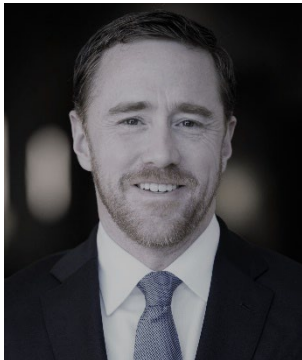


The Sizemore Income Letter

June 16, 2023

Is That Recession Ever Coming?

By Charles Lewis Sizemore, CFA



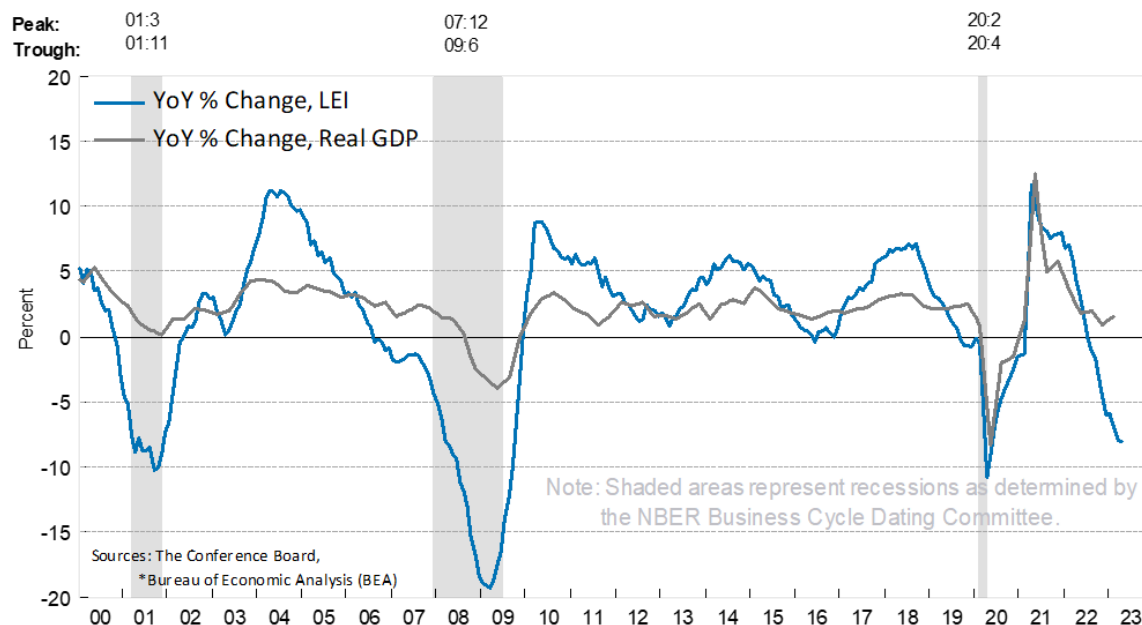
Let's talk recession. I've touched on this a few times in recent weeks, but the risk doesn't seem to be abating any time soon, so it is worthwhile to revisit. I also plan to revisit this again in another week once the monthly data is refreshed.

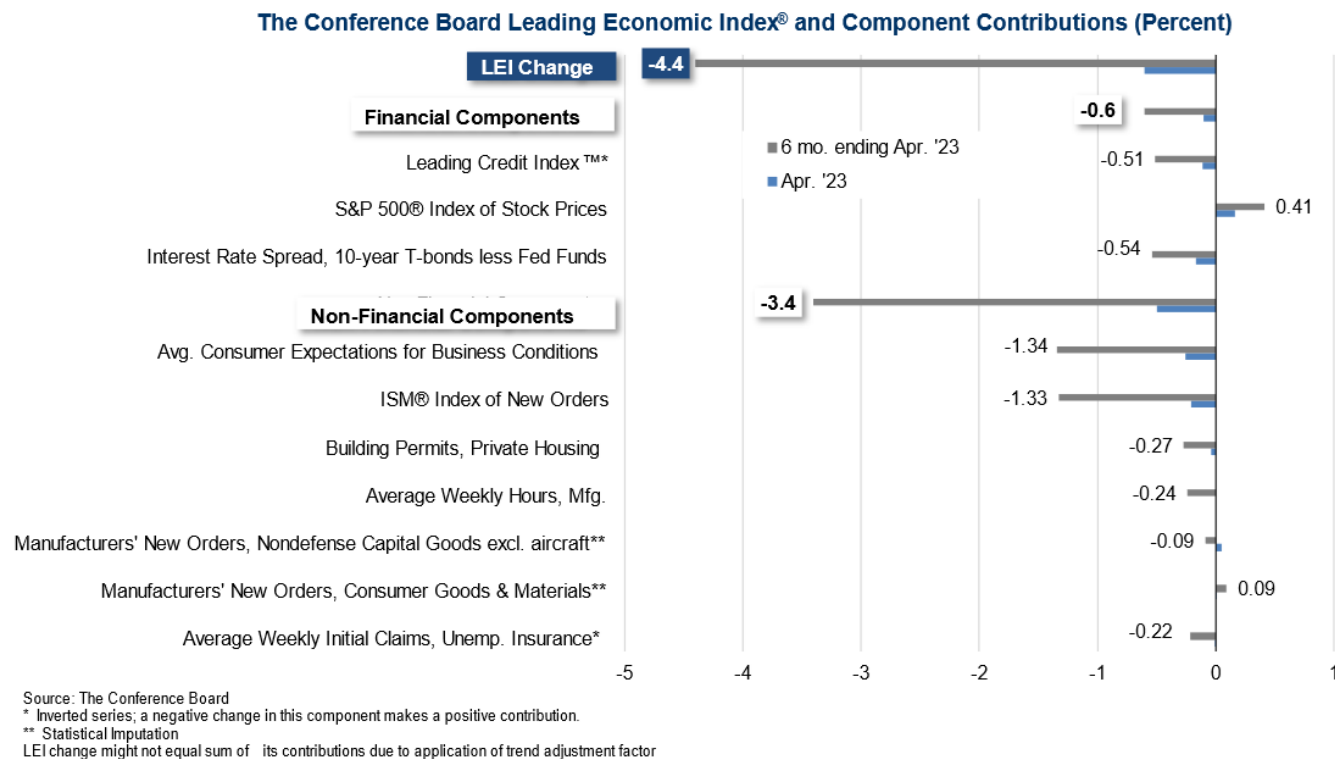
We are not currently in recession, as the job market is about as healthy as it's been in living memory, and GDP growth remains positive. But the Leading Economic Indicators (LEI), published by the Conference Board, have been flashing warning signs.

The LEI has been in decline for 13 consecutive months and the rate of declines is actually accelerating slightly. Over the six months ended in April, the index dropped 4.4%, which is higher than the 3.8% drop of the prior six months. It's worth noting that the decline in the LEI is getting close to levels we saw in 2000-2001, during the tech bust.

The high-level data is interesting, but I like to get granular.

Leading Economic Indicators





Of the 10 components, eight are negative over the past six months and a ninth is flat.

There is only a single metric that points to growth... and it's the performance of the S&P 500. Literally every other metric is down or flat.

Now, you tell me. Does this make sense? The stock market is chugging along as if we were in a perfect Goldilocks economy (not too hot, not too cold) while everything else points to trouble ahead.

Maybe the market is right here and the other nine metrics will reverse course and reflect it. Or maybe the market is looking past a possible recession and is already pricing in the Fed stimulus that will happen as a result. That wouldn't be the weirdest thing we've seen the market do in recent years.

We'll see. But my advice remains this: If you have good, high-quality names in your portfolio, it's fine to hold on to them, particularly if they're paying dividends. But I wouldn't recommend putting a lot of new cash to work right now. You can make over 5% in T-bills, so a stock really needs to look attractive to justify taking the extra risk.

I can make that claim with our positions in the Sizemore Income Letter. These are stocks that are worth pulling cash out of T-bills to buy. But all the same, I still recommend keeping a bigger piece of your portfolio than usual in cash. I expect another leg down in the market, and I want to have cash on hand to buy that dip.

That's all I have for today. Have a great weekend, and keep cashing those dividend checks! We'll pick this up next week.



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	\$11.04	\$8.34	3.49%	\$ -	3.23%	Yes	Buy
W.P. Carey Inc	WPC	4/26/2023	\$73.59	\$70.62	\$59.92	6.04%	\$ -	-4.04%	Yes	Buy
Nuveen Real Estate Income Fund	JRS	1/30/2023	\$8.46	\$7.32	\$6.41	9.77%	\$ 0.17	-11.47%	Yes	Buy
iShares MSCI Brazil ETF	EWZ	12/26/2022	\$28.79	\$32.40	\$20.15	10.84%	\$ -	12.52%	Yes	Buy
Atlantica Sustainable Infrastructure	AY	11/22/2022	\$27.75	\$24.03	\$20.41	7.32%	\$ 0.89	-10.20%	Yes	Buy
Cheniere Energy Partners	CQP	8/4/2022	\$46.49	\$46.44	\$41.42	7.52%	\$ 1.07	2.18%	No	Buy
Citigroup Inc	C	6/23/2022	\$47.34	\$48.45	\$36.00	4.21%	\$ 1.02	4.49%	Yes	Buy
ONEOK, Inc.	OKE	4/28/2022	\$65.50	\$60.99	\$47.91	6.13%	\$ 2.81	-2.60%	Yes	Buy
Energy Transfer Partners	ET	12/27/2021	\$8.16	\$12.83	\$8.59	7.17%	\$ 0.87	67.83%	No	Buy
EPR Properties	EPR	11/29/2021	\$47.78	\$45.69	\$33.92	7.22%	\$ 3.20	2.31%	Yes	Buy
Chevron Corporation	CVX	9/30/2021	\$103.33	\$158.80	\$132.62	3.58%	\$ 7.02	60.47%	Yes	Buy
ClearBridge Energy Midstream Opportunity	EMO	5/26/2021	\$21.94	\$29.59	\$20.49	6.89%	\$ 2.68	47.08%	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	\$ 42.74	None	5.15%	\$ 1.10	12.21%	Yes
Conagra Brands	CAG	6/23/2022	\$ 32.47	\$ 34.73	None	3.80%	\$ 0.99	9.99%	Yes
The Clorox Company	CLX	6/23/2022	\$ 132.28	\$ 156.16	None	3.02%	\$ 3.54	20.73%	Yes
Campbell Soup Company	CPB	6/23/2022	\$ 47.04	\$ 46.57	None	3.18%	\$ 1.11	1.36%	Yes
Flowers Foods	FLO	6/23/2022	\$ 24.97	\$ 24.82	None	3.55%	\$ 0.44	1.18%	Yes
General Mills	GIS	6/23/2022	\$ 67.90	\$ 81.13	None	2.66%	\$ 1.62	21.86%	Yes
J.M. Smucker Company	SJM	6/23/2022	\$ 123.83	\$ 154.04	None	2.65%	\$ 3.06	26.86%	Yes
Target Corporation	TGT	6/23/2022	\$ 141.08	\$ 134.44	None	3.21%	\$ 3.24	-2.41%	Yes
Coca-Cola Company	KO	4/27/2022	\$ 65.56	\$ 62.07	None	2.84%	\$ 1.32	-3.31%	Yes
Prologis	PLD	10/29/2021	\$ 146.67	\$ 123.54	None	2.56%	\$ 3.79	-13.19%	Yes
Crown Castle International	CCI	10/29/2021	\$ 181.90	\$ 115.69	None	5.08%	\$ 7.45	-32.31%	Yes
Philip Morris International	PM	3/30/2021	\$ 89.35	\$ 95.84	None	5.30%	\$ 7.49	15.65%	Yes
Altria Group	MO	3/19/2020	\$ 37.10	\$ 44.17	None	8.51%	\$ 10.60	47.64%	Yes
Realty Income	O	3/19/2020	\$ 48.08	\$ 61.50	None	5.10%	\$ 8.40	45.39%	Yes
AT&T	T	3/19/2020	\$ 31.15	\$ 16.10	None	6.89%	\$ 5.79	-29.72%	Yes
Enterprise Products Partners	EPD	3/19/2020	\$ 14.52	\$ 26.29	None	7.23%	\$ 5.51	118.94%	No
Kinder Morgan	KMI	3/19/2020	\$ 11.20	\$ 17.02	None	6.52%	\$ 3.24	80.88%	Yes
Ventas	VTR	3/19/2020	\$ 19.98	\$ 46.59	None	3.86%	\$ 5.74	161.93%	Yes
Public Storage	PSA	3/19/2020	\$ 187.60	\$ 290.00	None	2.76%	\$ 35.15	73.32%	Yes
International Paper	IP	3/19/2020	\$ 30.13	\$ 31.87	None	5.80%	\$ 4.77	21.60%	Yes
STAG Industrial	STAG	3/19/2020	\$ 21.71	\$ 36.66	None	3.98%	\$ 4.23	88.36%	Yes
Retail Opportunity Investments	ROIC	3/19/2020	\$ 7.25	\$ 13.61	None	4.41%	\$ 1.27	105.24%	Yes

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