

The Sizemore Income Letter

June 23, 2023

Updating the Leading Indicators

By Charles Lewis Sizemore, CFA



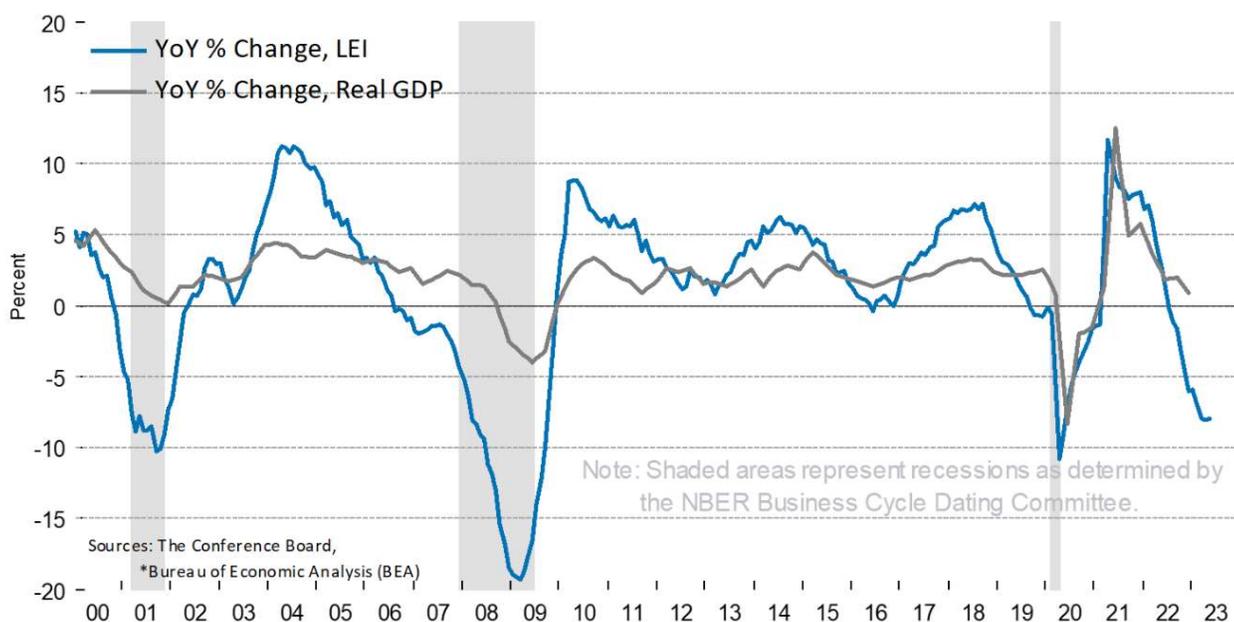
Last week, I mentioned that I'd refresh the leading economic indicators (LEI) once they were updated.

Well, we got fresh data on Thursday, so here we go!

The data was mixed but mostly negative. Straight from the horse's mouth, this is what the Conference Board had to say in the release:

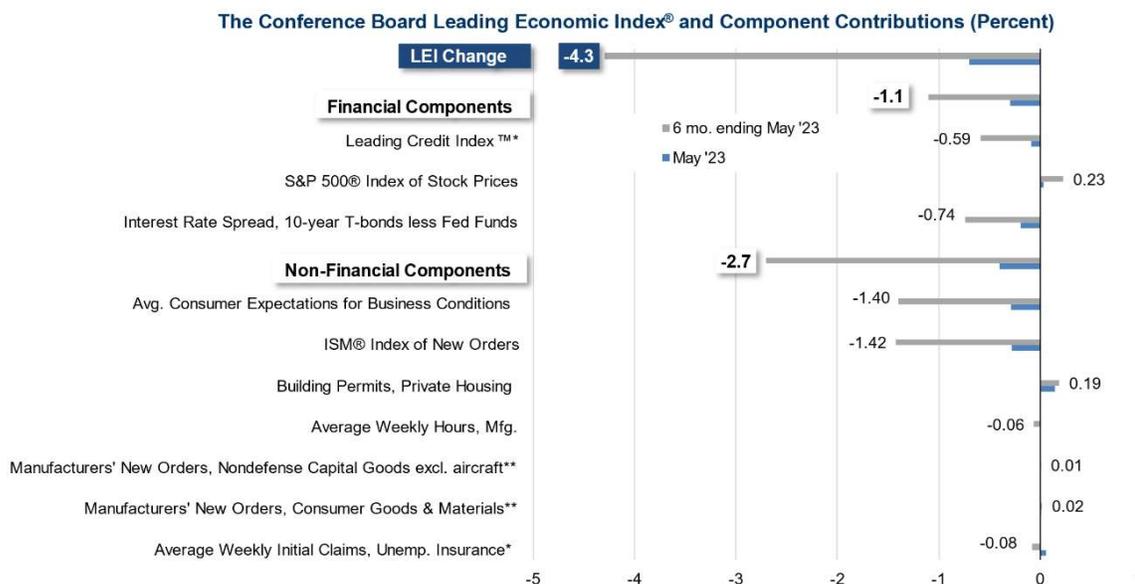
*"The US LEI continued to fall in May... The US Leading Index has declined in each of the last fourteen months and continues to point to weaker economic activity ahead. Rising interest rates paired with persistent inflation will continue to further dampen economic activity. While we revised our Q2 GDP forecast from negative to slight growth, **we project that the US economy will contract over the Q3 2023 to Q1 2024 period.** The recession likely will be due to continued tightness in monetary policy and lower government spending."*

Leading Economic Indicators



So, the recession starts sometime in the next three months, if the Conference Board is correct. As Yogi Berra said, prediction is hard... particularly about the future. We'll see if the recession finally hits. It can be remarkably hard to call these things within a short window. But the data continues to suggest it's likely.

Some of the individual indicators. Such as manufacturers' new orders, are modestly improved over last month. But there is no sign of real strength in any indicator. The strongest is the S&P500, and even it appears to be running out of steam.



Meanwhile, any hopes that the Fed's pause on rate hikes signaled a significant softening in policy appear to be wide of the mark. In his testimony in front of Congress this week, Powell said "The strong majority of the committee believes that it will be appropriate to raise the federal funds rate again once or twice by the end of the year."

That's a pretty unambiguous statement. Rates are going higher, adding yet one more headwind to deal with. Fun times!

That's all I have for today, as I'm busy putting together the next monthly issue. Have a great weekend, and keep cashing those dividend checks!

Charles Lewis Sizemore, CFA

P.S.: Apart from writing this newsletter, I run a full-service wealth management firm along with my colleagues. At **Sizemore Capital Management**, we build income portfolios like those I write about in the *Sizemore Income Letter*. But we also do a lot more than that. We manage a suite of low-volatility strategies offering low correlation

to the S&P 500. If you'd like for me to take a look at your portfolio and offer some recommendations, contact me at info@sizemorecapital.com.

The Sizemore Income Letter Portfolio

Stock	Ticker	Entry Date	Buy Price	Recent Price	Stop Loss	Yield	Cumulative Dividends	Total Return	IRA Friendly?	Action
Nintendo Company Ltd	NTDOY	5/26/2023	\$10.69	\$11.06	\$8.34	3.49%	\$ -	3.46%	Yes	Buy
W.P. Carey Inc	WPC	4/26/2023	\$73.59	\$67.64	\$59.92	6.31%	\$ -	-8.09%	Yes	Buy
Nuveen Real Estate Income Fund	JRS	1/30/2023	\$8.46	\$7.01	\$6.41	9.77%	\$ 0.17	-15.15%	Yes	Buy
iShares MSCI Brazil ETF	EWZ	12/26/2022	\$28.79	\$32.78	\$20.15	10.71%	\$ -	13.86%	Yes	Buy
Atlantica Sustainable Infrastructure	AY	11/22/2022	\$27.75	\$23.50	\$20.41	7.49%	\$ 0.89	-12.11%	Yes	Buy
Cheniere Energy Partners	CQP	8/4/2022	\$46.49	\$46.05	\$41.42	7.58%	\$ 1.07	1.36%	No	Buy
Citigroup Inc	C	6/23/2022	\$47.34	\$46.63	\$36.00	4.37%	\$ 1.02	0.65%	Yes	Buy
ONEOK, Inc.	OKE	4/28/2022	\$65.50	\$58.19	\$47.91	6.43%	\$ 2.81	-6.88%	Yes	Buy
Energy Transfer Partners	ET	12/27/2021	\$8.16	\$12.67	\$8.59	7.26%	\$ 0.87	65.93%	No	Buy
EPR Properties	EPR	11/29/2021	\$47.78	\$44.09	\$33.92	7.48%	\$ 3.20	-1.03%	Yes	Buy
Chevron Corporation	CVX	9/30/2021	\$103.33	\$152.64	#####	3.72%	\$ 7.02	54.51%	Yes	Buy
ClearBridge Energy Midstream Opportunity	EMO	5/26/2021	\$21.94	\$28.65	\$20.49	7.12%	\$ 2.68	42.80%	Yes	Buy

The Forever Portfolio

Stock	Ticker	Entry Date	Buy Price	Recent Price	Stop Loss	Yield	Cumulative Dividends	Total Return	IRA Friendly?
National Retail Properties	NNN	9/29/2022	\$ 39.07	\$ 41.66	None	5.28%	\$ 1.10	9.44%	Yes
Conagra Brands	CAG	6/23/2022	\$ 32.47	\$ 34.39	None	3.84%	\$ 0.99	8.96%	Yes
The Clorox Company	CLX	6/23/2022	\$ 132.28	\$ 156.84	None	3.01%	\$ 3.54	21.24%	Yes
Campbell Soup Company	CPB	6/23/2022	\$ 47.04	\$ 45.78	None	3.23%	\$ 1.11	-0.31%	Yes
Flowers Foods	FLO	6/23/2022	\$ 24.97	\$ 24.57	None	3.58%	\$ 0.44	0.18%	Yes
General Mills	GIS	6/23/2022	\$ 67.90	\$ 81.30	None	2.66%	\$ 1.62	22.12%	Yes
J.M. Smucker Company	SJM	6/23/2022	\$ 123.83	\$ 152.02	None	2.68%	\$ 3.06	25.24%	Yes
Target Corporation	TGT	6/23/2022	\$ 141.08	\$ 132.39	None	3.26%	\$ 3.24	-3.86%	Yes
Coca-Cola Company	KO	4/27/2022	\$ 65.56	\$ 61.85	None	2.85%	\$ 1.32	-3.65%	Yes
Prologis	PLD	10/29/2021	\$ 146.67	\$ 118.66	None	2.66%	\$ 3.79	-16.51%	Yes
Crown Castle International	CCI	10/29/2021	\$ 181.90	\$ 109.65	None	5.36%	\$ 7.45	-35.63%	Yes
Philip Morris International	PM	3/30/2021	\$ 89.35	\$ 95.69	None	5.31%	\$ 7.49	15.48%	Yes
Altria Group	MO	3/19/2020	\$ 37.10	\$ 43.76	None	8.59%	\$ 10.60	46.52%	Yes
Realty Income	O	3/19/2020	\$ 48.08	\$ 59.47	None	5.10%	\$ 8.40	41.16%	Yes
AT&T	T	3/19/2020	\$ 31.15	\$ 15.58	None	7.12%	\$ 5.79	-31.39%	Yes
Enterprise Products Partners	EPD	3/19/2020	\$ 14.52	\$ 26.04	None	7.30%	\$ 5.51	117.25%	No
Kinder Morgan	KMI	3/19/2020	\$ 11.20	\$ 16.49	None	6.73%	\$ 3.24	76.20%	Yes
Ventas	VTR	3/19/2020	\$ 19.98	\$ 44.49	None	4.05%	\$ 5.74	151.42%	Yes
Public Storage	PSA	3/19/2020	\$ 187.60	\$ 283.30	None	2.82%	\$ 35.15	69.75%	Yes
International Paper	IP	3/19/2020	\$ 30.13	\$ 30.74	None	6.02%	\$ 4.77	17.85%	Yes
STAG Industrial	STAG	3/19/2020	\$ 21.71	\$ 34.67	None	4.21%	\$ 4.23	79.19%	Yes
Retail Opportunity Investments	ROIC	3/19/2020	\$ 7.25	\$ 13.16	None	4.56%	\$ 1.27	99.03%	Yes

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