

THE WEIGHT OF THE EVIDENCE: 0 (NEUTRAL)

INDICATORS HAVE SHIFTED BUT OVERALL EVIDENCE STILL NEUTRAL

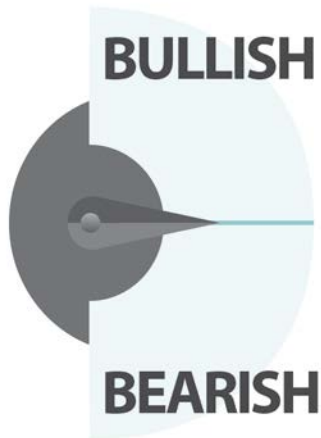
BAIRD

April 11, 2018

Please refer to Appendix – Important Disclosures.

MACRO FACTORS (WHAT COULD HAPPEN):

FED POLICY



Fed has mapped out rate normalization path for 2018

ECONOMIC FUNDAMENTALS



Data has fallen short of expectations but positive growth trend intact

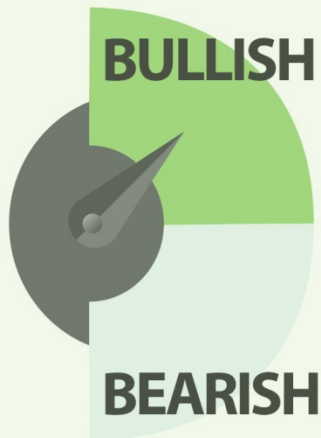
VALUATIONS



Expectations set a high bar for Q1 earnings at a time when stocks are already expensive

MARKET FACTORS (WHAT IS HAPPENING):

SENTIMENT



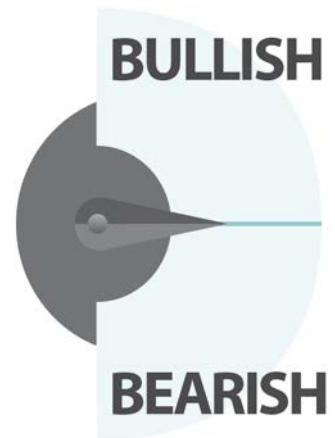
Sentiment composites show excessive pessimism

SEASONAL PATTERNS AND TRENDS



Mid-term election headwinds heating up as control of Congress seems to be in doubt

BREADTH



Industry group trends deteriorating and downside momentum has not been staunch

Bruce Bittles
Chief Investment Strategist
941-906-2830
bbittles@rwbaird.com

William Delwiche, CMT, CFA
Investment Strategist
414-298-7802
wdelwiche@rwbaird.com

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