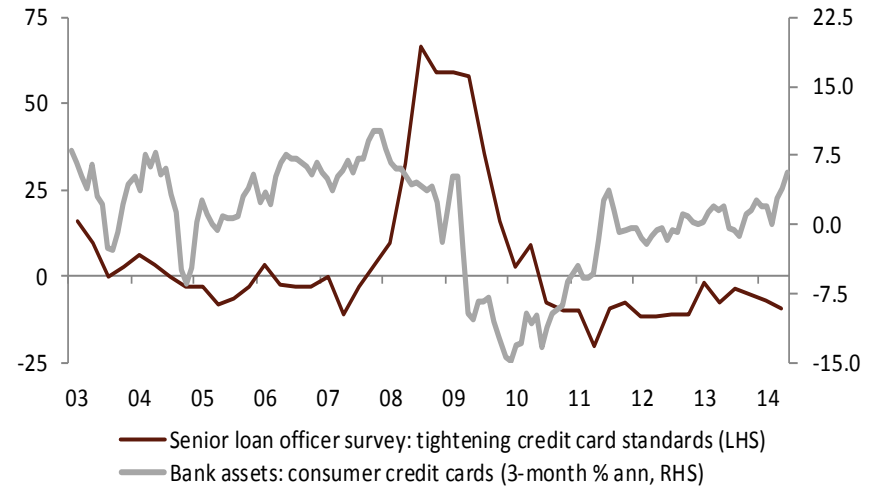
Limited upside to the savings rate



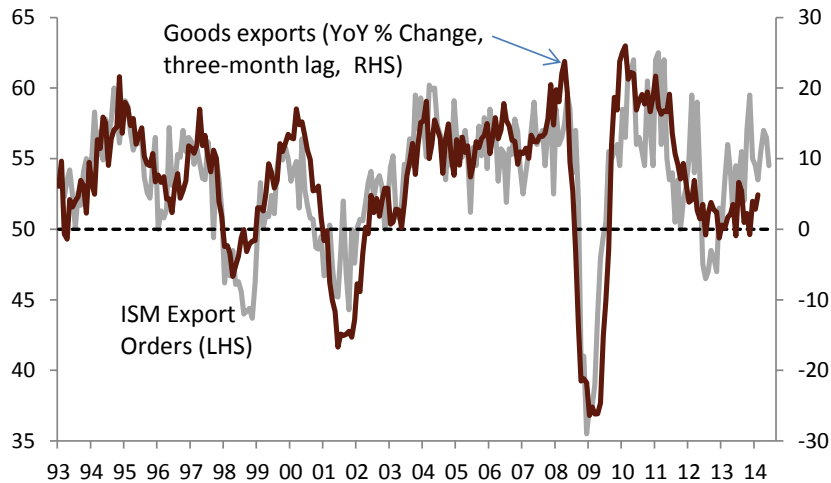
Durables above normal, nondurable below
(Y/Y % change, z-score)



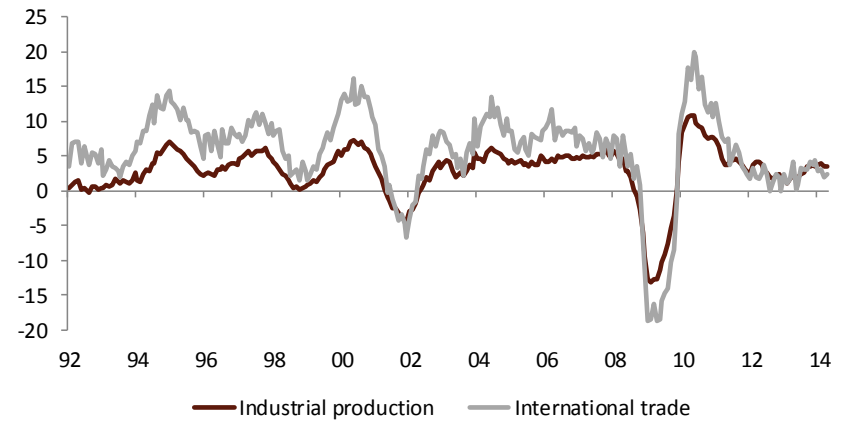
Credit card lending starts to accelerate



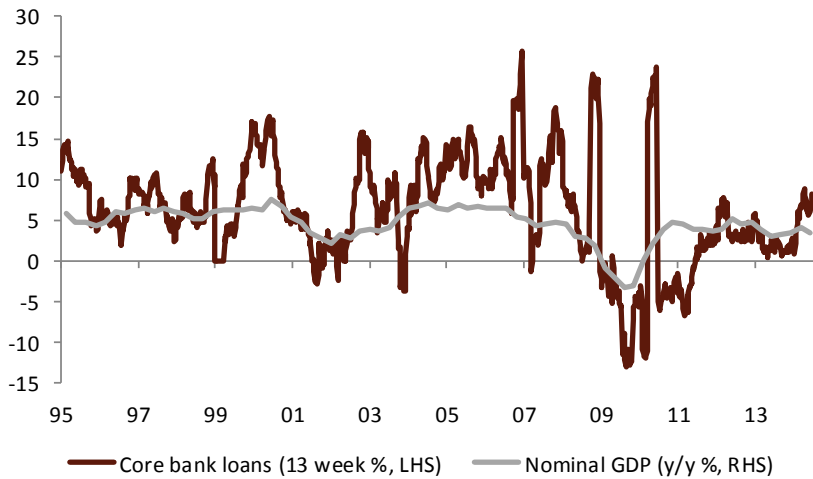
Moderate export growth ahead



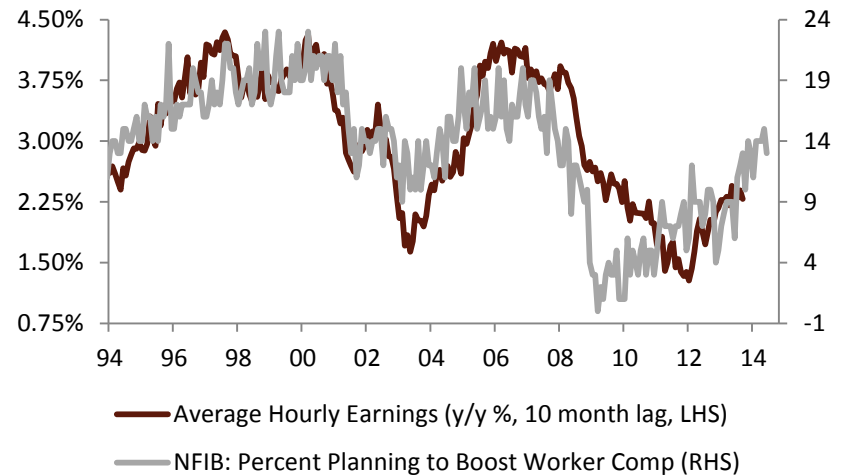
Structural problems to global trade
 (year-over-year % change)



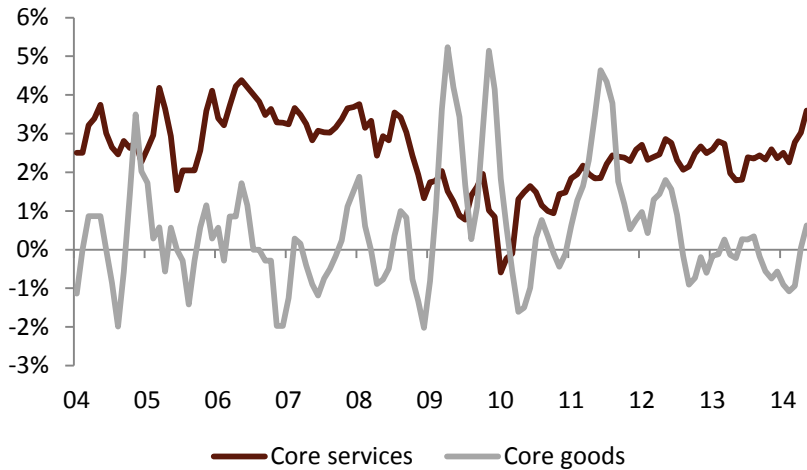
Core bank lending is accelerating



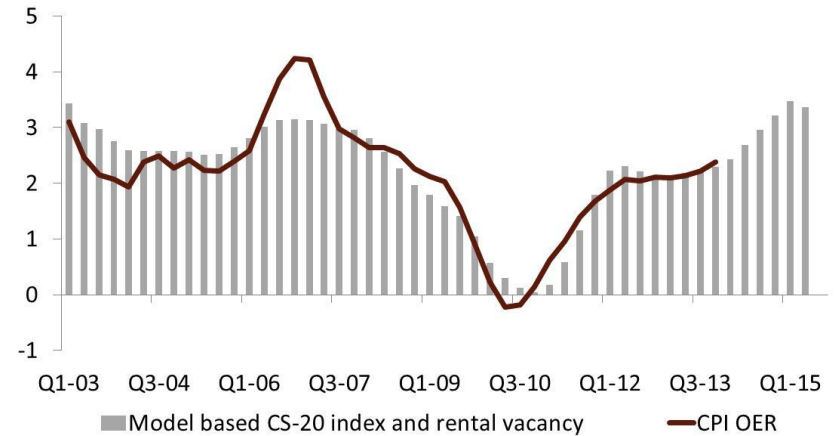
Small businesses signal wage growth ahead



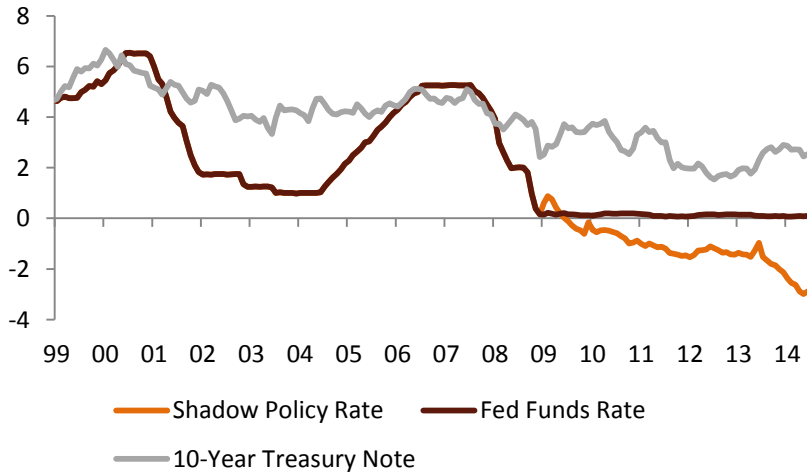
Services sector inflation picks up
 (3-month % change, annualized)



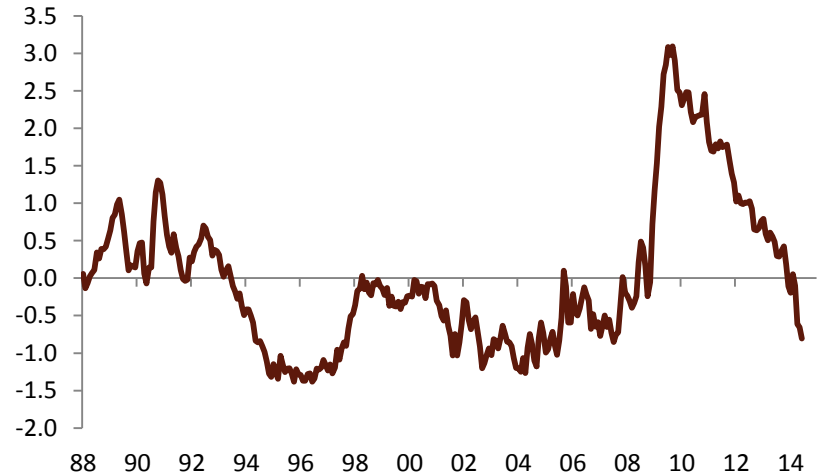
Rental inflation to rise in 2014
 (year-over-year % change)



Fed policy gets easier ...

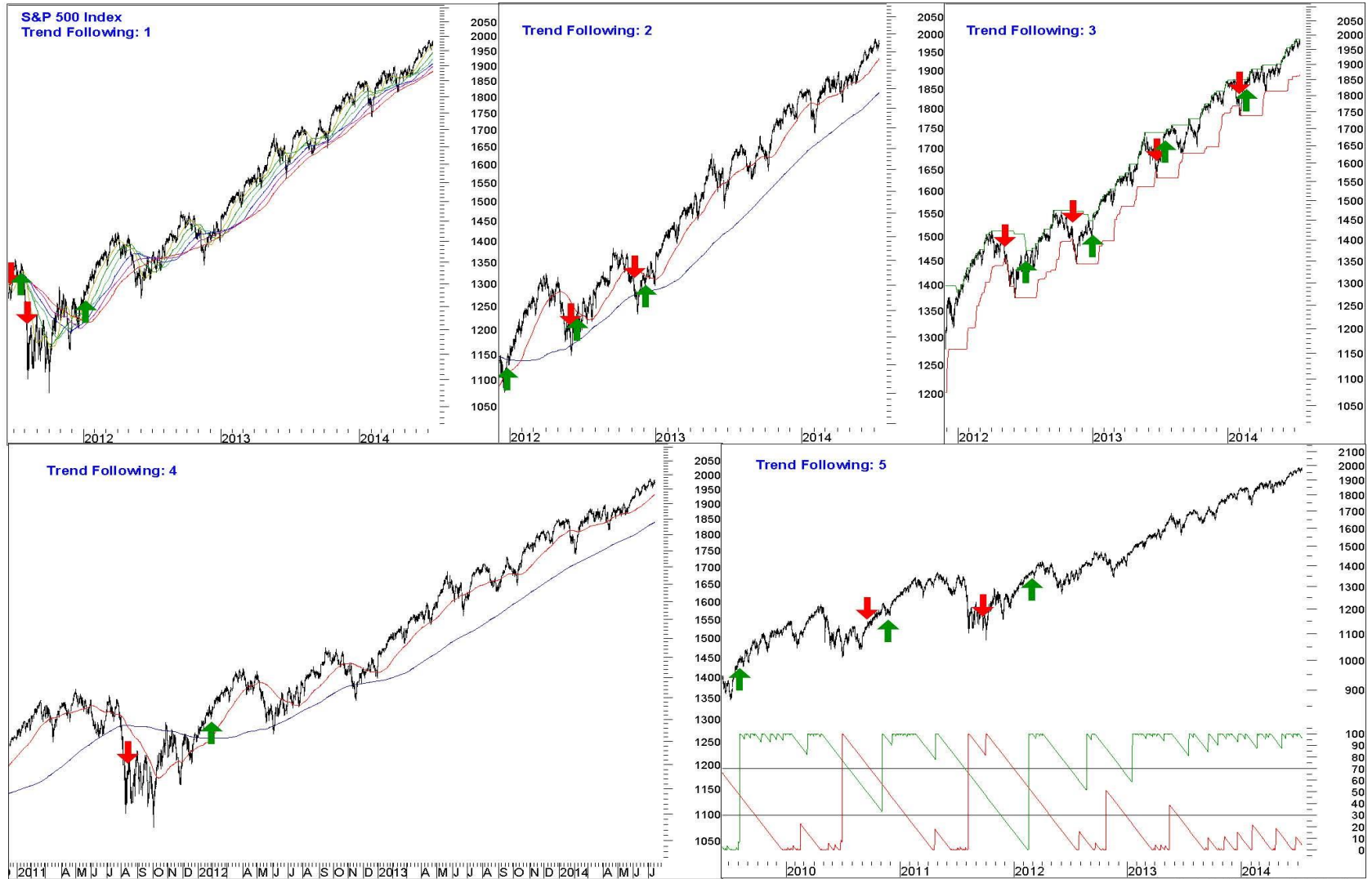


... as FOMC objectives are reached
(Bullard's objective function, z-score)



Jeff deGraaf
and
Rob Ginsberg

Trends Unequivocally Positive

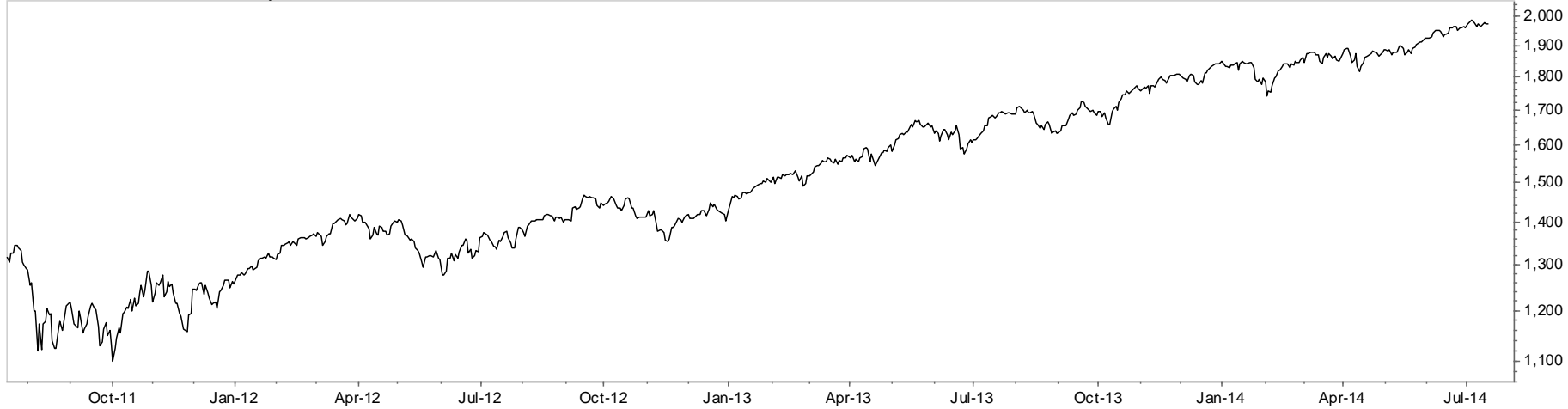


Created in MetaStock from Equis International

Overbought and Weakening

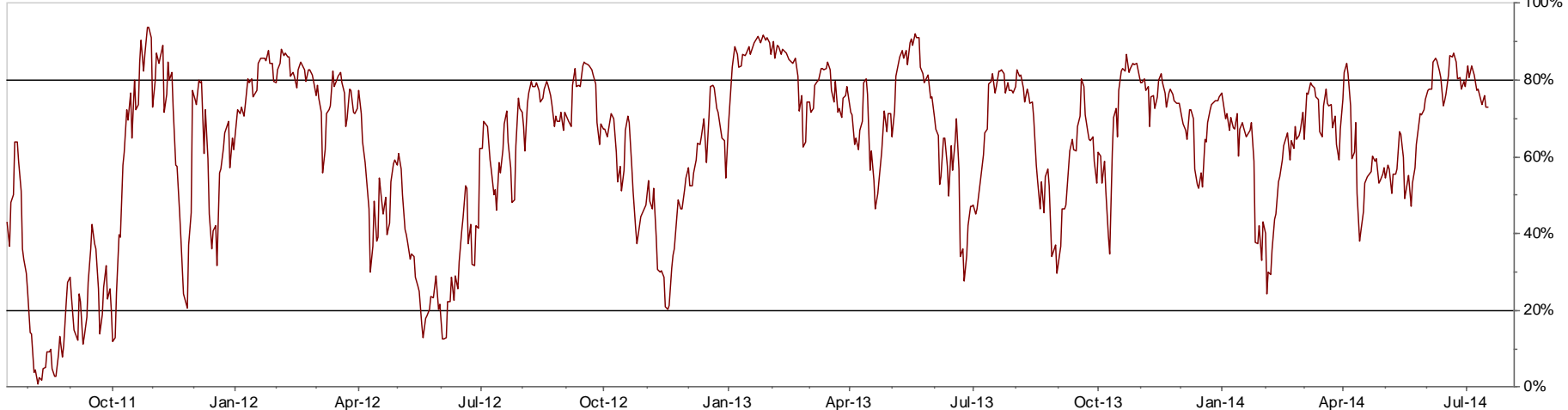
S&P 500 (SP50)

— Price - Close or Current Intraday



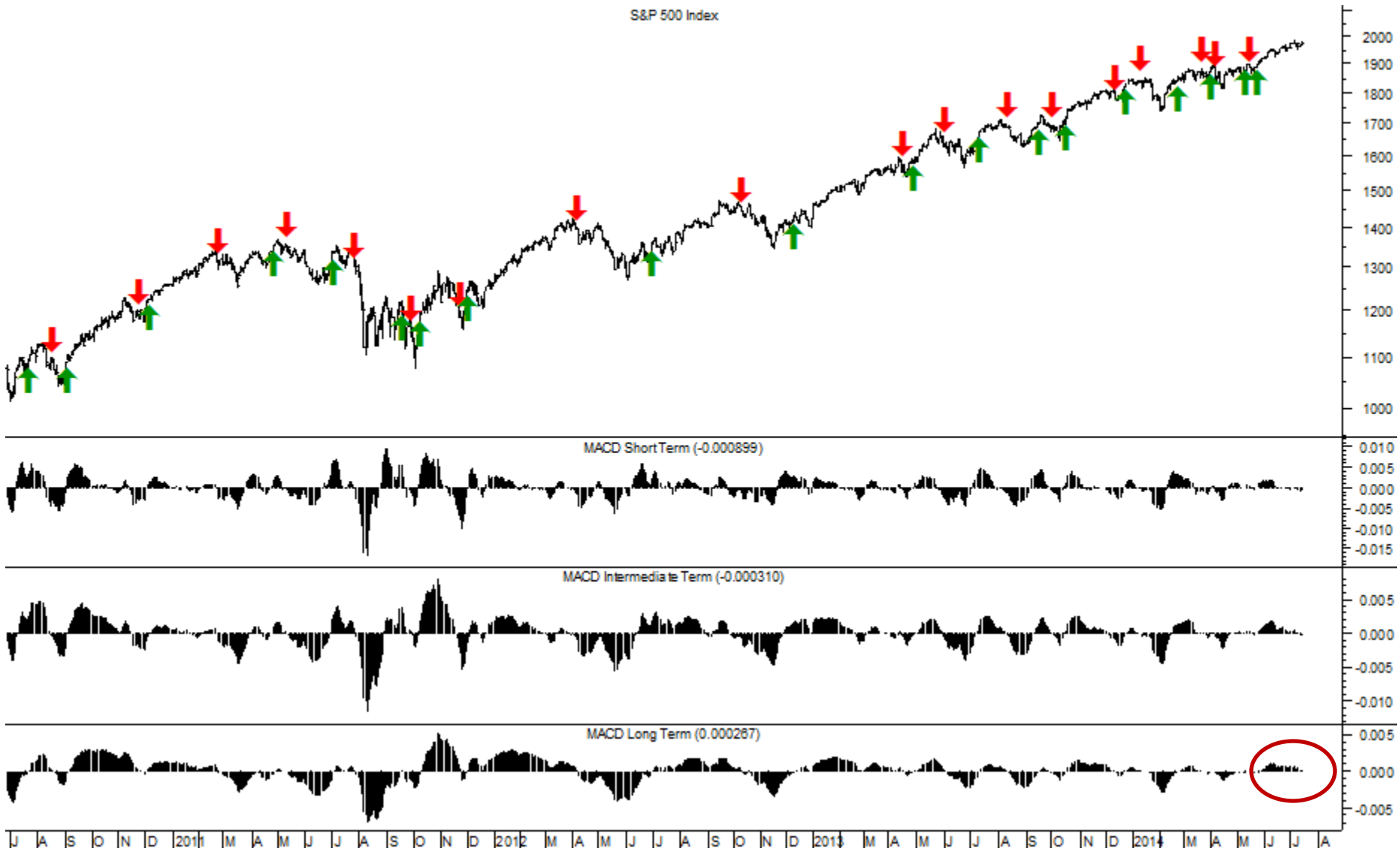
7/16/2014 = 72.85%

— % OF ISSUES ABOVE THE 50 DAY MOVING AVERAGE

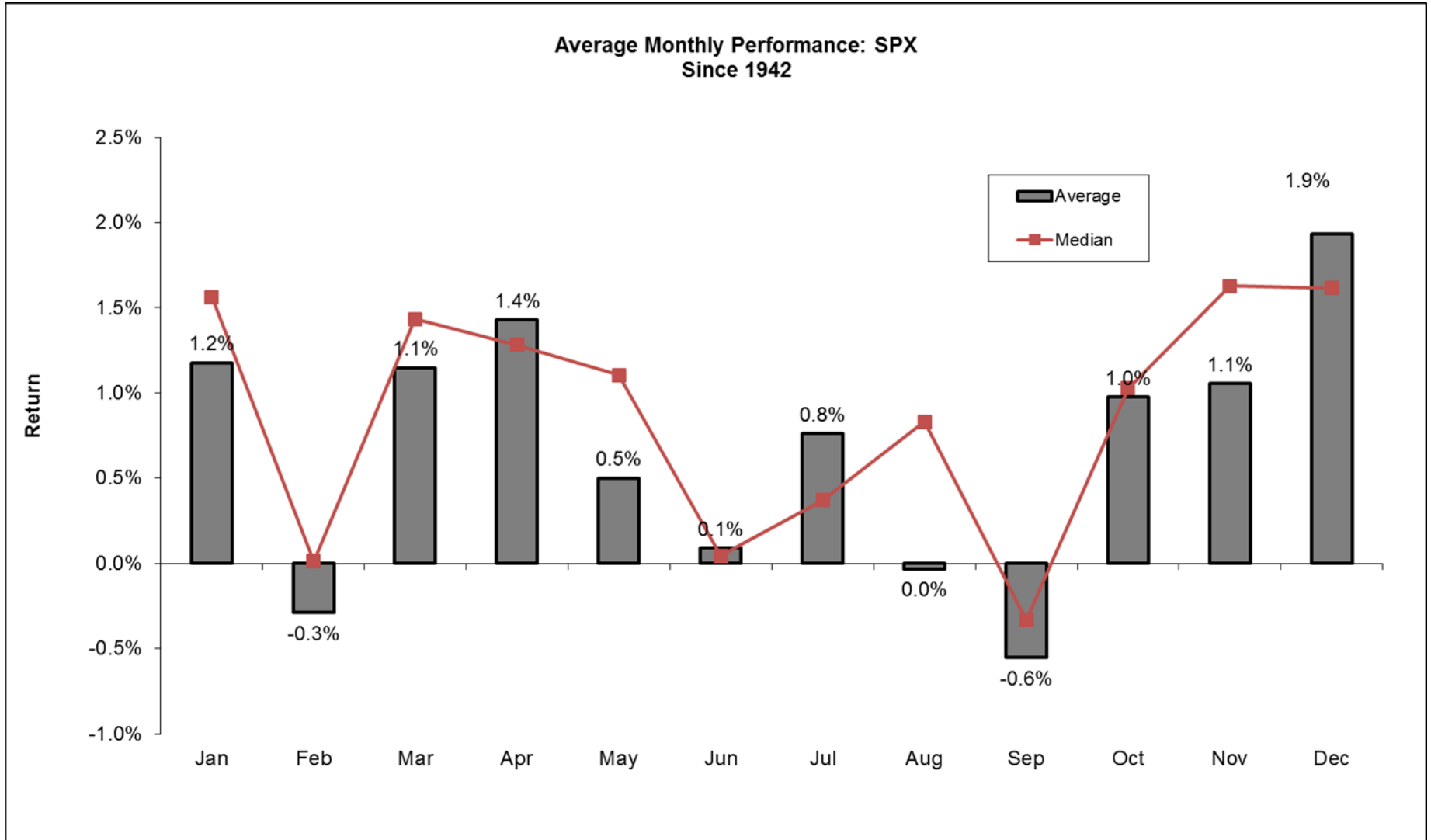


Renaissance Macro Research - Technical Analysis

Momentum Model Close to Turning

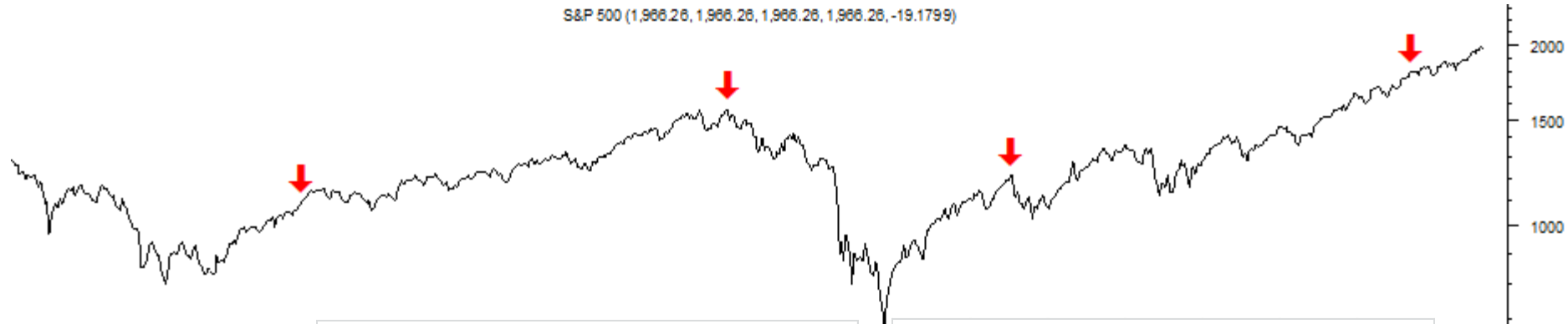


Seasonality Turning Soft



Sentiment is Elevated

S&P 500 (1,968.26, 1,966.26, 1,966.26, 1,966.26, -19.1799)



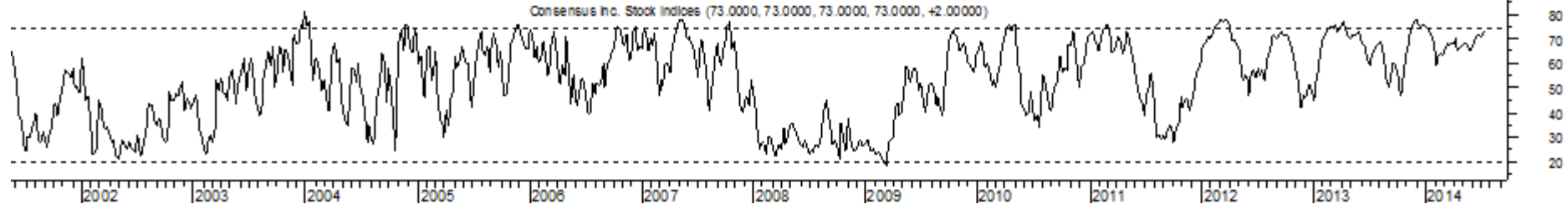
Returns When I.I. and Con Inc In 95th Percentile						
Days Fwd	10	20	30	45	65	90
Average	-1.46%	-2.85%	-1.92%	-5.16%	-5.46%	-5.02%
Median	0.24%	-2.83%	-1.81%	-2.32%	-1.28%	-0.98%
Max	2.4%	4.2%	4.3%	4.5%	3.9%	4.4%
Min	-8.7%	-10.6%	-12.5%	-26.1%	-28.0%	-25.0%
% Up	50%	13%	38%	25%	38%	38%
% Down	50%	88%	63%	75%	63%	63%
Count	8	8	8	8	8	8

Normal S&P 500 Returns (1983 - Present)						
Days Fwd	10	20	30	45	65	90
Average	0.35%	0.70%	1.05%	1.57%	2.27%	3.15%
Median	0.62%	1.15%	1.40%	1.85%	2.70%	3.64%
Max	12.5%	23.3%	27.2%	36.0%	37.6%	30.9%
Min	-25.9%	-28.2%	-30.0%	-36.3%	-38.1%	-36.5%
% Up	59%	61%	63%	65%	68%	69%
% Down	41%	39%	37%	35%	32%	31%
Count	1591	1589	1587	1584	1580	1575

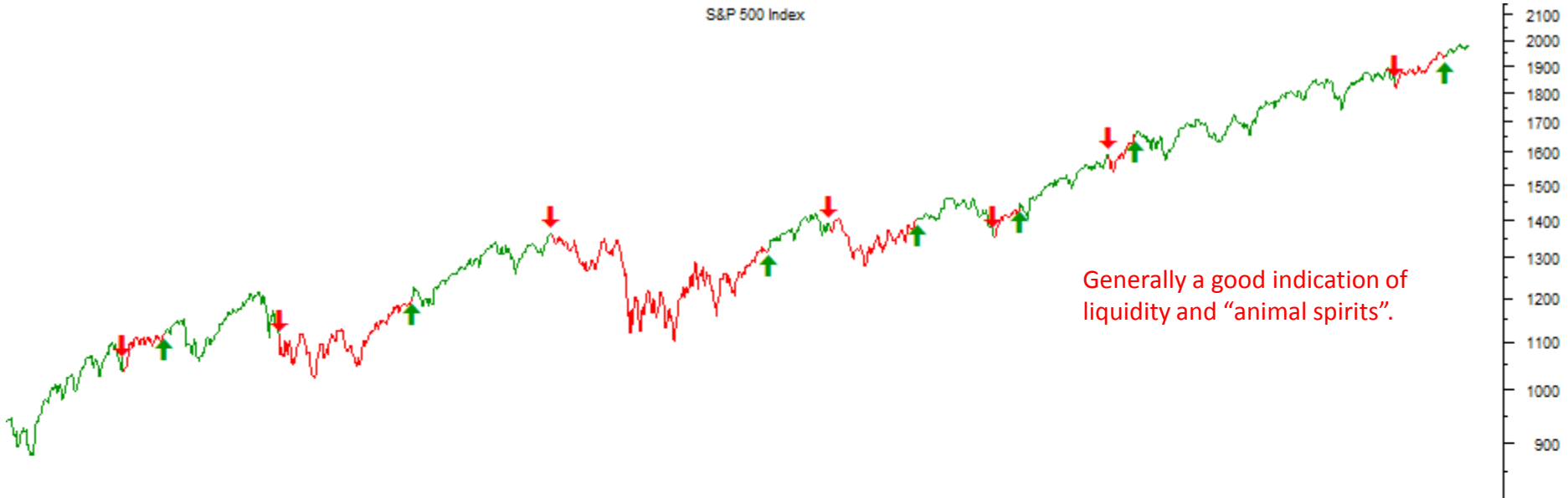
Sentiment: Investors Intelligence Bull/Bear Ratio (3.98684)



Consensus Inc. Stock Indices (73.0000, 73.0000, 73.0000, 73.0000, +2.00000)



Low Quality Outperforming

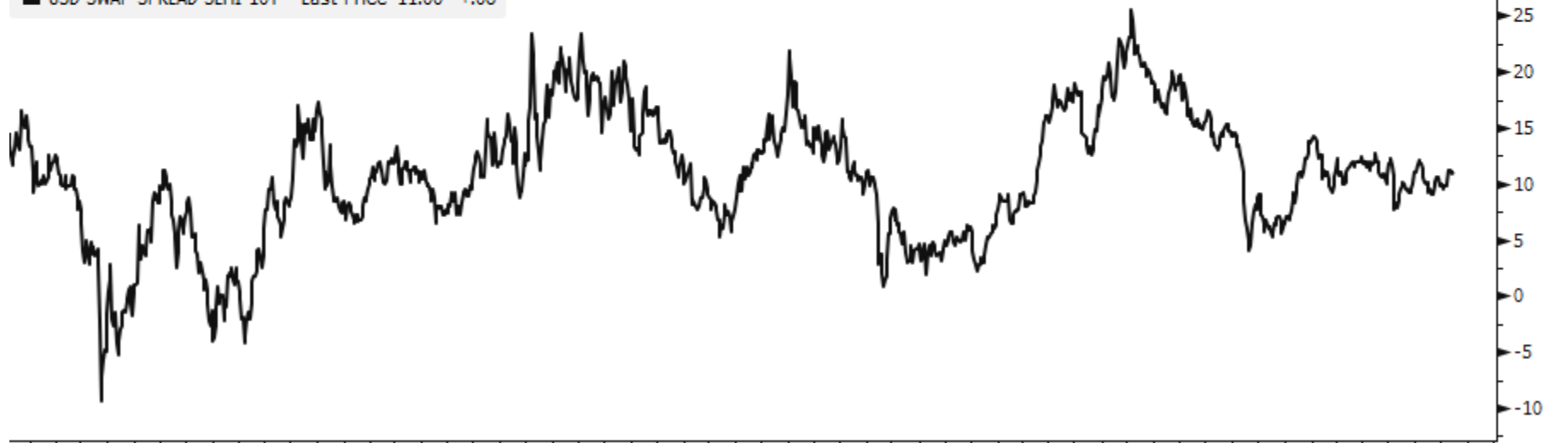


Credit Conditions are Stable

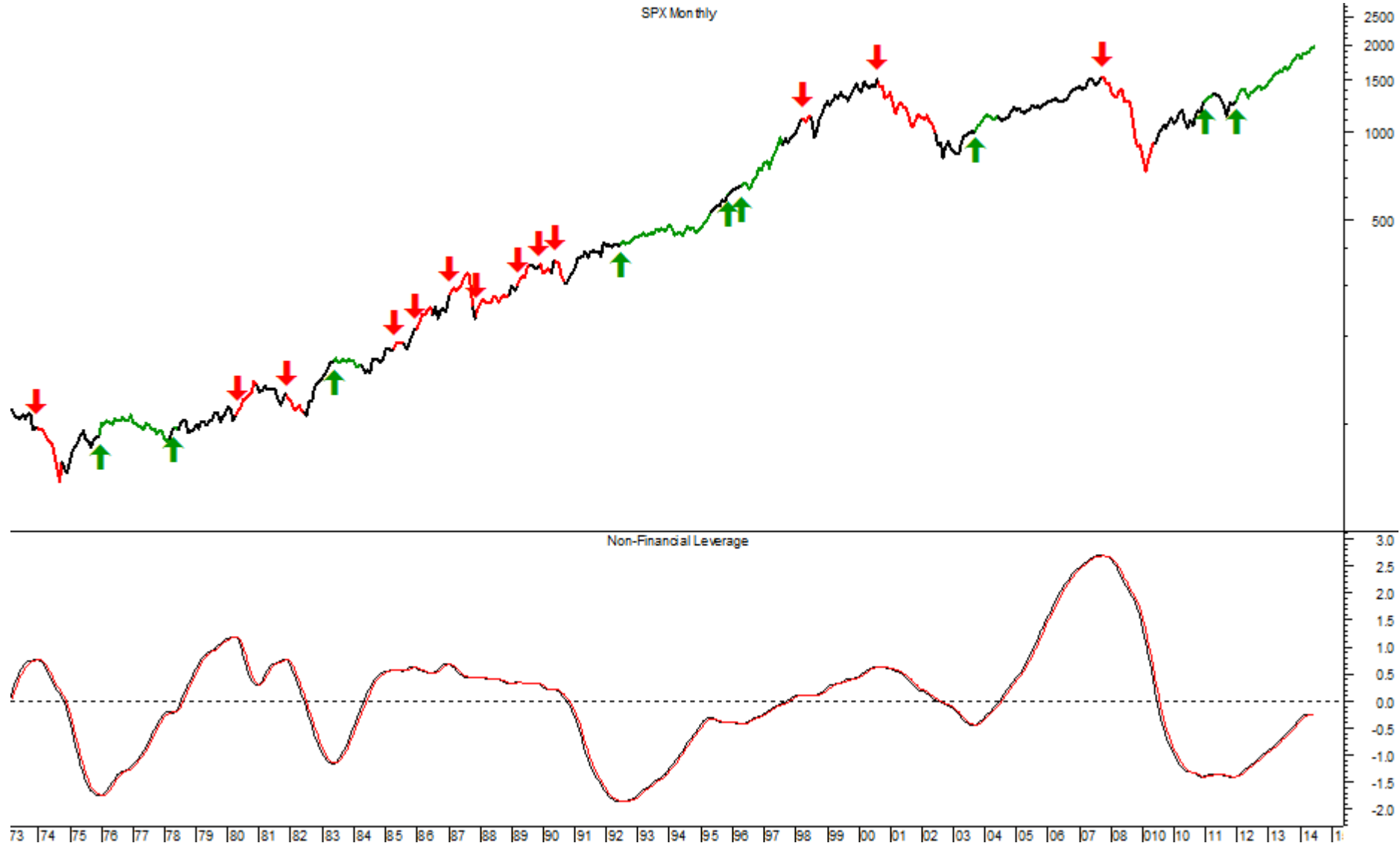
■ S&P 500 Index - Last Price 1973.28 -3.82



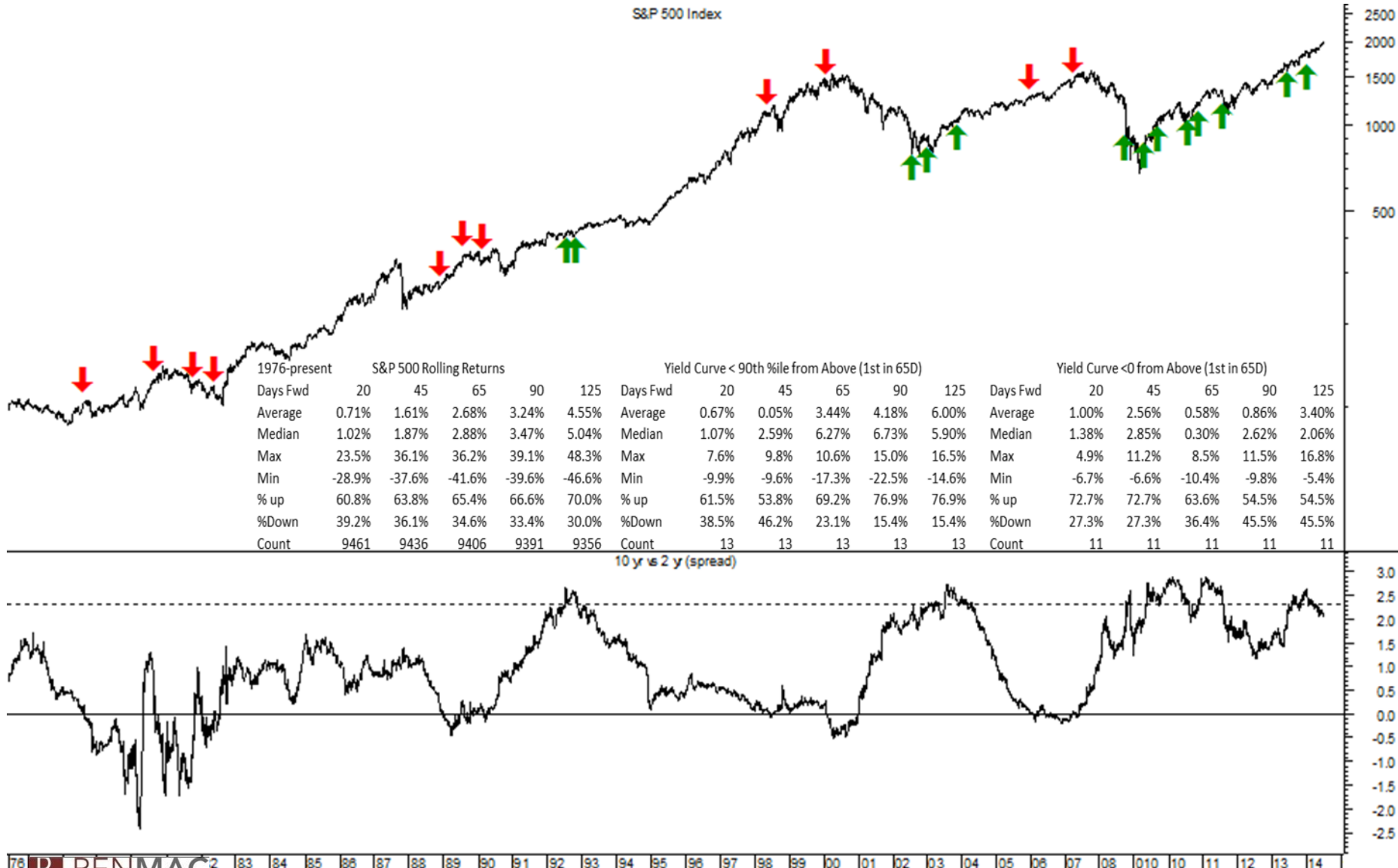
■ USD SWAP SPREAD SEMI 10Y - Last Price 11.00 +.06

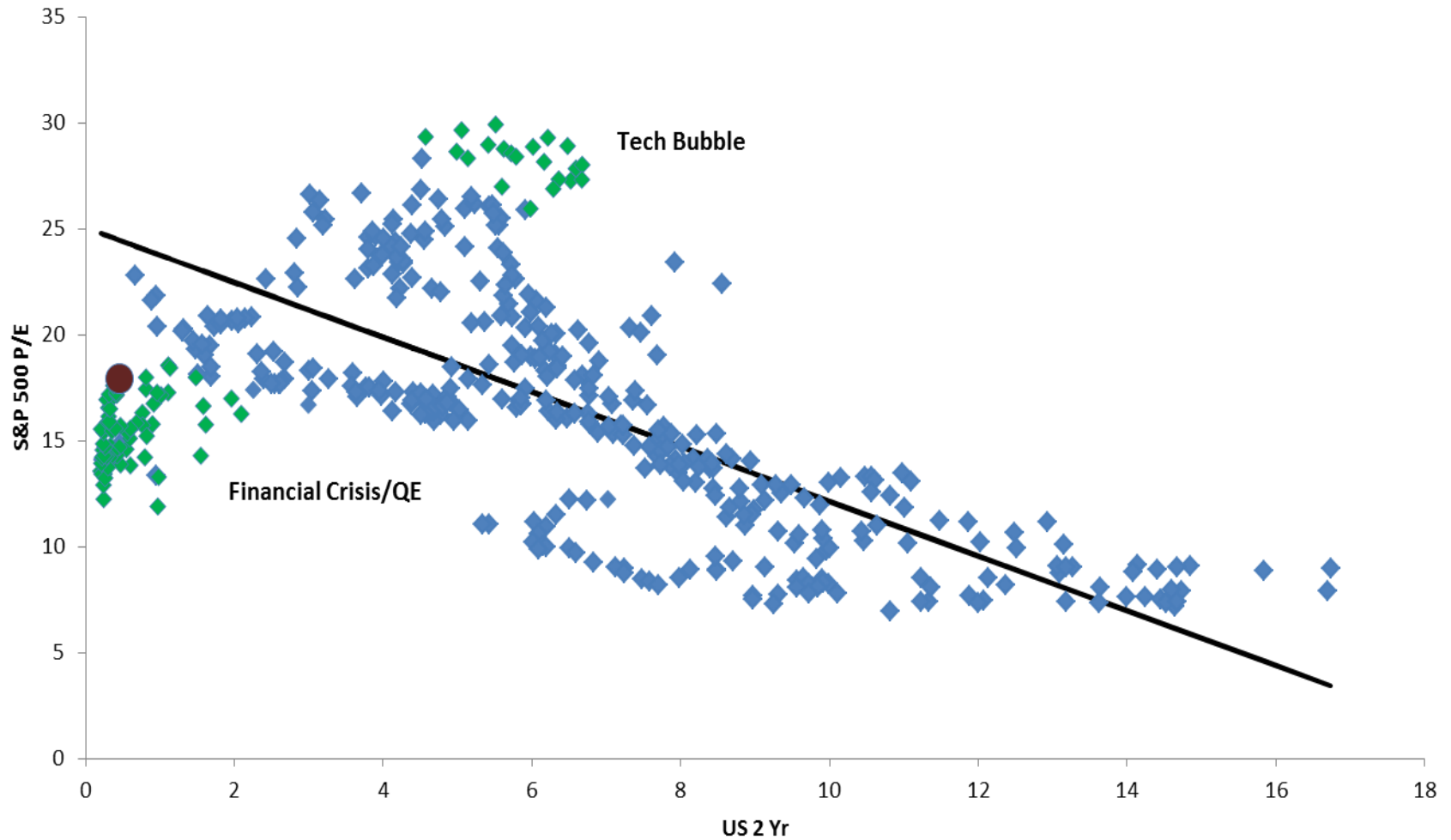


Non-Financial Leverage

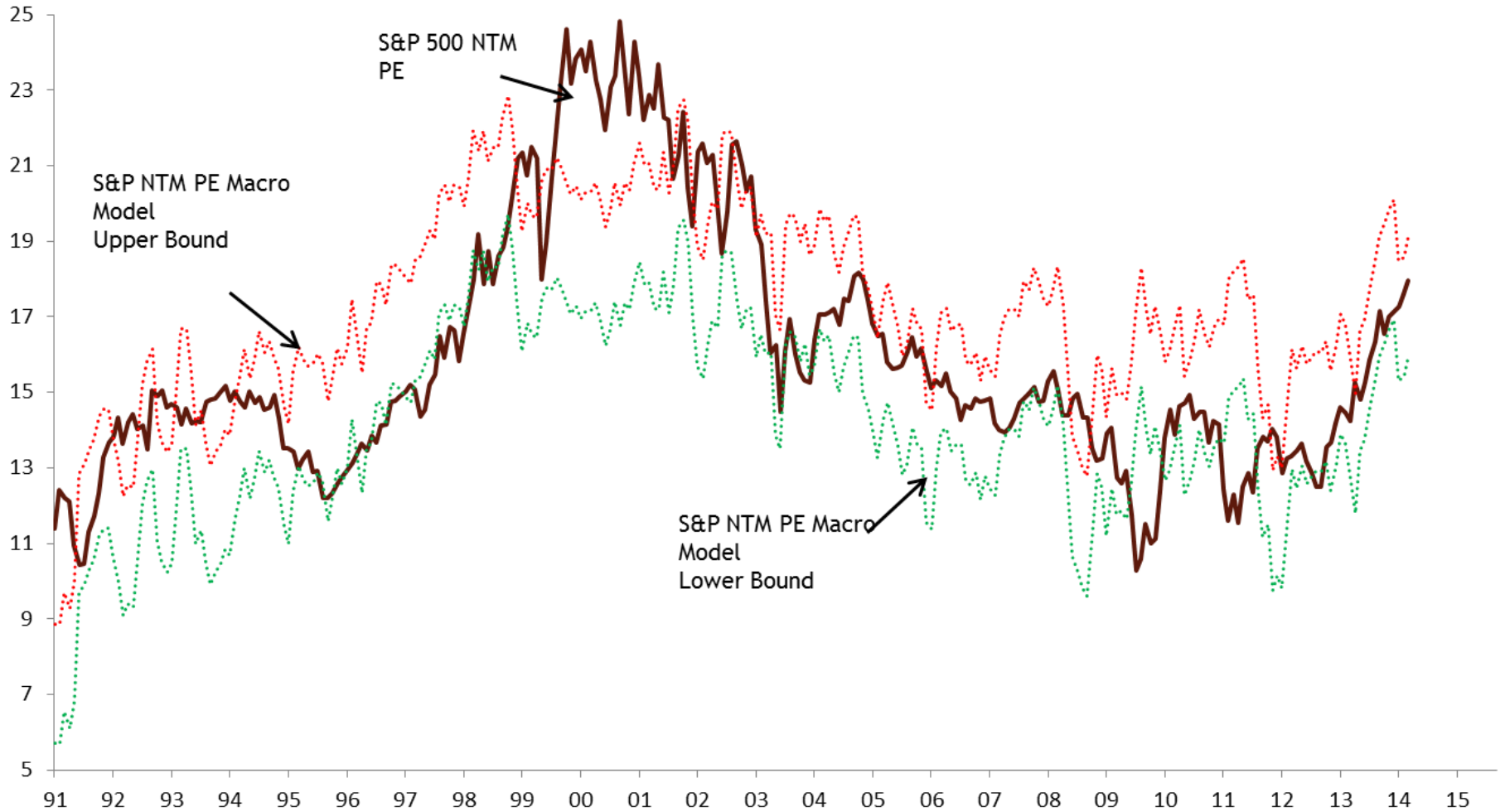


Yield Curve Contracting is Bullish



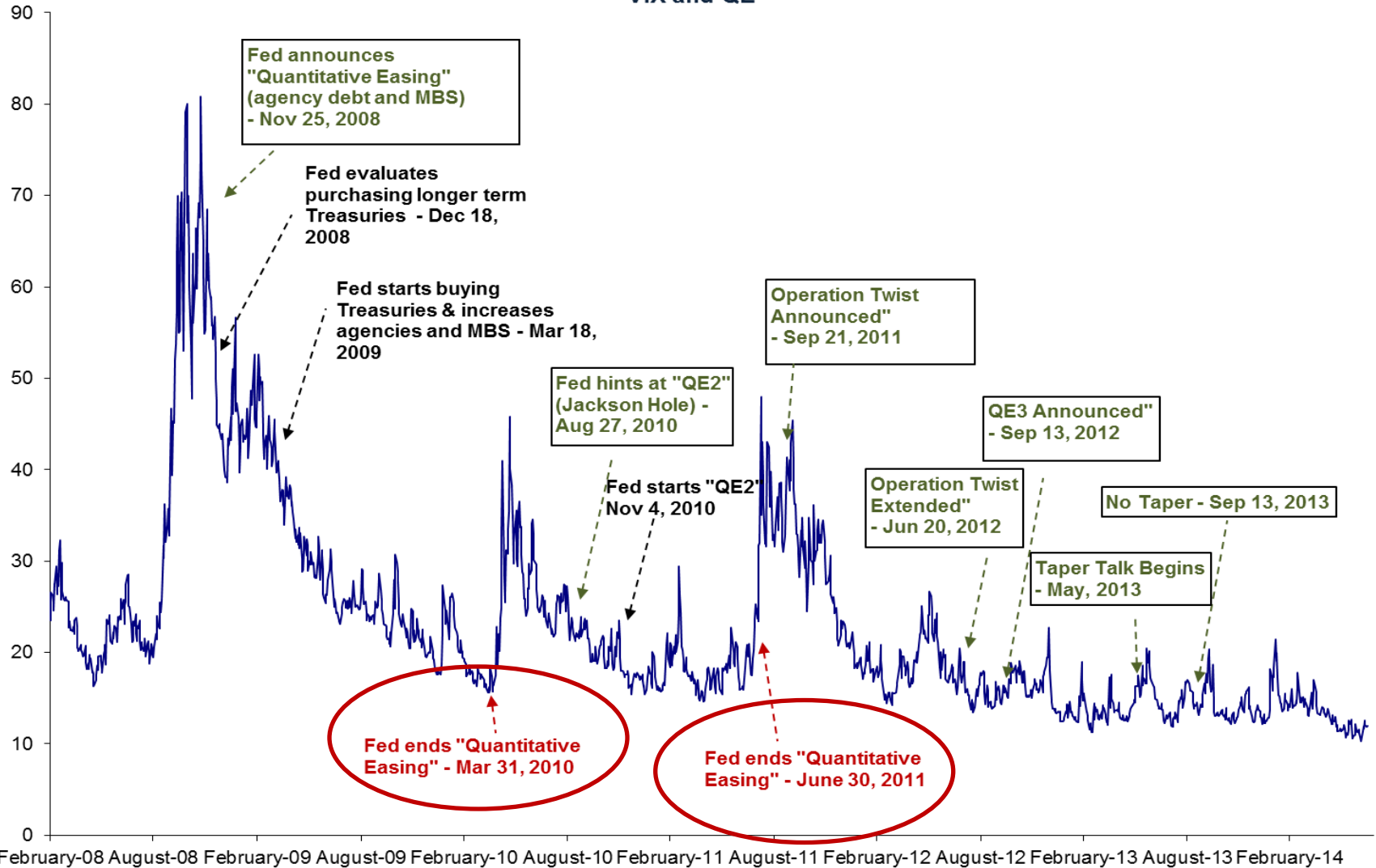


Market is Fairly Valued



Our Biggest Concern:

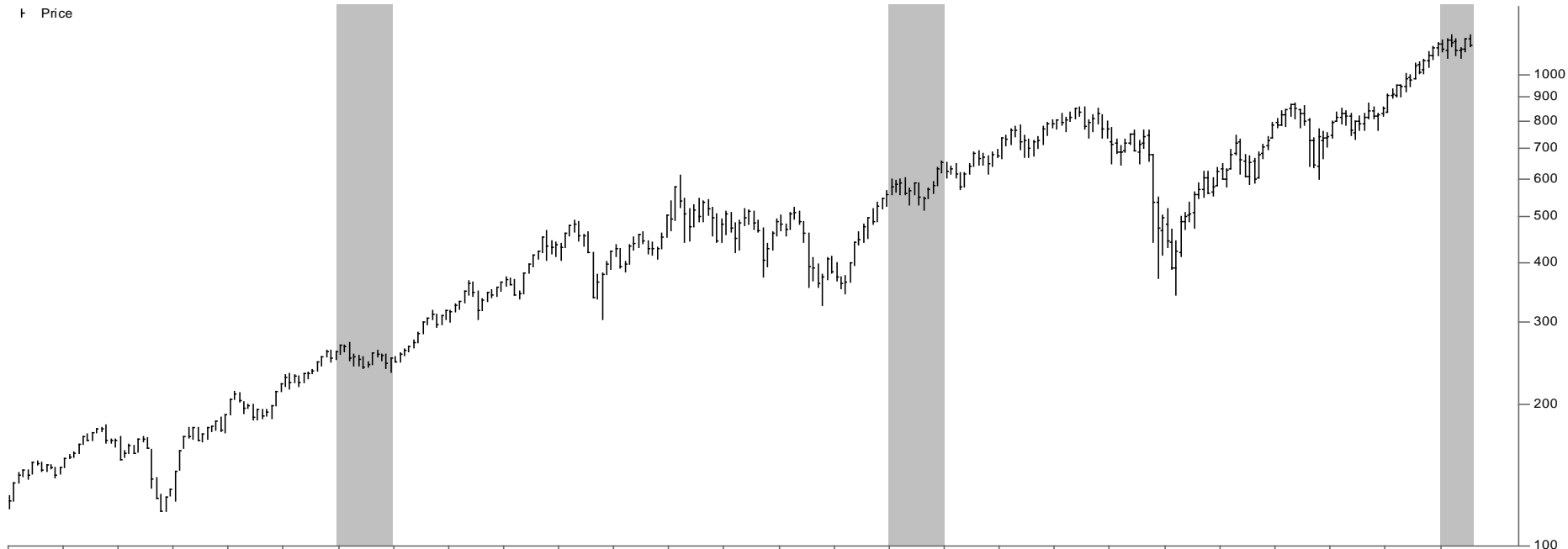
VIX and QE



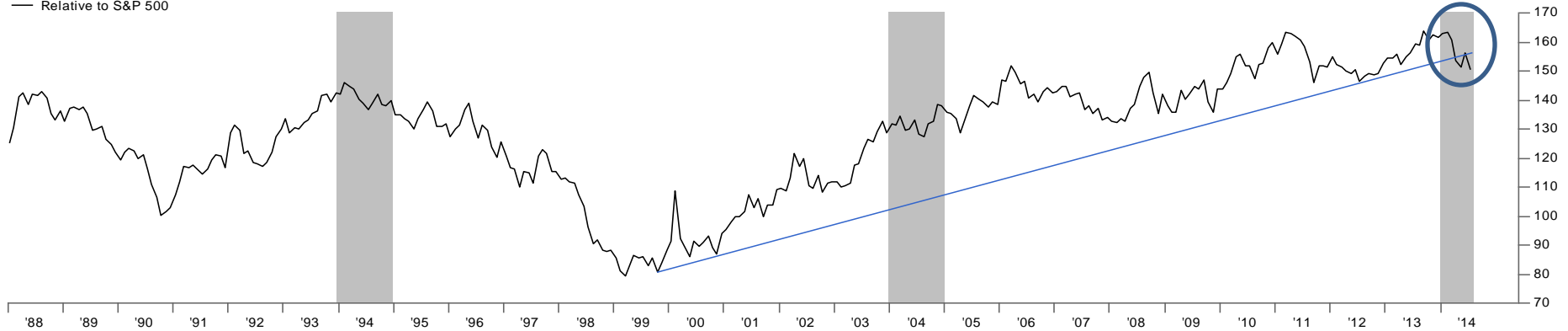
Small Cap: Mid-Cycle Consolidation or Pending Trend Change?

Russell 2000

Price



Relative to S&P 500



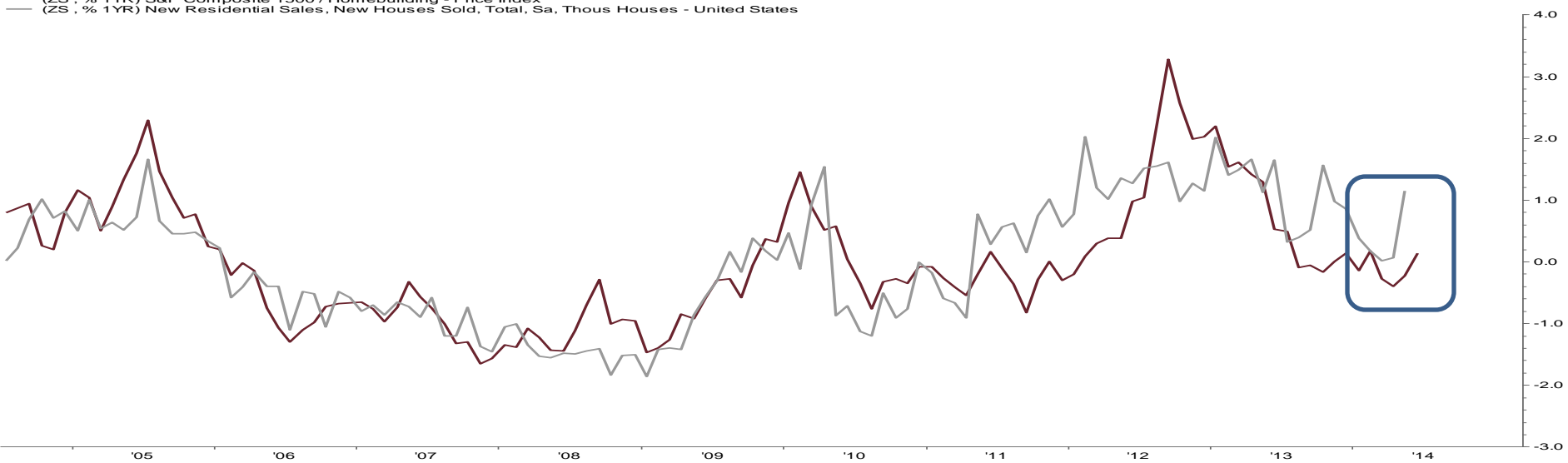
Homebuilders: Basing as Demand Gradually Improves

S&P Composite 1500 / Homebuilding -SUB

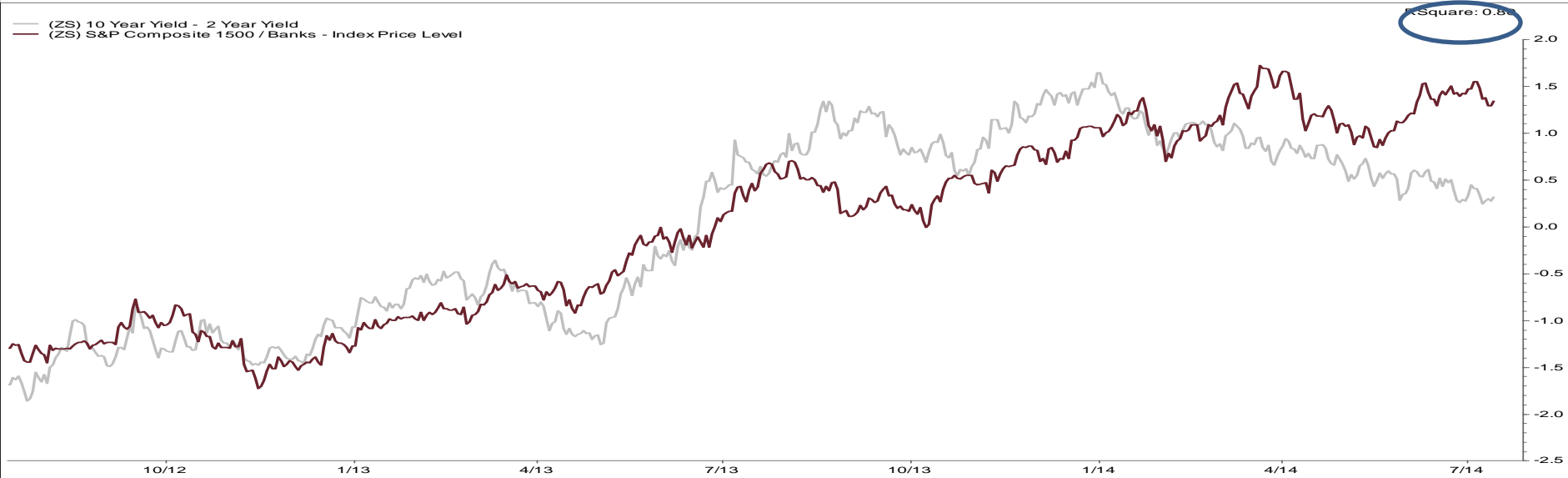
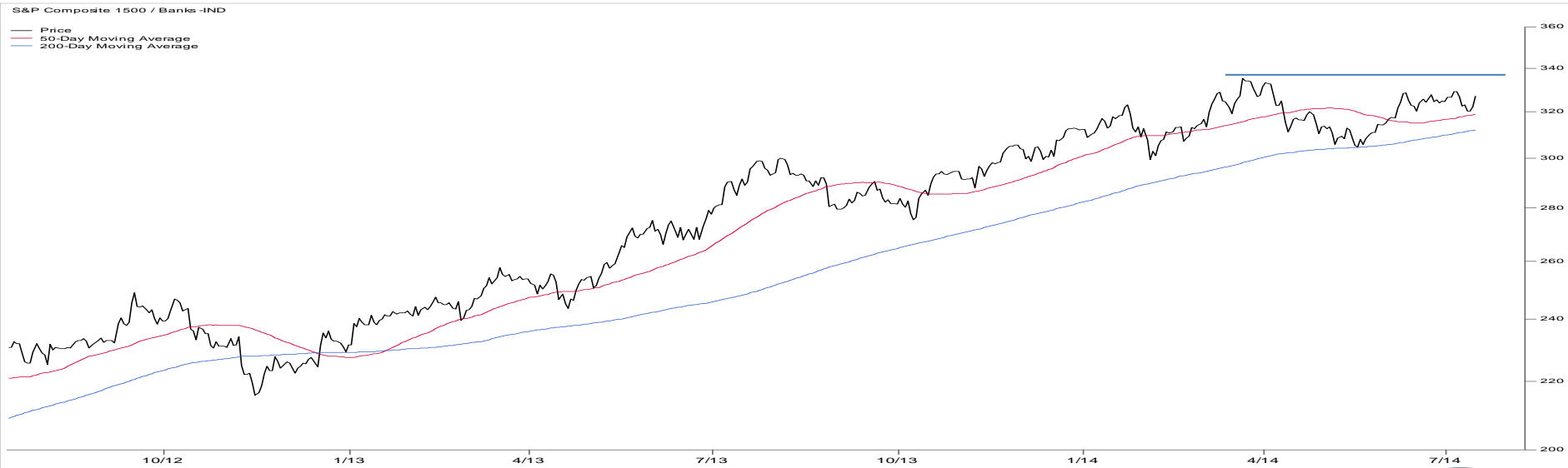


(ZS, % 1YR) S&P Composite 1500 / Homebuilding - Price Index
(ZS, % 1YR) New Residential Sales, New Houses Sold, Total, Sa, Thous Houses - United States

RSquare: 0.62

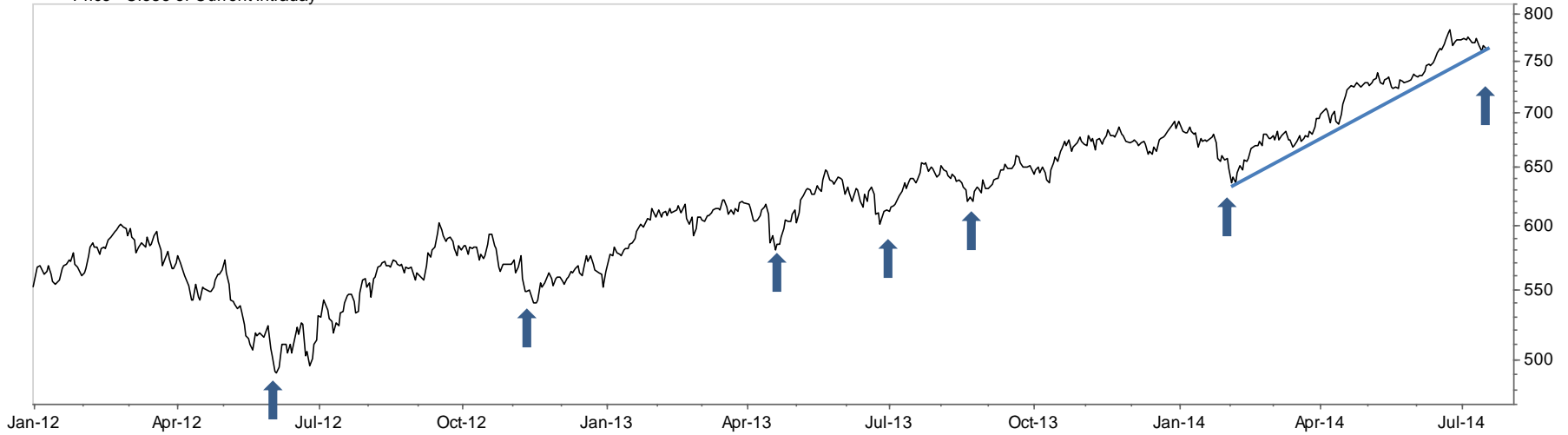


Banks: Curve Presents a Formidable Headwind



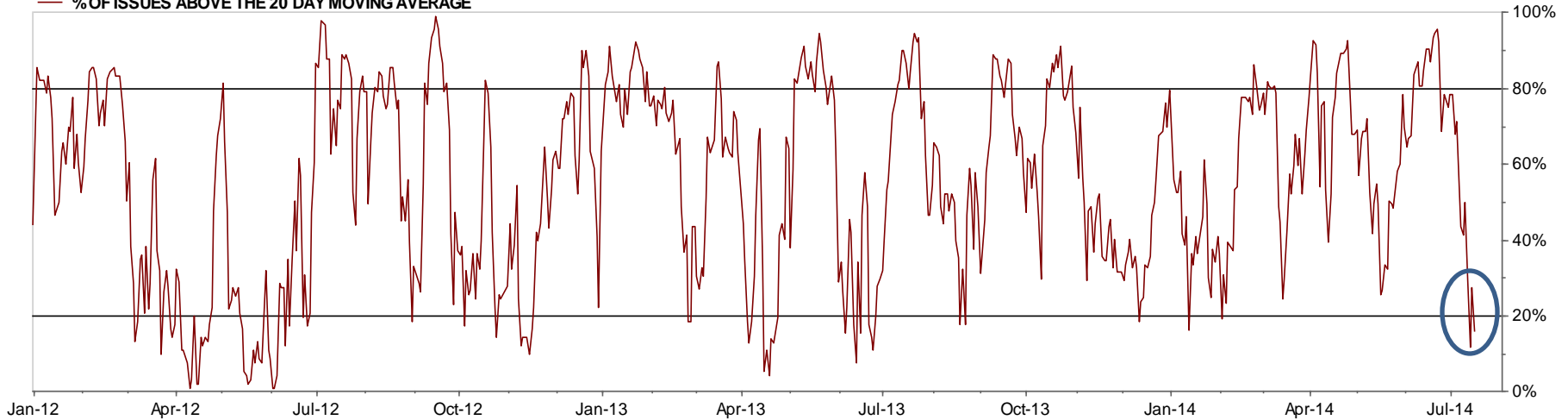
S&P Composite 1500 / Energy -SEC (SPN03)

— Price - Close or Current Intraday



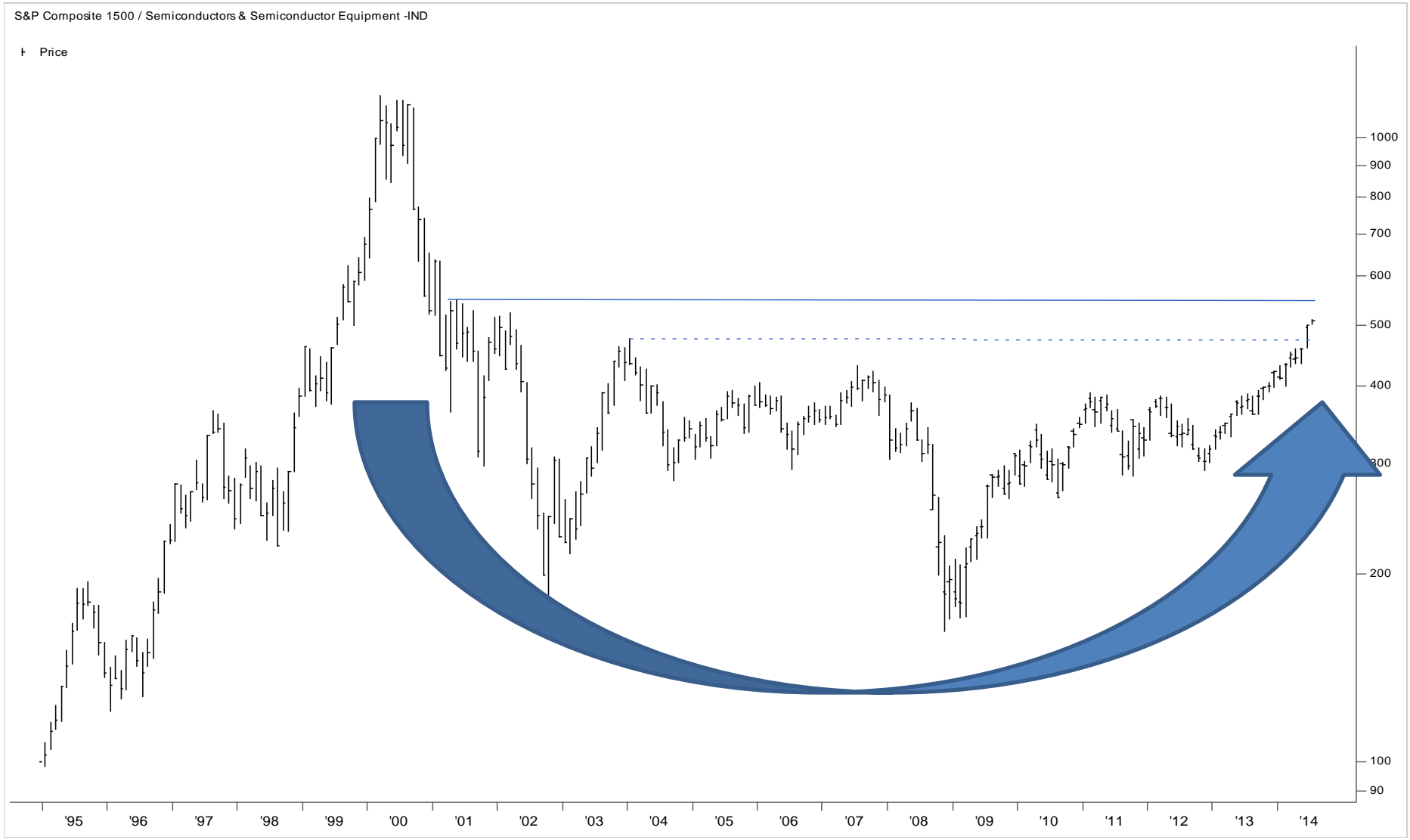
7/15/2014 = 15.96%

% OF ISSUES ABOVE THE 20 DAY MOVING AVERAGE

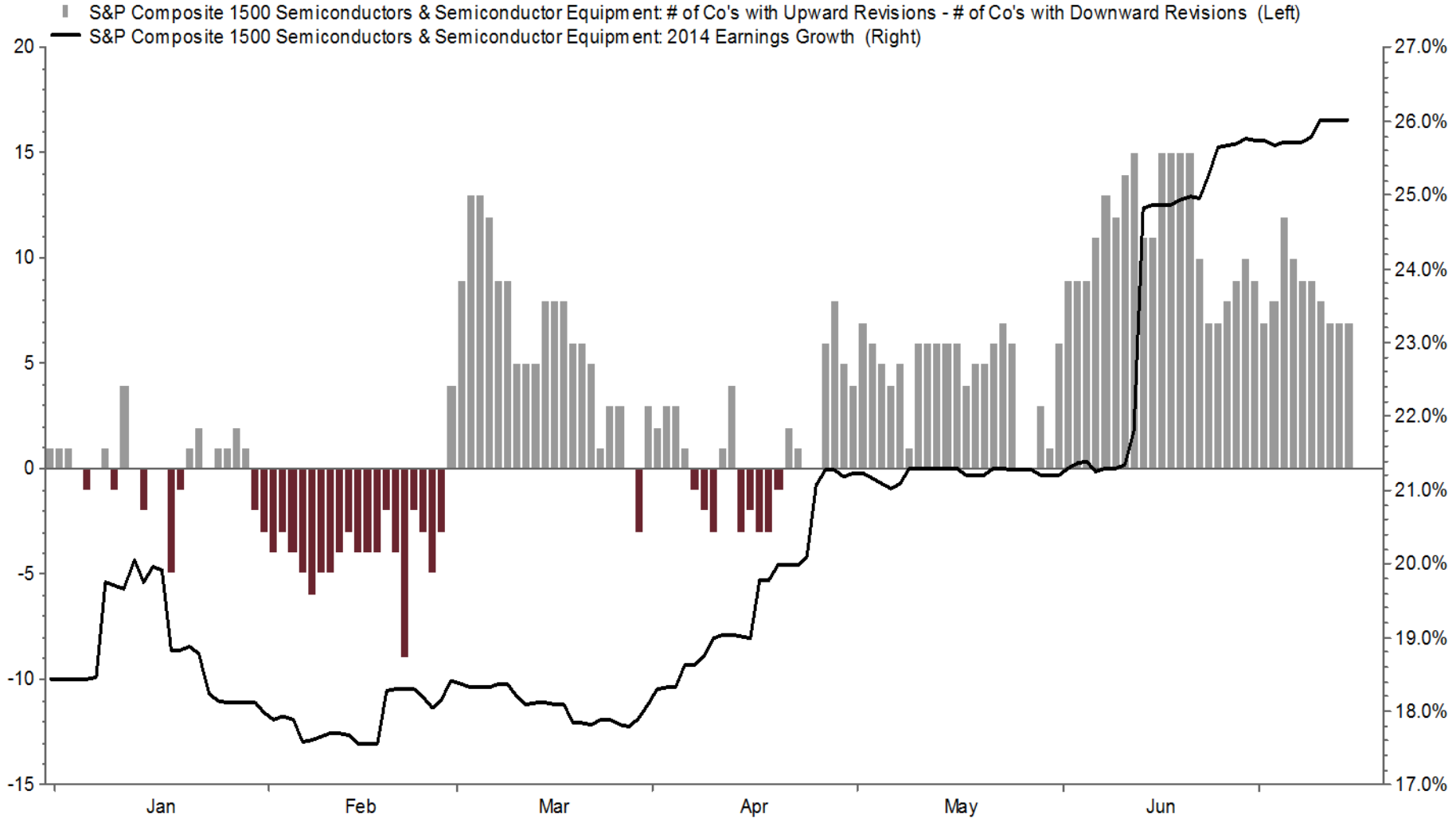


Renaissance Macro Research - Technical Analysis

Semis: Breaking Out of Decade Long Base and Look Poised to Challenge '01 Levels



Semis: Improving Fundamentals Provide a Bullish Tailwind



Thank you for joining us!