

The background of the slide features a blurred image of financial charts. On the left, there is a candlestick chart with red and blue bars. Overlaid on this and extending across the right side are two line charts: one in yellow and one in white. Both line charts show an upward trend followed by a sharp decline. The entire background is set against a dark blue grid.

WJ Charts of the Month

February 2024

WJ Interests, LLC
WEALTH ADVISORS

WJ Charts of the Month Intro

"WJ Charts of the Month" is a comprehensive monthly slide deck designed to showcase recent significant financial events and data. The presentation is organized into four sections, beginning with a "Highlights" slide that sets the stage for the subsequent content.

- 1. What Happened Last Month:** This section features a curated collection of charts and images from various publications, offering a visual summary of the previous month's key events.
- 2. WJ State of the Economy:** Our team at WJ has created an array of charts to emphasize crucial economic factors and trends.
- 3. WJ State of the Markets:** Similarly, this section comprises a series of charts crafted by WJ to provide an overview of the core markets we monitor.

We strive to maintain consistency across the charts to facilitate easy comparison month-over-month. However, we may adjust or emphasize specific charts if their relevance shifts over time.

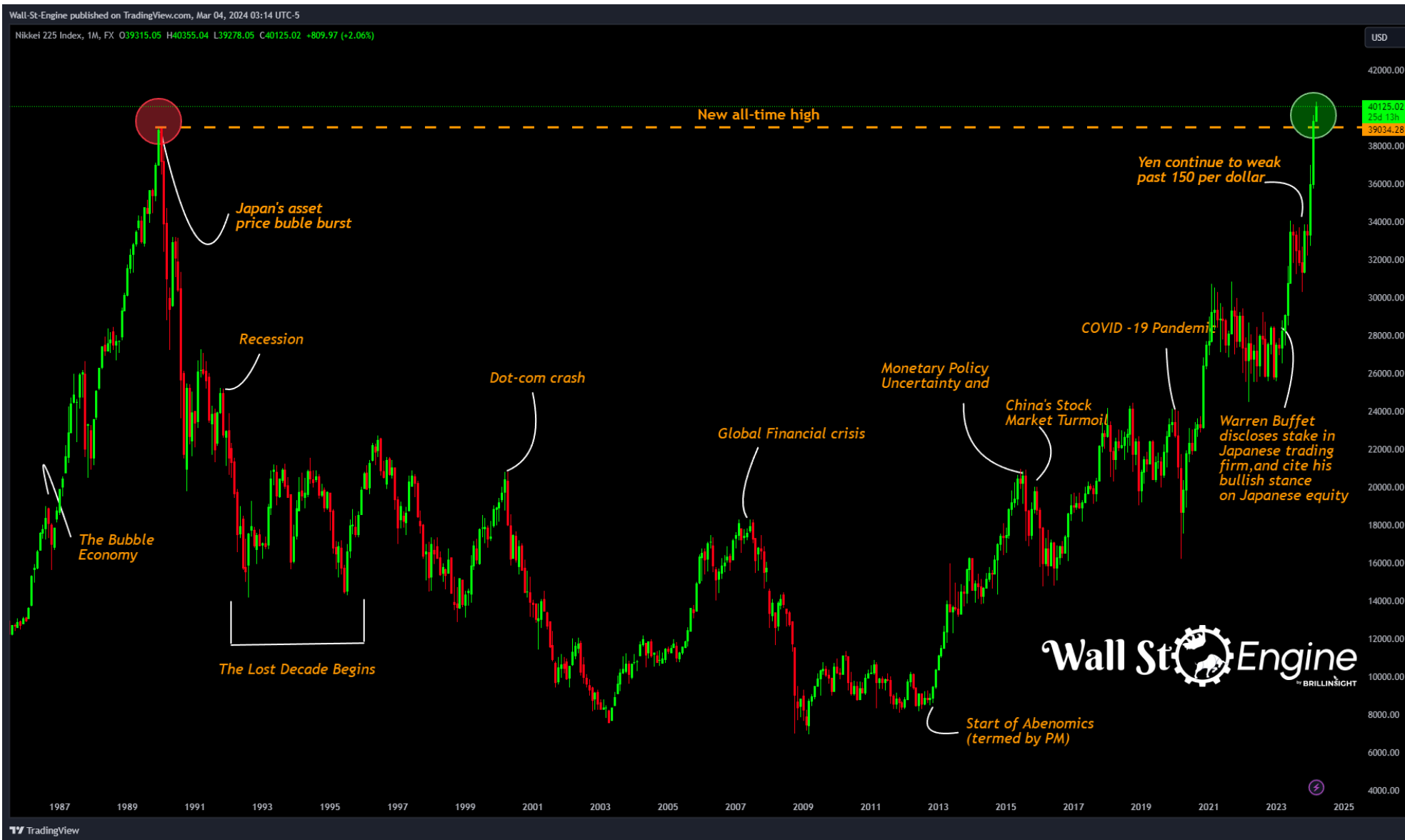
Our objective with this publication is to establish a "One-Stop Shop" for the most vital financial information, presented in a concise and easily digestible format. **We value your feedback to help us achieve this goal.** If you have suggestions regarding the format, or if there's particular information you'd like to see in future editions, please don't hesitate to let us know.

Highlights

- [Japan Hits All Time High After 34 Years!](#)
- [Bitcoin Jumps After ETF Approval](#)
- [American Exceptionalism](#)
- [The Month of Nvidia](#)
- [New Chart! How the US Makes and Spends Money](#)
- [Natural Gas Near 30 Year Lows!](#)

What Happened

Japan Hits All Time High after 34 Years!



In 1989, Japan's stock market, the largest in the world at the time, crashed. Incredibly, it has taken 34 years get back to that point!

The chart does a good job noting some of the big events along the way.

This reinforces why stocks are for the long run, and diversification is critical.

New Bitcoin ETFs Fuel Rally

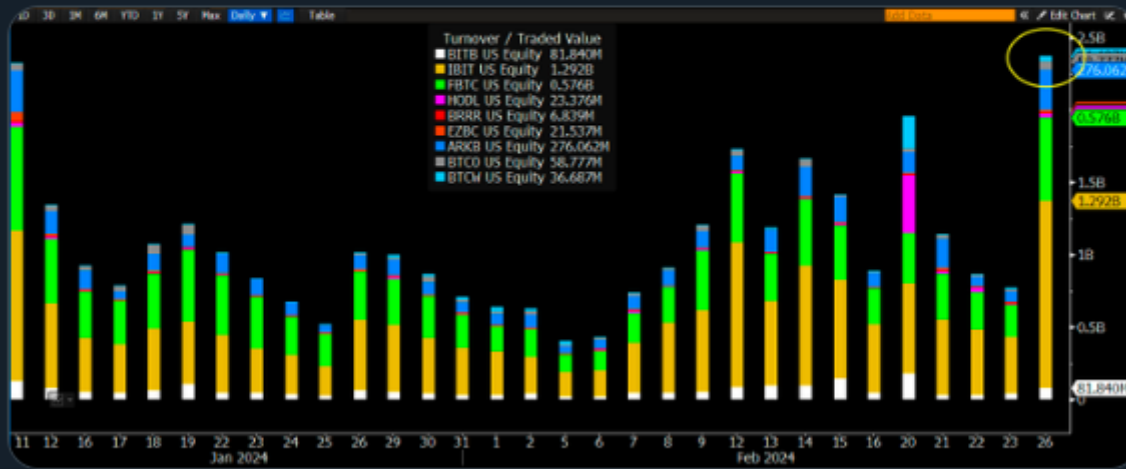
The long-awaited Bitcoin Exchanged Traded Fund (ETF) was approved earlier this year and has fueled a furious rally to all time highs, last seen at the end of 2021. ETFs make bitcoin more accessible for the average person, or for institutions, as they can trade it from their broker like a stock or a bond. The ETFs have been a large success, attracting record amounts of inflows.



Eric Balchunas

@EricBalchunas

It's official..the New Nine Bitcoin ETFs have broken all time volume record today with \$2.4b, just barely beating Day One but about double their recent daily average. **\$IBIT** went wild accounting for \$1.3b of it, breaking its record by about 30%.



3:13 PM · Feb 26, 2024 · 1M Views

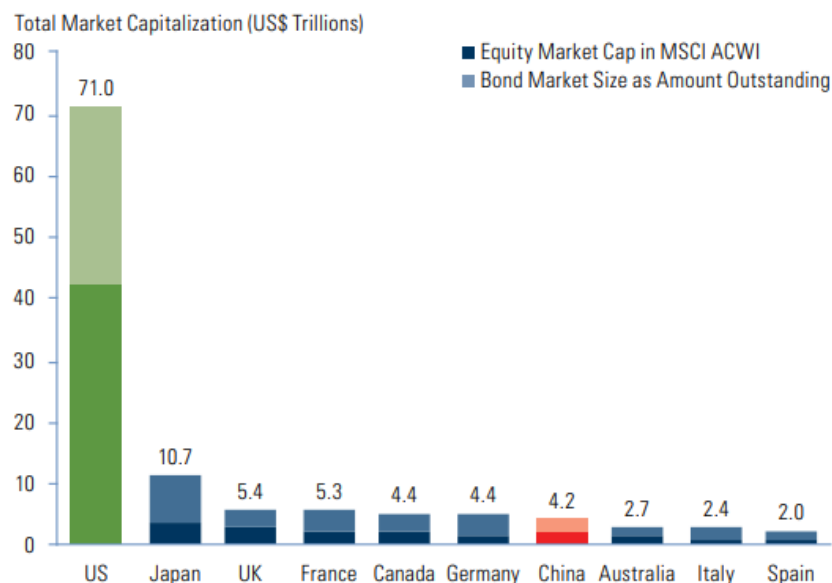


koyfin

America Has Been Exceptional

Exhibit 7: Top 10 Countries Ranked by Size of Bond and Equity Markets

The US has the largest and deepest financial markets.



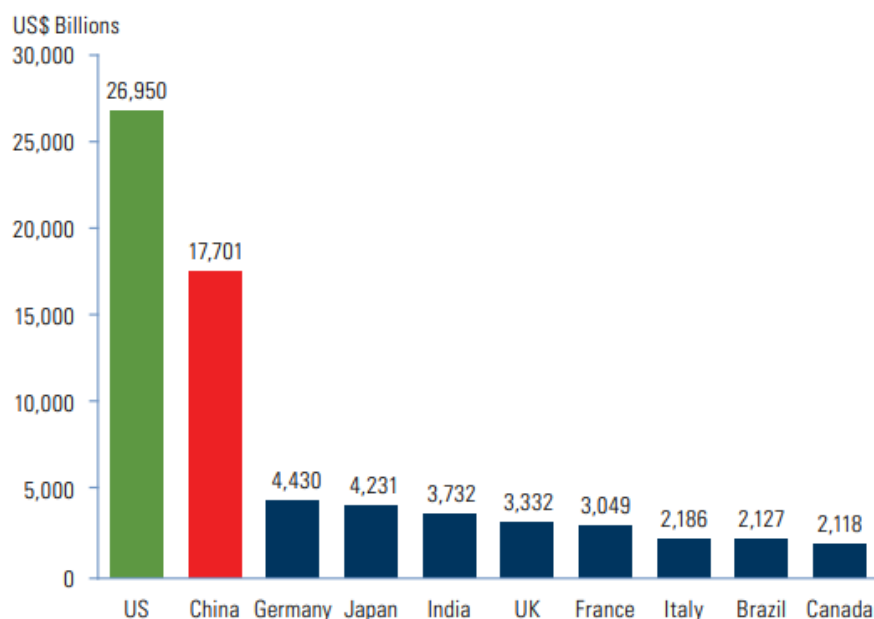
Data as of December 31, 2023.

Note: Bond market cap represented by Bloomberg Aggregate and JP Morgan bond indices.

Source: Investment Strategy Group, Datastream, Bloomberg, JP Morgan.

Exhibit 5: Top 10 Countries Ranked by 2023 Nominal GDP

The US has the highest GDP in the world.



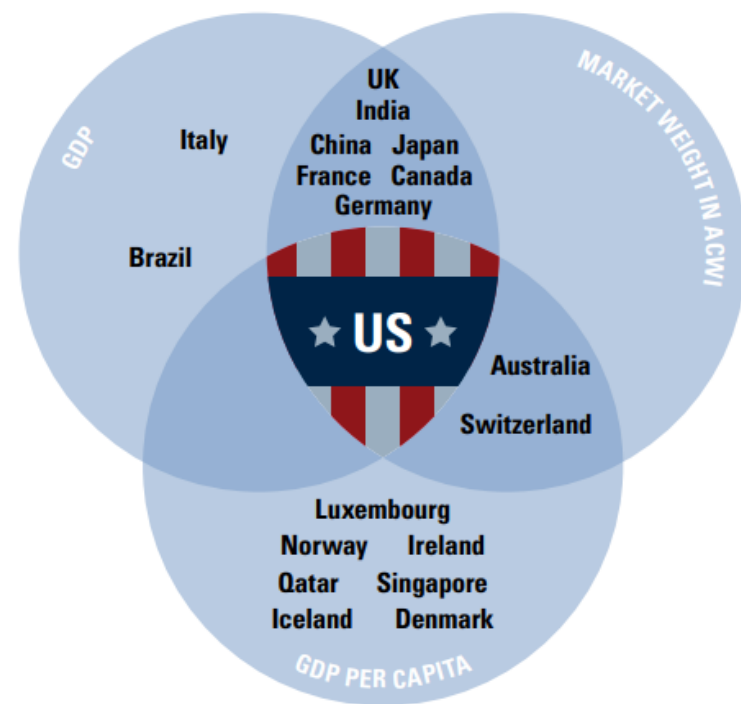
Data as of 2023.

Note: IMF full year estimate as of October 2023.

Source: Investment Strategy Group, IMF World Economic Outlook.

Exhibit 8: Top 10 Countries by GDP, GDP per Capita and Market Weight in MSCI ACWI

The US is the only country that ranks in the top 10 globally for GDP, GDP per capita and equity market cap.



Data as of December 31, 2023.

Source: Investment Strategy Group, Datastream, IMF World Economic Outlook.

Goldman Sachs' Investment Strategy Group recently published a fantastic [report](#) on the global economy, with a focus on what has led to US dominance, and why it will likely continue. It's extraordinarily in depth (108 pages) and provided some awesome visuals.

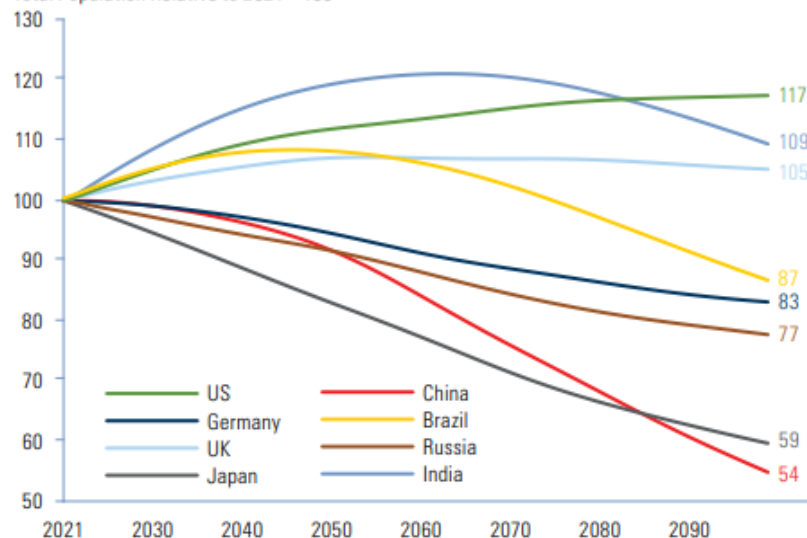
And Can Continue to Be...

From the same report, though we are an aging society, relative to other large economies we have favorable demographics. In addition, the US spends quite a bit more than other countries on research and development.

Exhibit 12: Total Population Projections

The US has favorable demographics in terms of growth of total population.

Total Population Relative to 2021 = 100

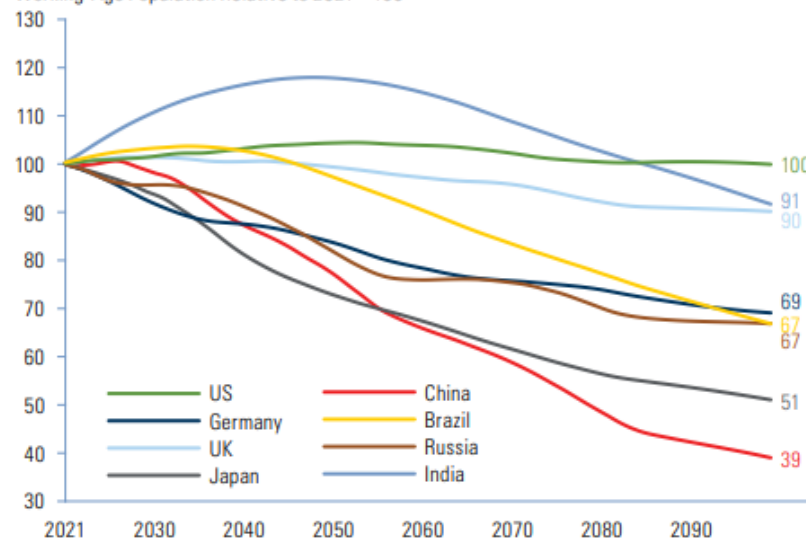


Data through 2099 (forecast).
Source: Investment Strategy Group, United Nations.

Exhibit 13: Working-Age Population Projections

The US has favorable demographics in terms of growth of its labor force.

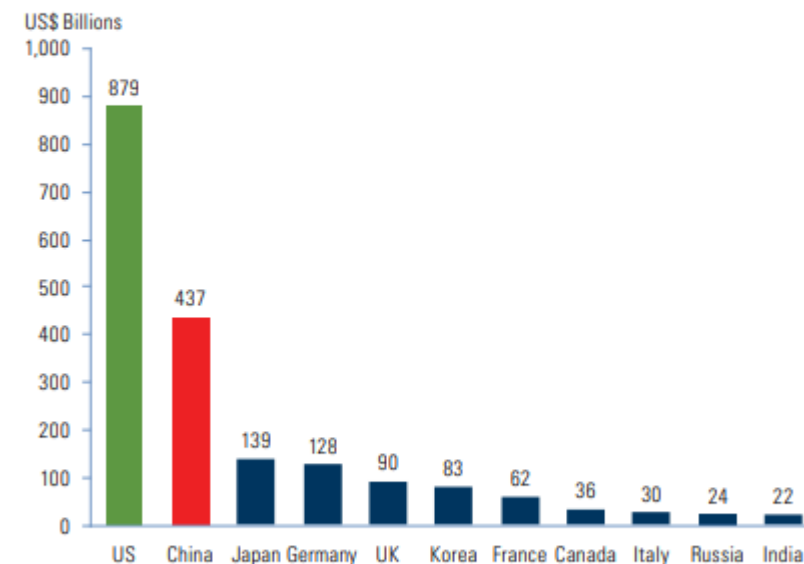
Working-Age Population Relative to 2021 = 100



Data through 2099 (forecast).
Source: Investment Strategy Group, United Nations.

Exhibit 14: Top Countries Ranked by R&D Spending

The US spent \$879 billion in 2022 on research, which is more than the next five countries combined.

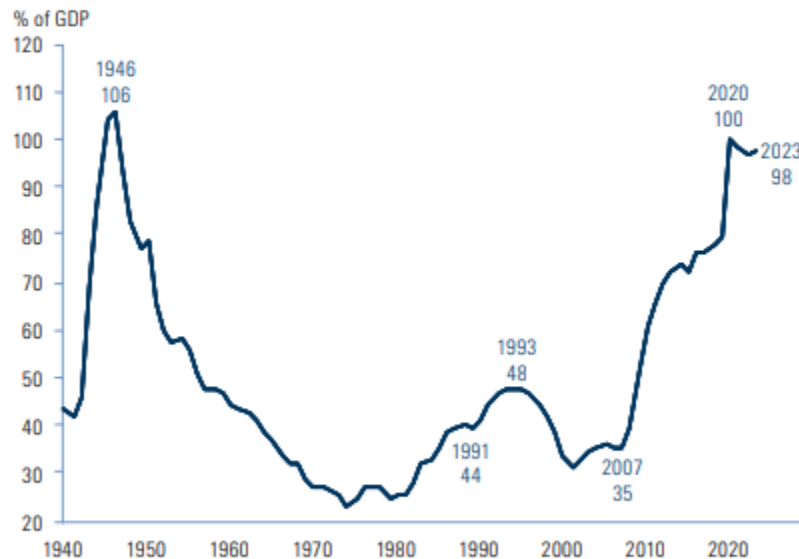


Data as of 2022.
Source: Investment Strategy Group, Haver Analytics.

Not All is Great, Unfortunately

Exhibit 31: US Federal Government Debt as a Share of GDP

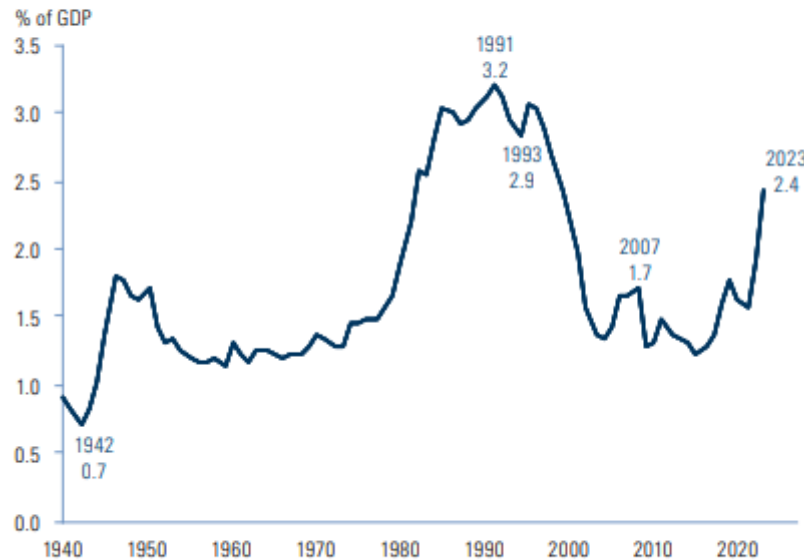
Federal debt as a share of GDP has increased from a pre-GFC low of 35% in 2007 to 98% in 2023.



Data through 2023.
Note: 2023 data is a CBO estimate.
Source: Investment Strategy Group, Haver Analytics.

Exhibit 32: US Government Debt Service as a Share of GDP

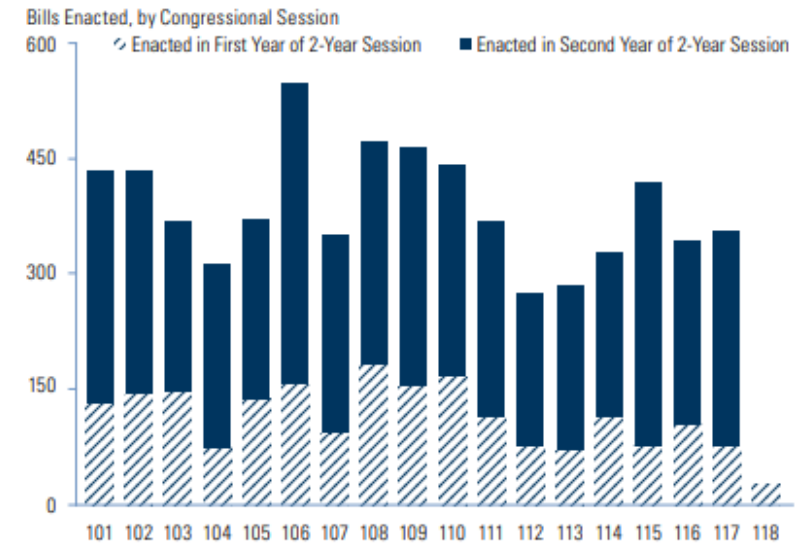
The cost of financing debt has increased to 2.4% of GDP in 2023.



Data through 2023.
Source: Investment Strategy Group, Haver Analytics.

Exhibit 22: Bills Enacted by US Congressional Session

The 118th (2023) Congress is one of the most unproductive in modern history.



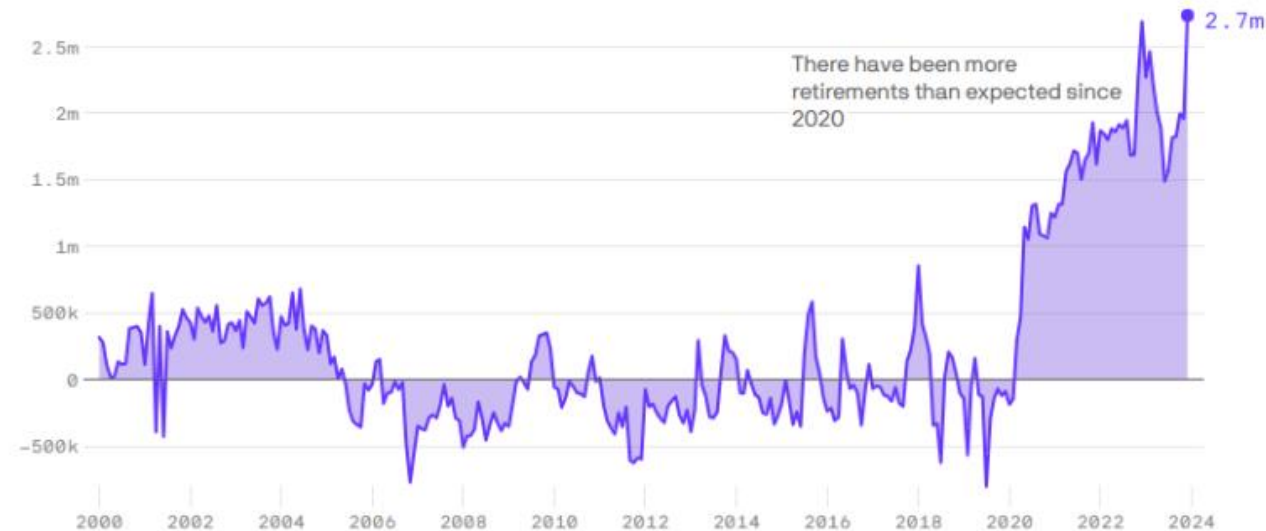
Data as of December 18, 2023.
Source: Investment Strategy Group, Axios, Quorum.

Though the US has had solid growth, its debt has grown even faster. And with the recent increase in interest rates, this has almost doubled our annual interest expense relative to GDP. Unfortunately, there hasn't been much done about it, as evidenced by our unusually unproductive Congress. We recently did a presentation all about the US government's debt, which you can find [HERE](#). Passcode: W?TCS\$6\$

And There's More Fiscal Stress Coming

Estimated excess retirees in U.S.

Monthly; January 2000 to December 2023



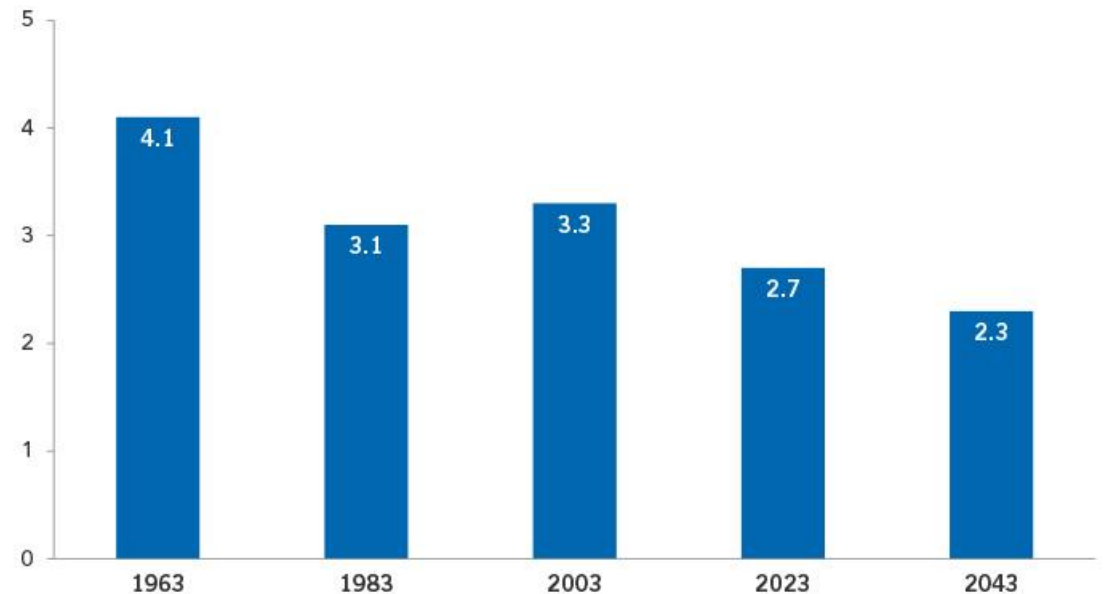
Data: St. Louis Federal Reserve. Chart: Axios Visuals

The largest contributor to spending is the baby boomers entering retirement. Retirement benefits such as social security and medicare are paid for by employee/employer payroll taxes. If the number of people retiring exceeds new workers, it stresses the system. COVID accelerated retirement which has caused a surge in benefit spending. Unfortunately, that situation is expected to get worse.



As the population ages, fewer workers will be paying taxes to support each Social Security beneficiary

Workers per Beneficiary Ratio



SOURCE: Social Security Administration, *The 2023 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, March 2023.

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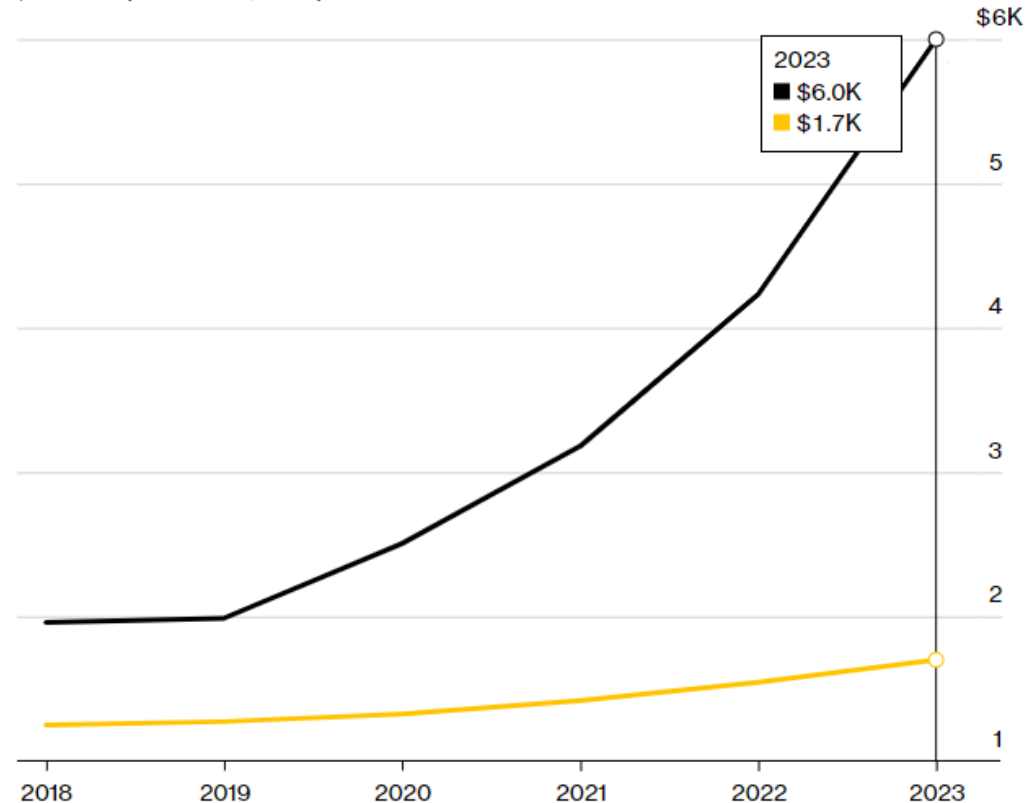
Insurance Is Expensive

Inflation came in pretty moderate overall, but one of the worst components within the inflation index are insurance costs. This is especially true in certain areas, such as Florida, where prices have tripled since the pandemic. One way to hedge some of this cost in your portfolio is to buy Reinsurance, which benefits directly from premium increases.

Homeowners Policies Surging in Florida

Average homeowners insurance rates in Florida have tripled this decade

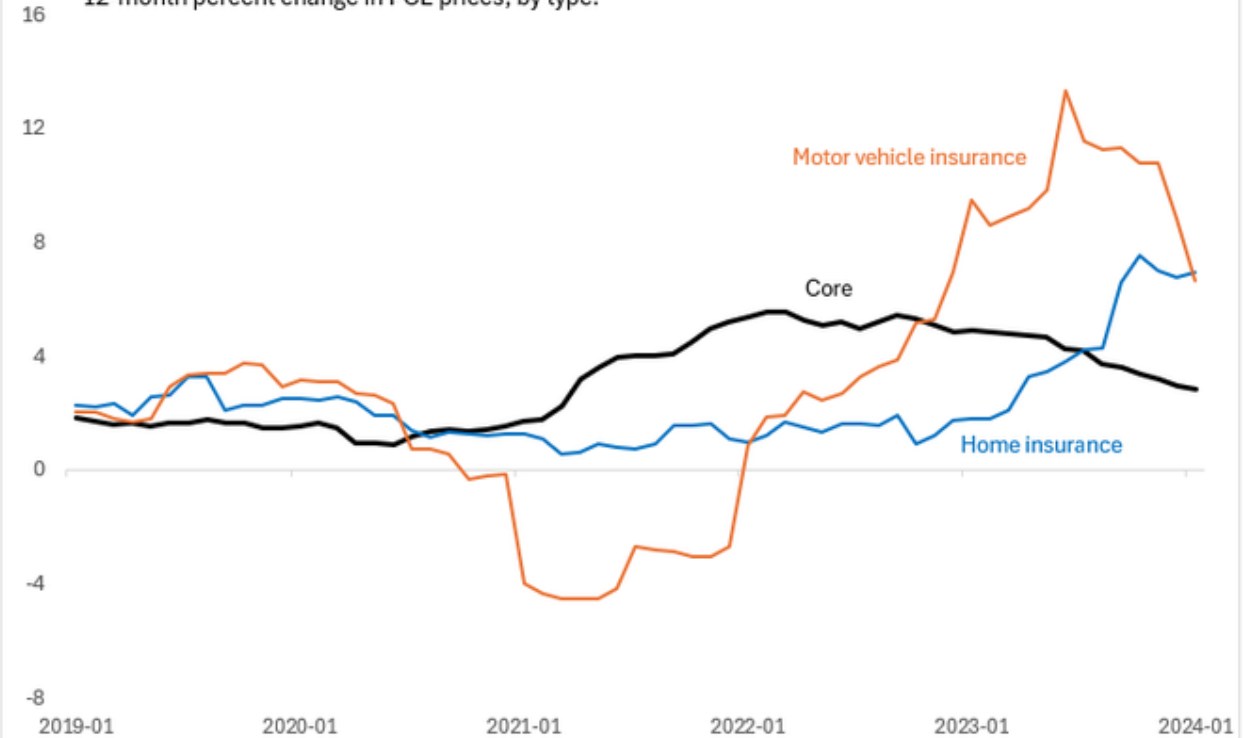
▬ Florida premiums ▬ US premiums



Source: Insurance Information Institute

Motor vehicle and home insurance inflation is outpacing core inflation

12-month percent change in PCE prices, by type.



Source: Bureau of Economic Analysis.

NVIDIA is on an Unbelievable Run

Nvidia Earnings

Results:

- **Beat** revenue guide by 7.5% & **beat** estimate 10.5%.
- **Beat** 75.5% GPM estimate & **beat** same GPM guide by 120 bps.
- **Beat** EBIT estimate by 10.2% & **beat** EBIT guide by 26.1%.
- **Beat** \$4.64 EPS estimate by \$0.52 or 11.2%.

Next Q Guide:

- **Beat** revenue estimate by 9.1%.
- **Beat** EBIT estimate by 12.2%; **beat** GPM estimate by 150 bps.

Revenue	Q4-24	Q3-24	Q4-23	Q4-21	Q/Q Growth	Y/Y Growth	3-Yr CAGR
Total	\$22.1B	\$18.1B	\$6.05B	\$5.00B	22.1%	265%	64.1%
Data Center	\$18.4B	\$14.5B	\$3.62B	\$1.90B	26.9%	5x+	113%
Gaming	\$2.87B	\$2.86B	\$1.83B	\$2.50B	0.3%	56.8%	4.7%

Margins	Q4-24	Q3-24	Q4-23	Q4-21	Q/Q Bps Δ	Y/Y Bps Δ	3-Yr Bps Δ
GAAP EBIT	61.6%	57.4%	20.8%	30.1%	+420	+4080	+3150
EBIT	66.7%	63.7%	36.8%	41.8%	+300	+2990	+2490
Net Income	58.1%	55.3%	25.9%	39.1%	+280	+2220	+1900

- 64.1% 3-year revenue CAGR vs. 56.4% Q/Q & 51.7% 2 Qs ago.
- \$26B in cash & equivalents; \$5.3B in inventory.
- Nearly \$10B in debt; Share count is down slightly Y/Y.

Stocktwits
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The most WILD stat of the week

Over the last 3-months **\$NVDA** has added **\$TSLA's** entire market cap to its valuation, which is over \$550 billion 🤖

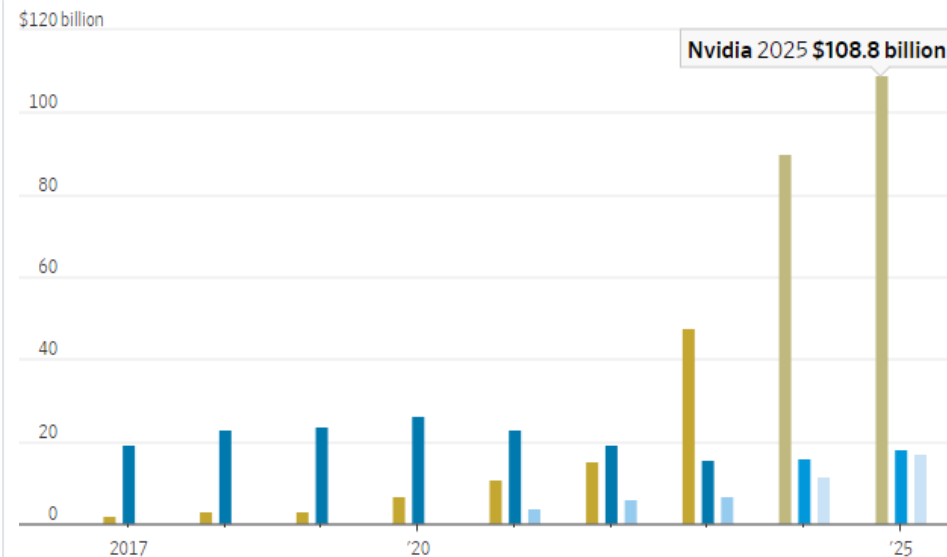


7:43 AM · Feb 6, 2024

192 Reply Share

Data center revenue per calendar year *

■ Nvidia ■ Intel ■ AMD



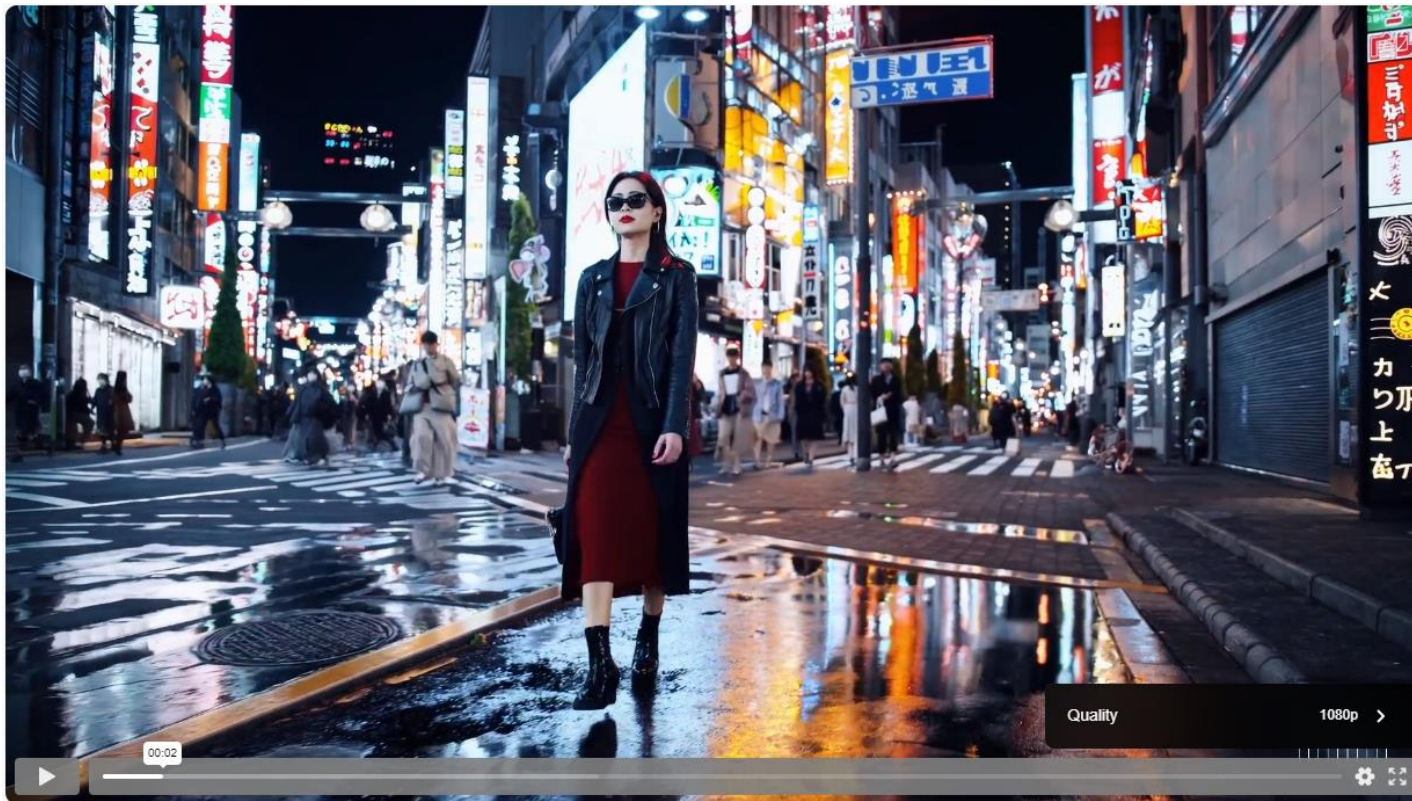
Note: Nvidia's fiscal year ends in January. Data for 2024-25 are projections

Source: FactSet

Nvidia is no doubt the most watched stock in the market today. They had an exceptional earnings report last month that catapulted the stock to the 3rd largest in the world at 2.2T mkt cap. Fueled by the AI boom, Nvidia has put forth some mind-blowing growth expectations on itself. I don't know if it can achieve these insane goals, but it will be fun to watch.

Cool New AI Applications Were Unveiled

The picture on the left is a screenshot of a video made by Sora, OpenAI's (maker of ChatGPT) newest feature that takes a text prompt and turns it into a realistic video. Click the image to see other videos they've made. They are pretty amazing. On the right is an announcement by Klarna, a shopping site that created an AI assistant to help customers. They say the assistant is doing the work of 700 full time agents, possibly with better results!



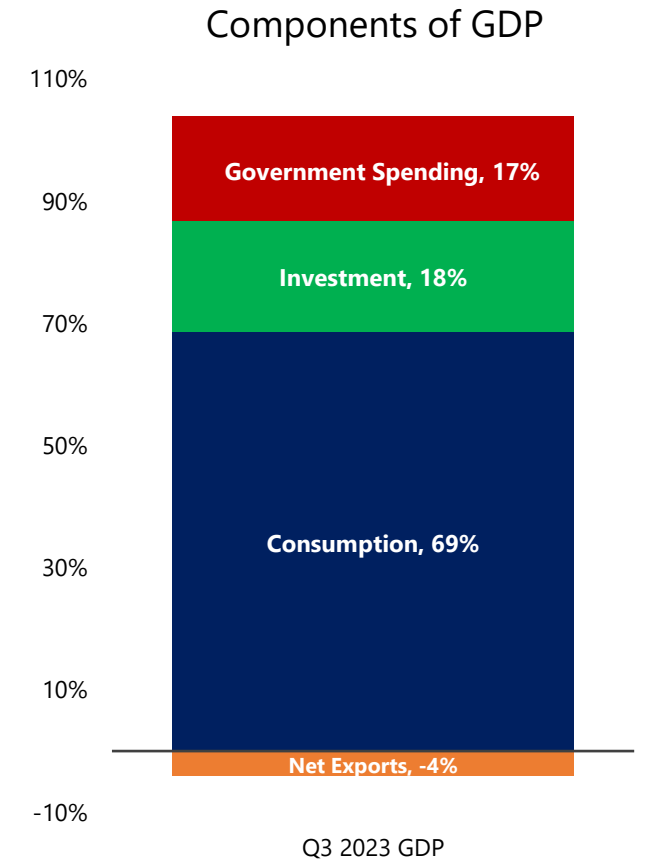
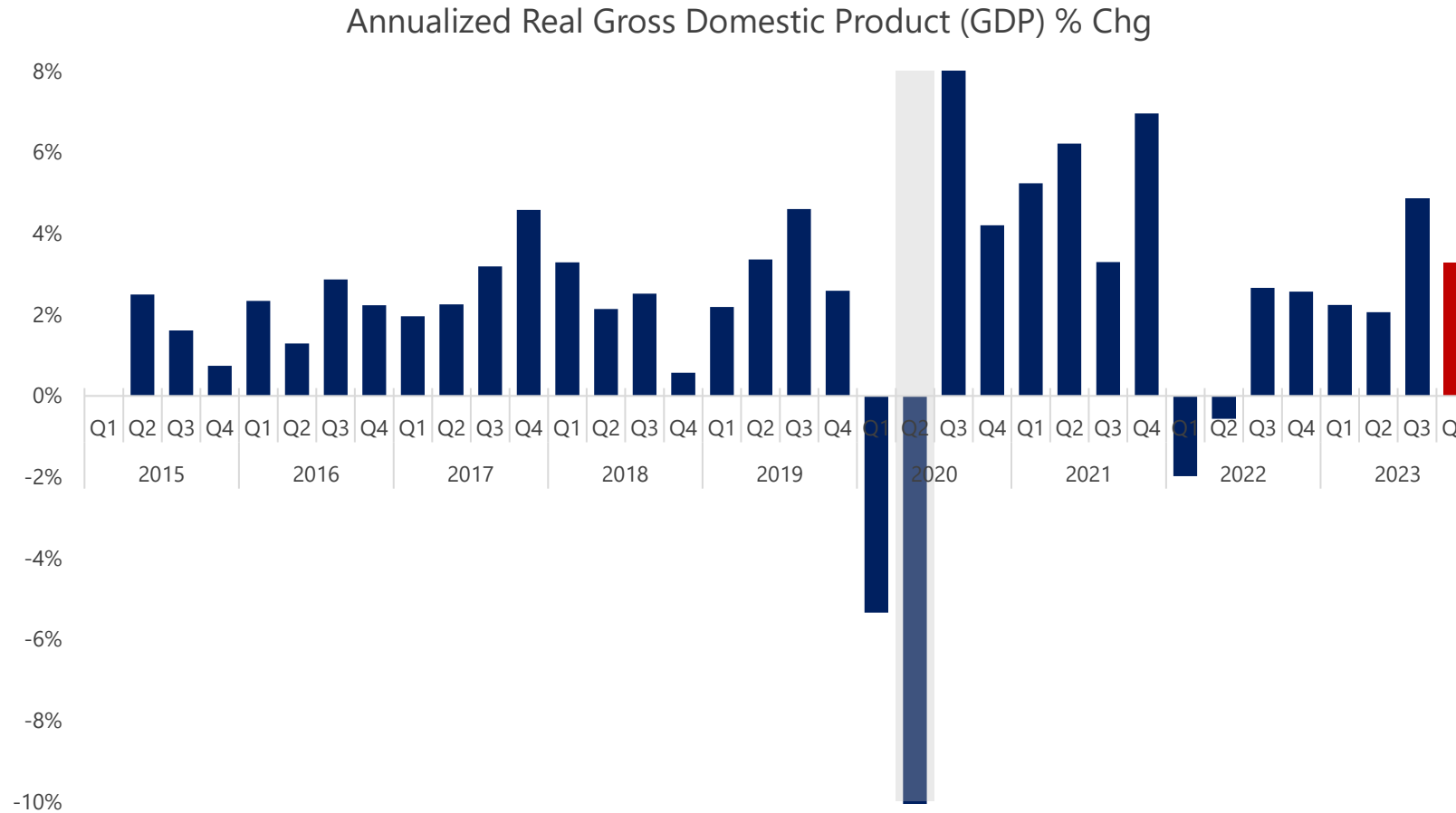
Prompt: A stylish woman walks down a Tokyo street filled with warm glowing neon and animated city signage. She wears a black leather jacket, a long red dress, and black boots, and carries a black purse. She wears sunglasses and red lipstick. She walks confidently and casually. The street is damp and reflective, creating a mirror effect of the colorful lights. Many pedestrians walk about.

New York, NY – February 27, 2024 – [Klarna](#) today announced its AI assistant powered by OpenAI. Now live globally for 1 month, the numbers speak for themselves:

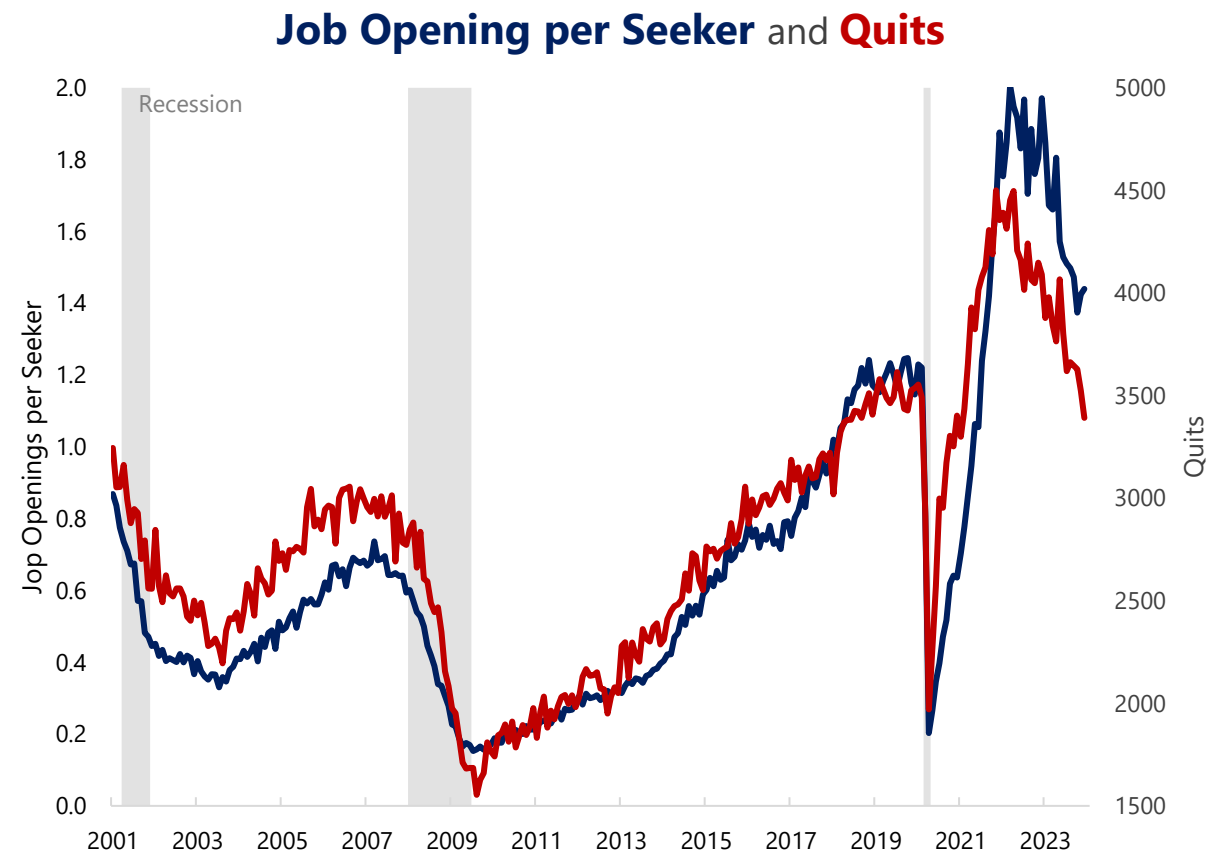
- The AI assistant has had **2.3 million conversations, two-thirds of Klarna's customer service chats**
- It is doing the equivalent work of **700 full-time agents**
- It is on par with human agents in regard to customer satisfaction score
- It is more accurate in errand resolution, **leading to a 25% drop in repeat inquiries**
- Customers now **resolve their errands in less than 2 mins compared to 11 mins previously**
- It's available in **23 markets, 24/7** and communicates in more than **35 languages**
- It's estimated to drive a **\$40 million USD in profit** improvement to Klarna in 2024

WJ State of the Economy

US Economic Growth at 3.3%



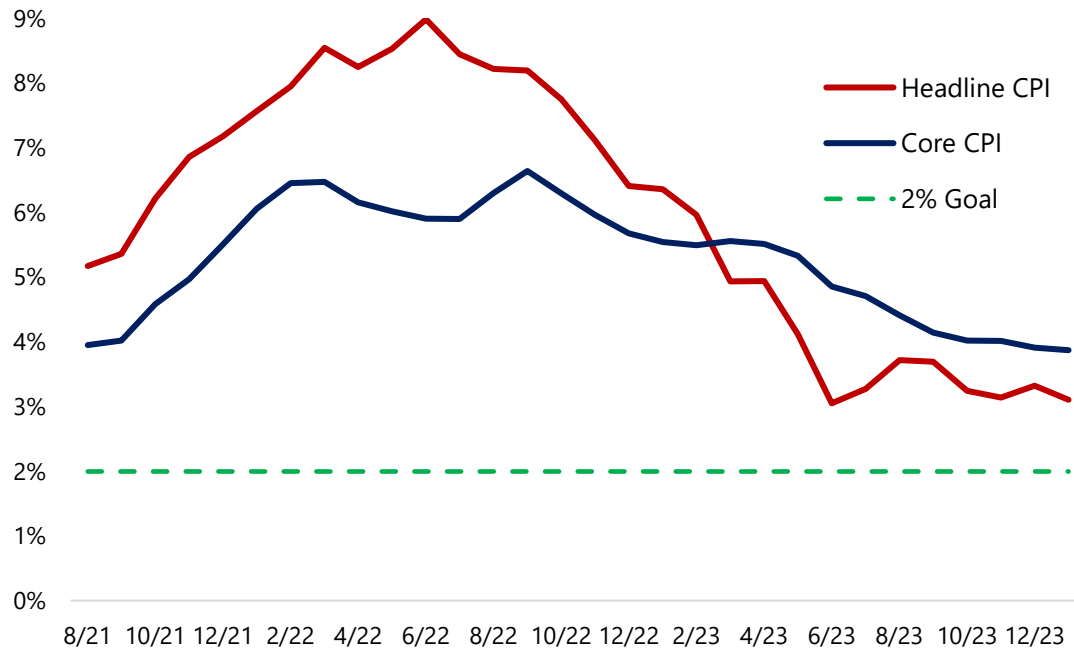
Big Drop In Quit Rate as Labor Market Continues to Tighten



Source: Federal Reserve Economic Database (FRED). Unemployment Rate (left) and Job Openings: Total Nonfarm divided by Unemployment Level as well as Quits: Total Nonfarm (right).
Recessions from NBER based Recession Indicators for the United States from the Period following the Peak through the Trough

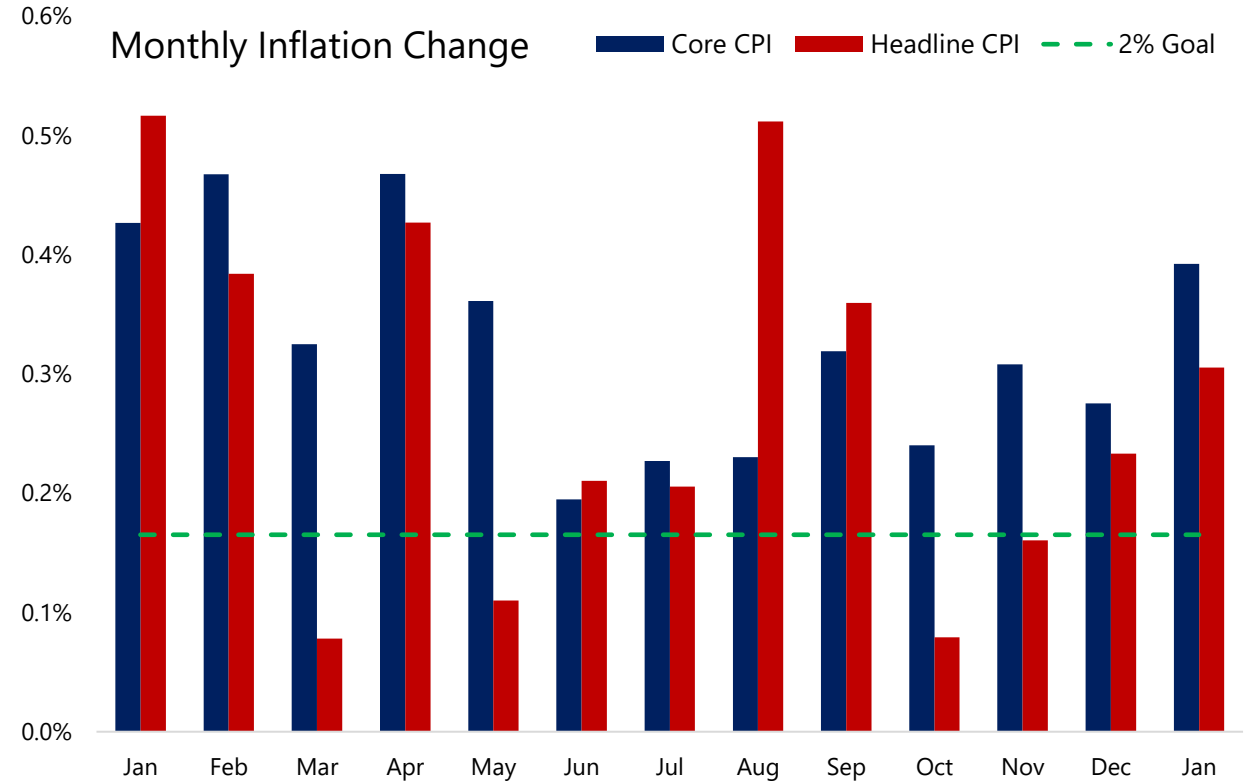
Inflation Slightly Hot Last Month, But Still Cooling

Annual Inflation Change

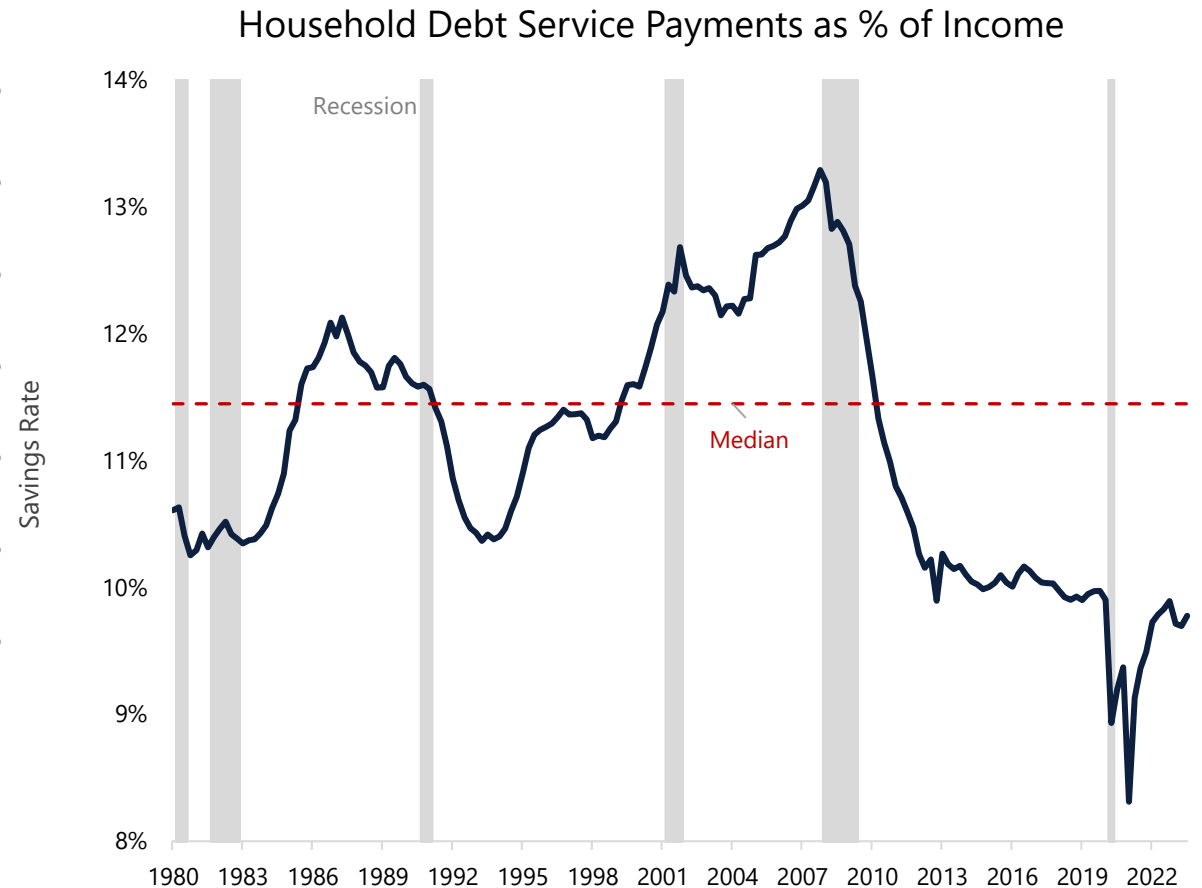
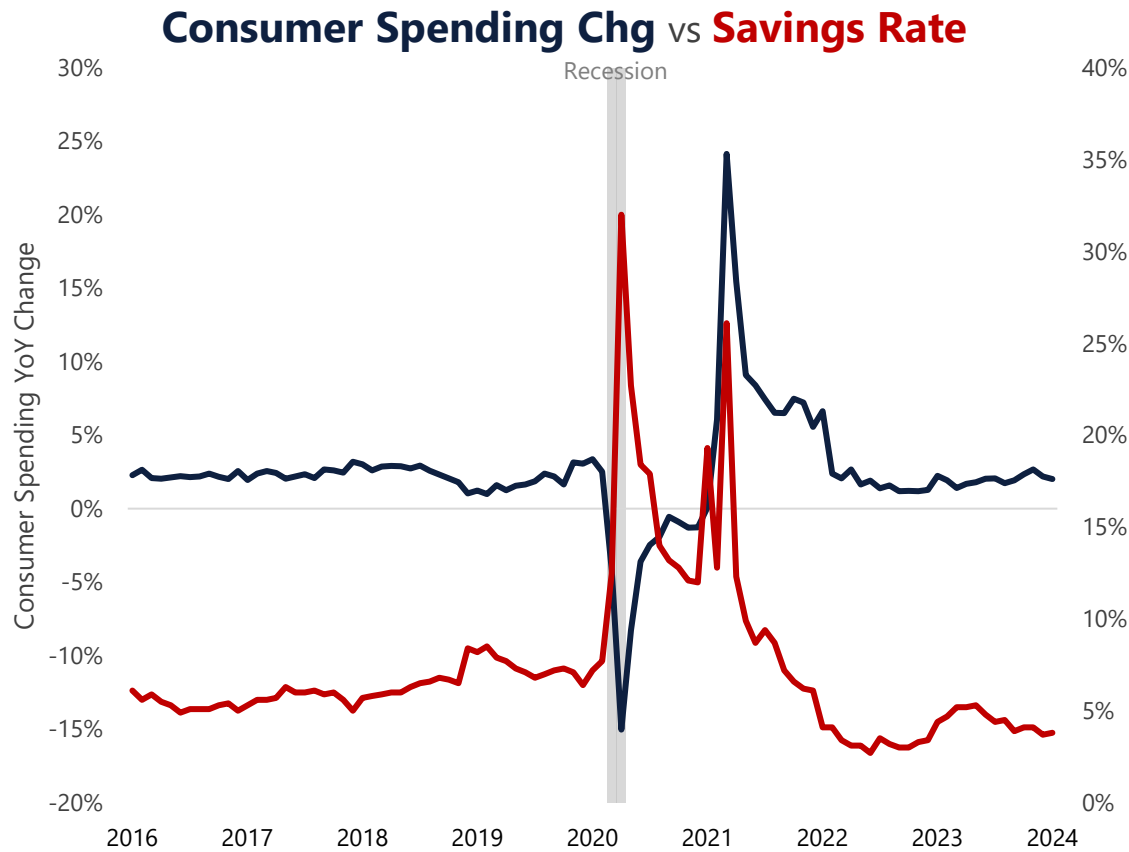


Headline CPI was a little hotter than estimates, but broadly the trends are downward as you can see.

Monthly Inflation Change

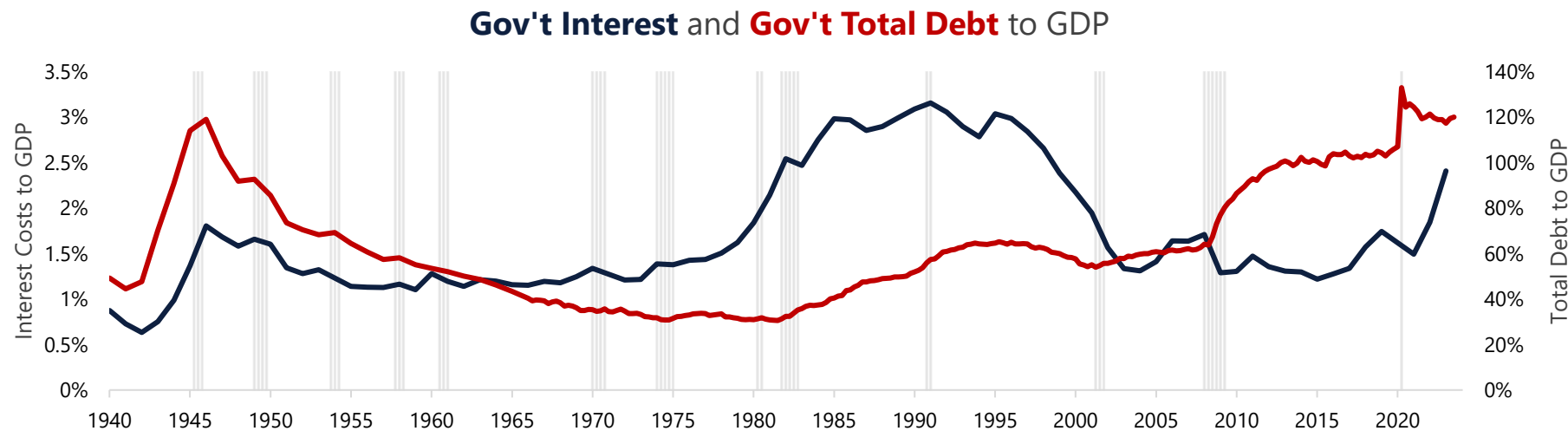
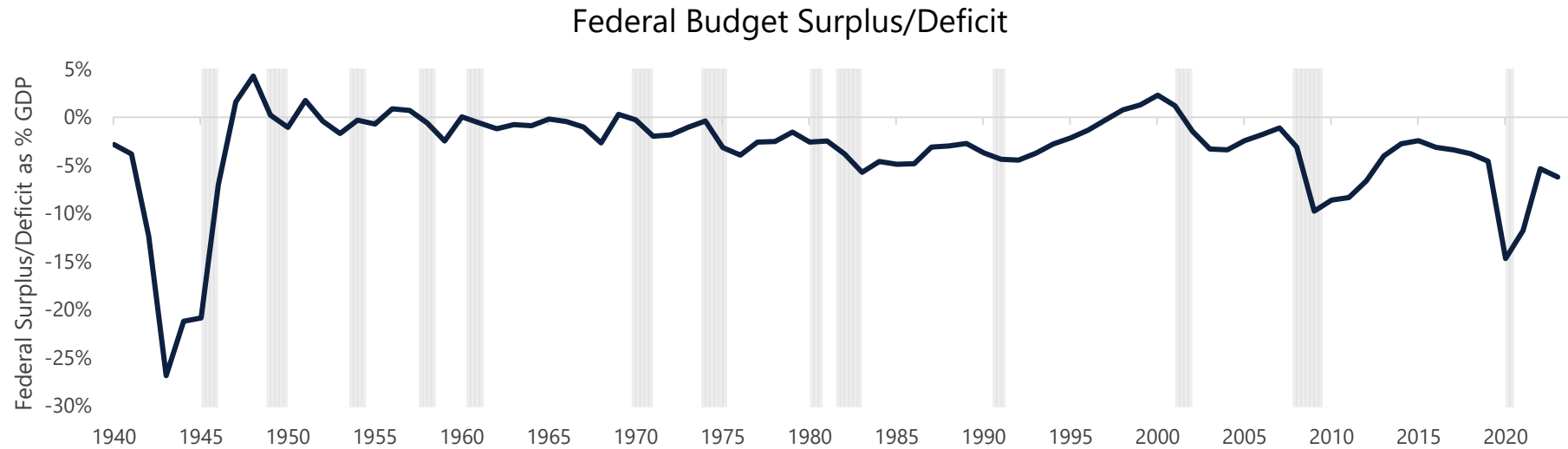


Household Spending is Still Strong



Source: Federal Reserve Economic Database (FRED). Personal Saving Rate plus Real Personal Consumption Expenditures (left) and Household Debt Service Payments as a Percent of Disposable Personal Income (right). Recessions from NBER based Recession Indicators for the United States from the Period following the Peak through the Trough

Government Budget Deficit Increased

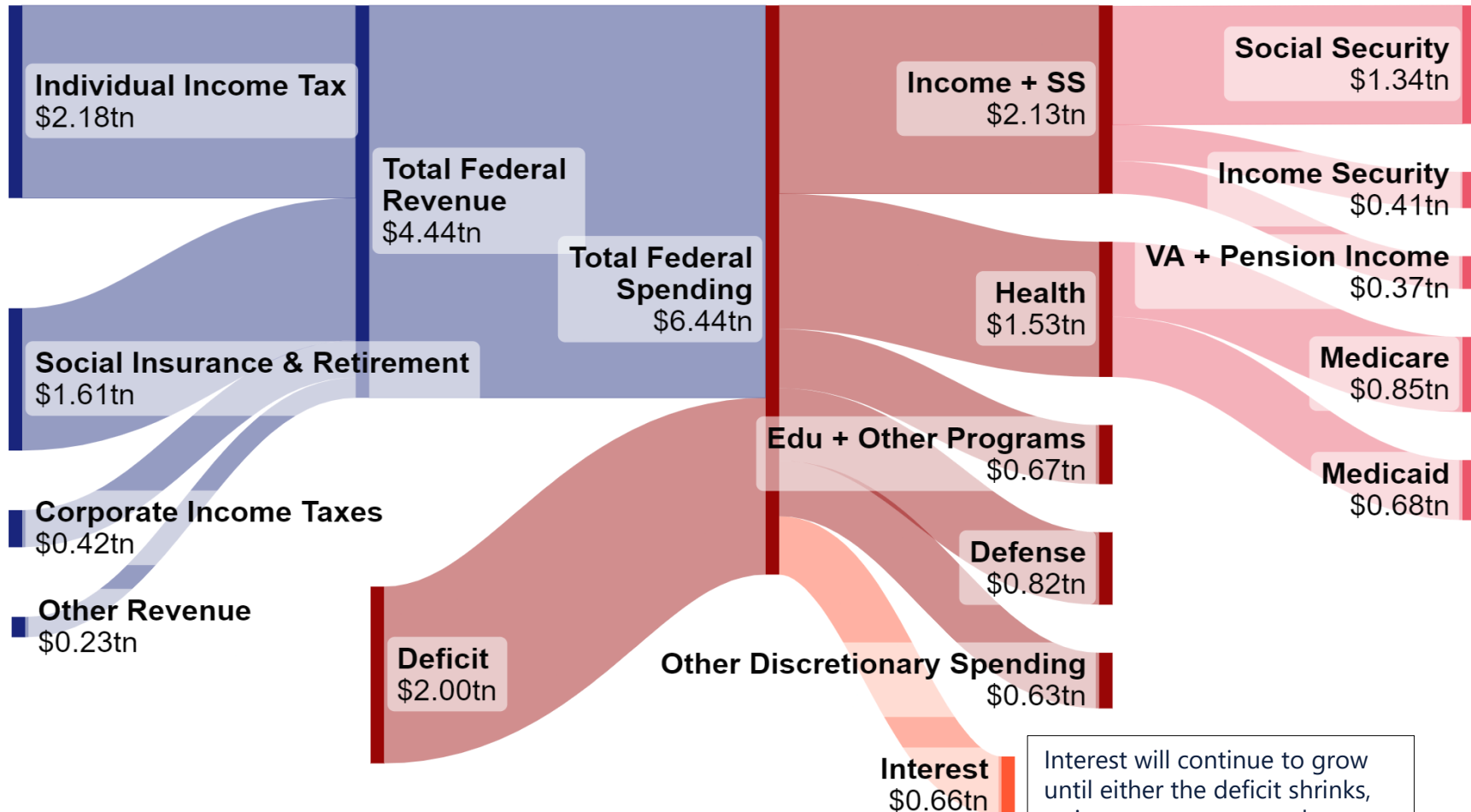


Source: Federal Reserve Economic Database (FRED) Federal Surplus or Deficit [-] as Percent of Gross Domestic Product (top) and Federal Debt: Total Public Debt as Percent of Gross Domestic Product plus Federal Outlays: Interest as Percent of Gross Domestic Product (bottom). Recessions from NBER based Recession Indicators for the United States from the Period following the Peak through the Trough

Government Expenditures 2023

This is a new chart we've made that we'll update as new expenditure/budget data comes out. It's an in depth look at how the US makes money, and how it spends it. On the spending side, the top 3 categories are known as "mandatory spending" and are unable to change without major reform. That leaves "Defense" and "Other Discretionary Spending" as the two categories congress can change on any year.

Income taxes receipts were lower than budgeted, partly due to a bad 2022 that produced low capital gains taxes.



Social Security and Medicare are forecasted to grow rapidly as baby boomers enter retirement. Other programs will fall as a percent of spending.

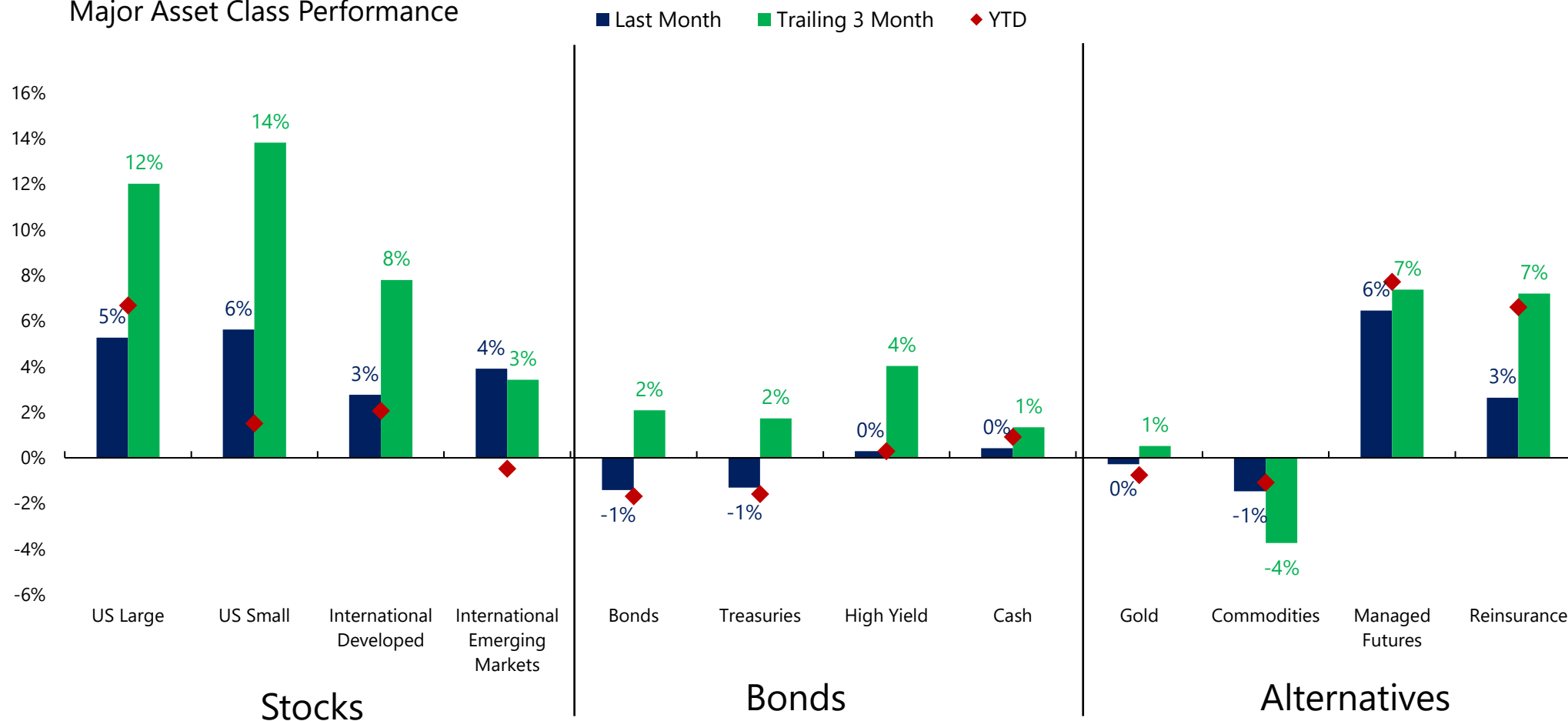
A major part of "other revenue" the last decade has been Federal Reserve Remittances, Where the Fed pays the Treasury any interest it makes over what it pays. With the Fed Funds Rate high, this income has gone away, but could return if rates went down.

Interest will continue to grow until either the deficit shrinks, or interest rates come down.

WJ State of the Markets

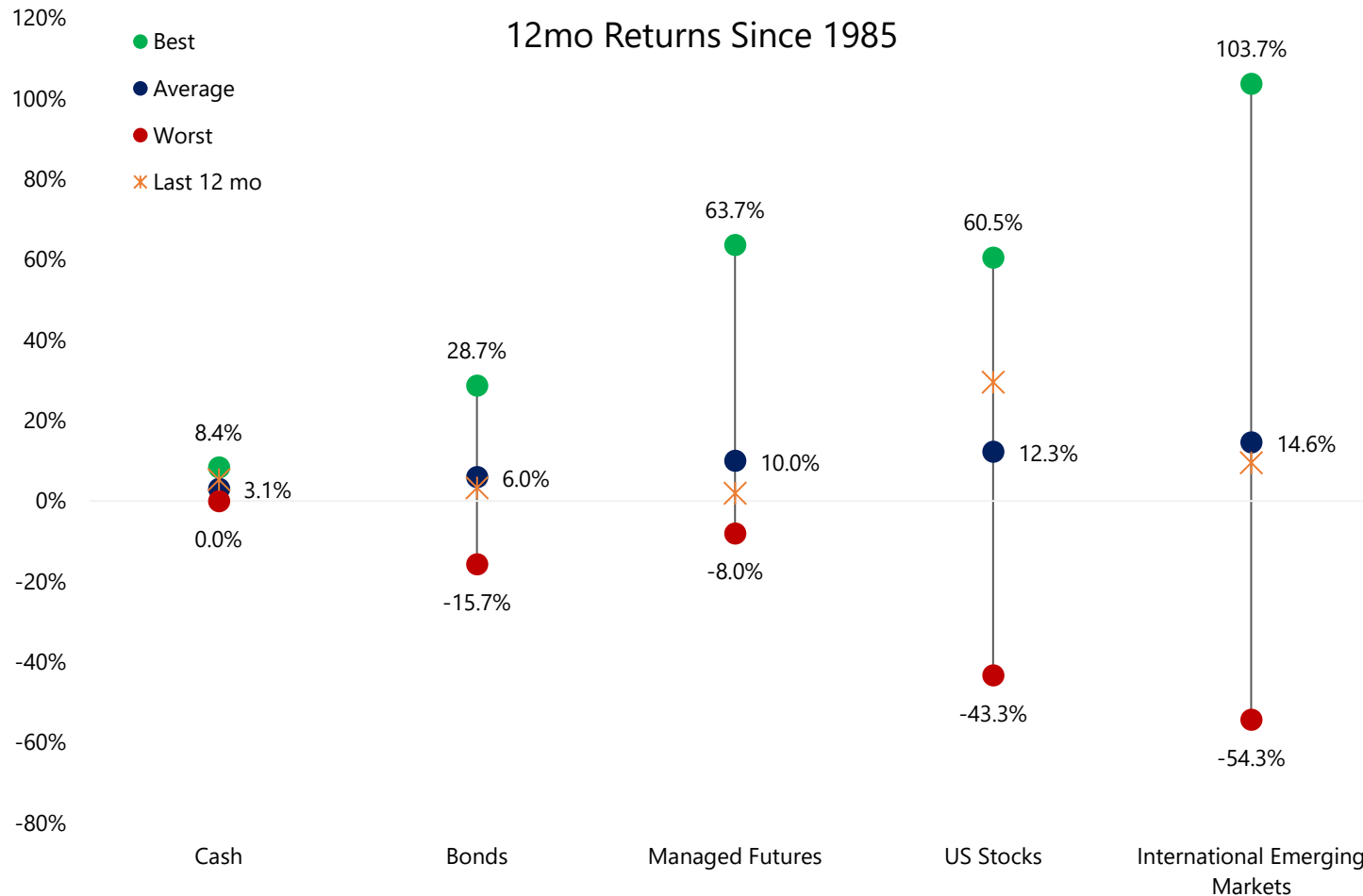
Stocks/Alts Off to a Great Start

Major Asset Class Performance



Source: Morningstar Direct. Categories in table are represented by (left to right) iShares Russell 1000 (IWB), iShares Russell 2000 (IWM), iShares Core MSCI EAFE (IEFA), iShares Core MSCI EM (IEMG), Bloomberg US Agg Bond TR, Bloomberg US Treasury TR USD, Bloomberg US Corporate High Yield TR USD, IA SBBI US 30 Day TBill TR USD, SPDR Gold Shares, Bloomberg Commodity TR USD, CISDM CTA EW USD, Stone Ridge Reinsurance Fund

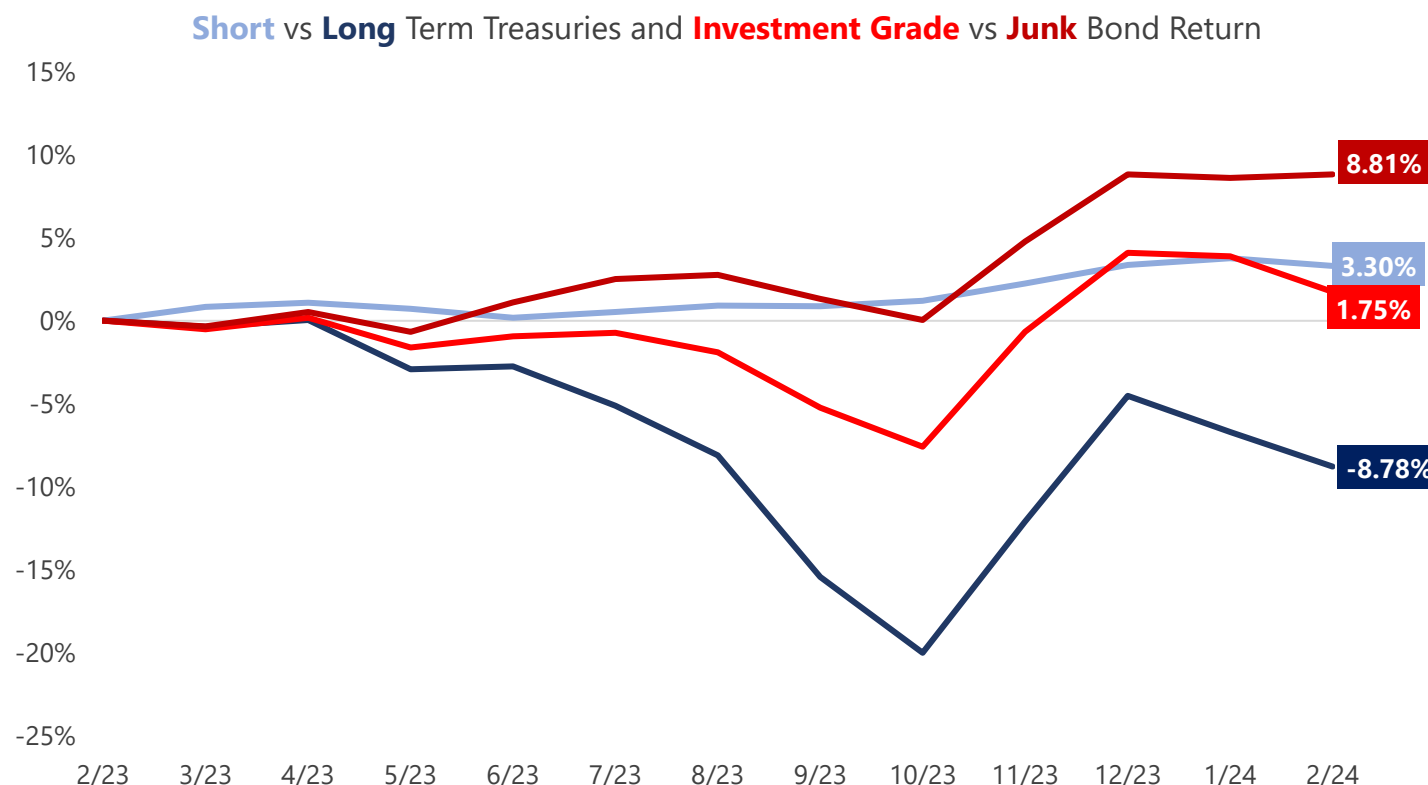
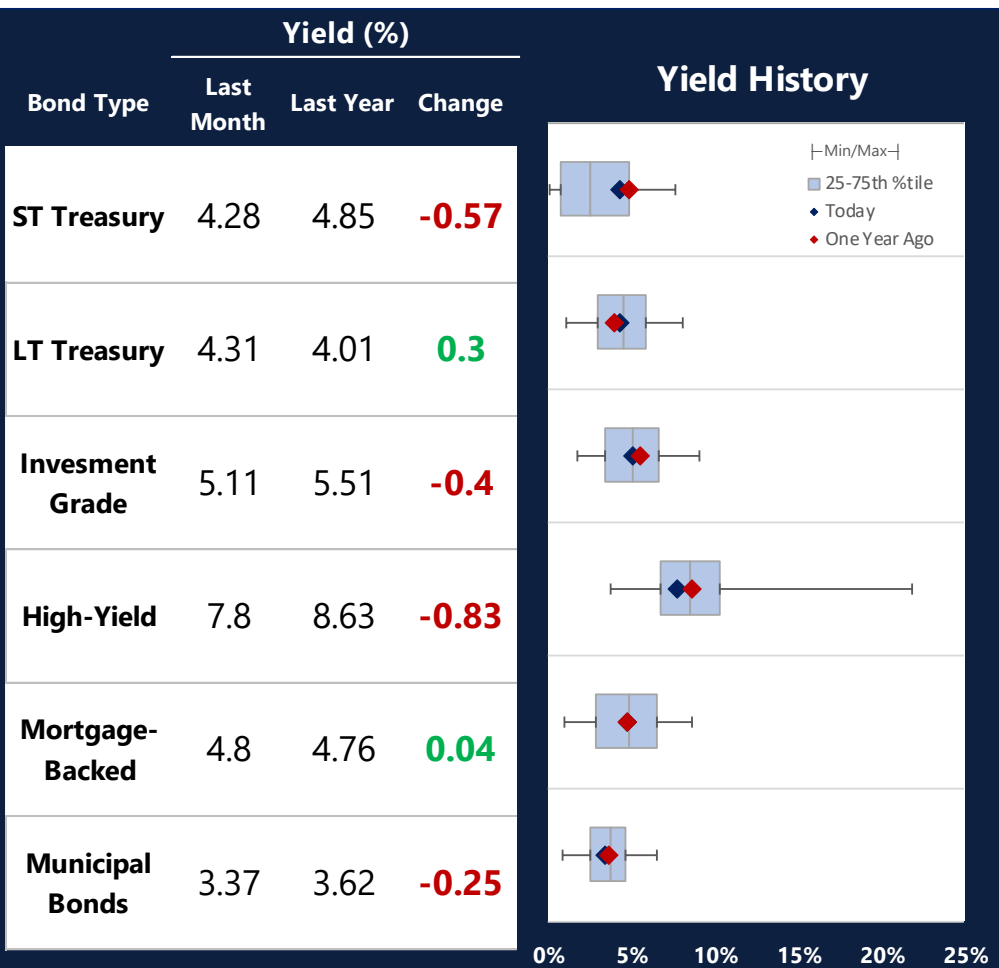
Historical Asset Class Return Range



This chart shows the range of 12 month returns historically, by asset class. As you'd expect, the riskier investment leads to a greater potential gain, as well as loss.

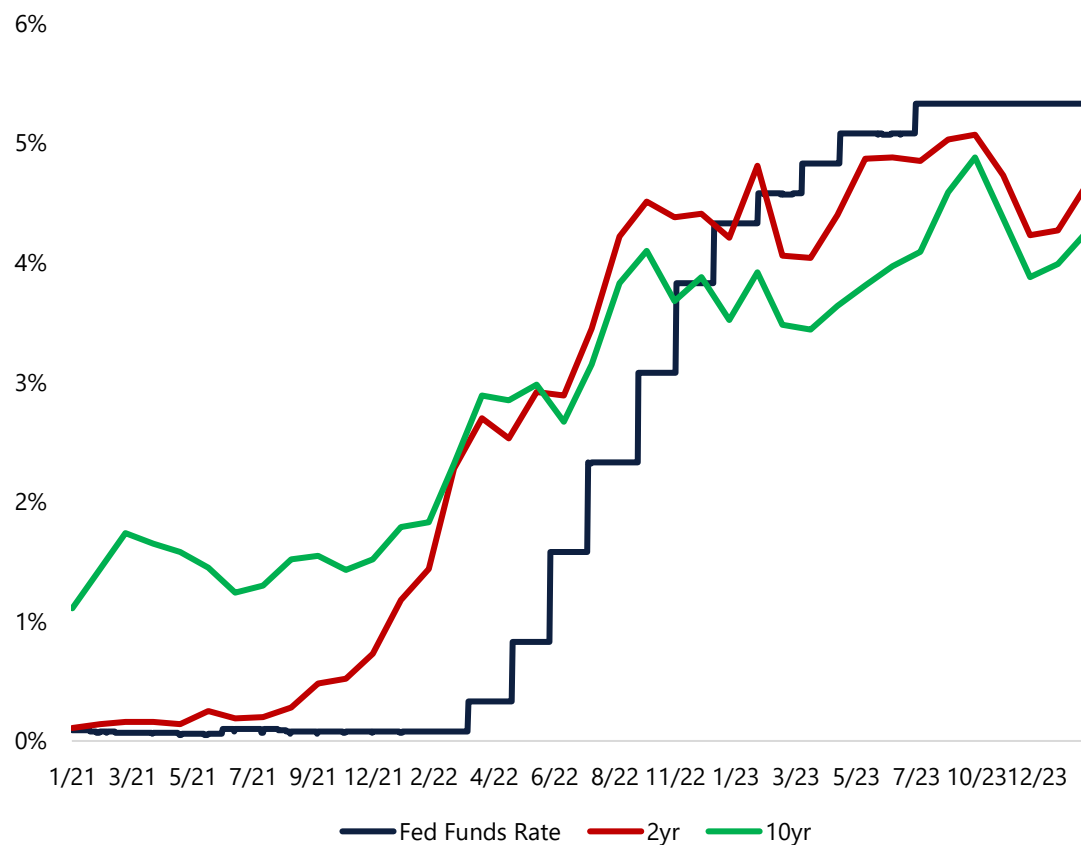
The X on the line represents the last 12 months.

Credit Over Duration

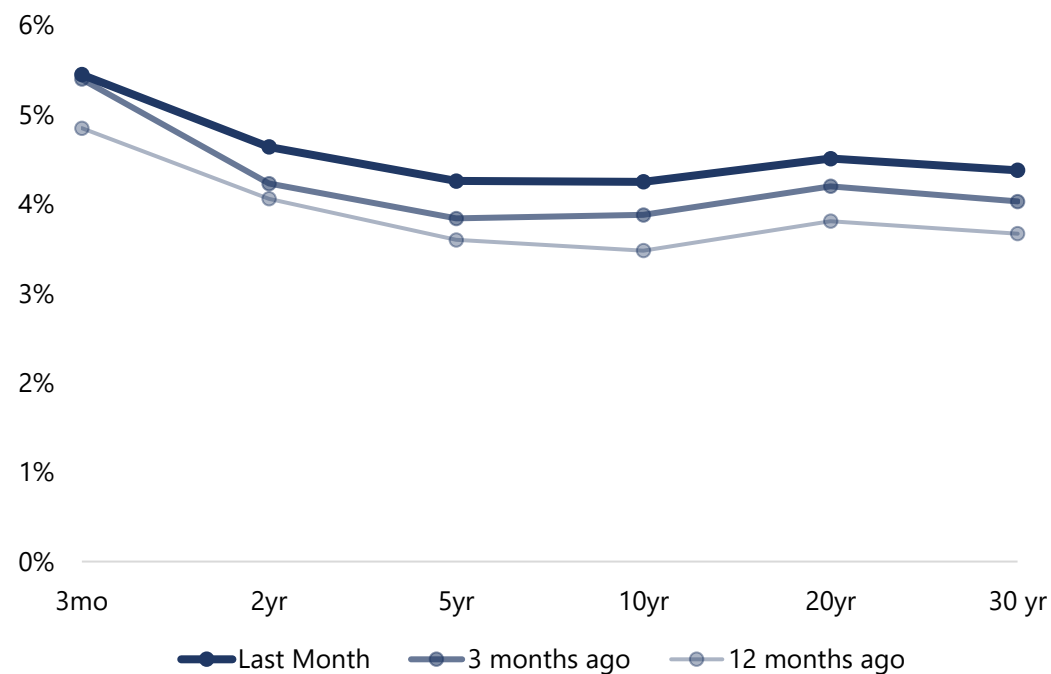


Yields Went Up

Key Treasury Yields



Treasury Yield Curve

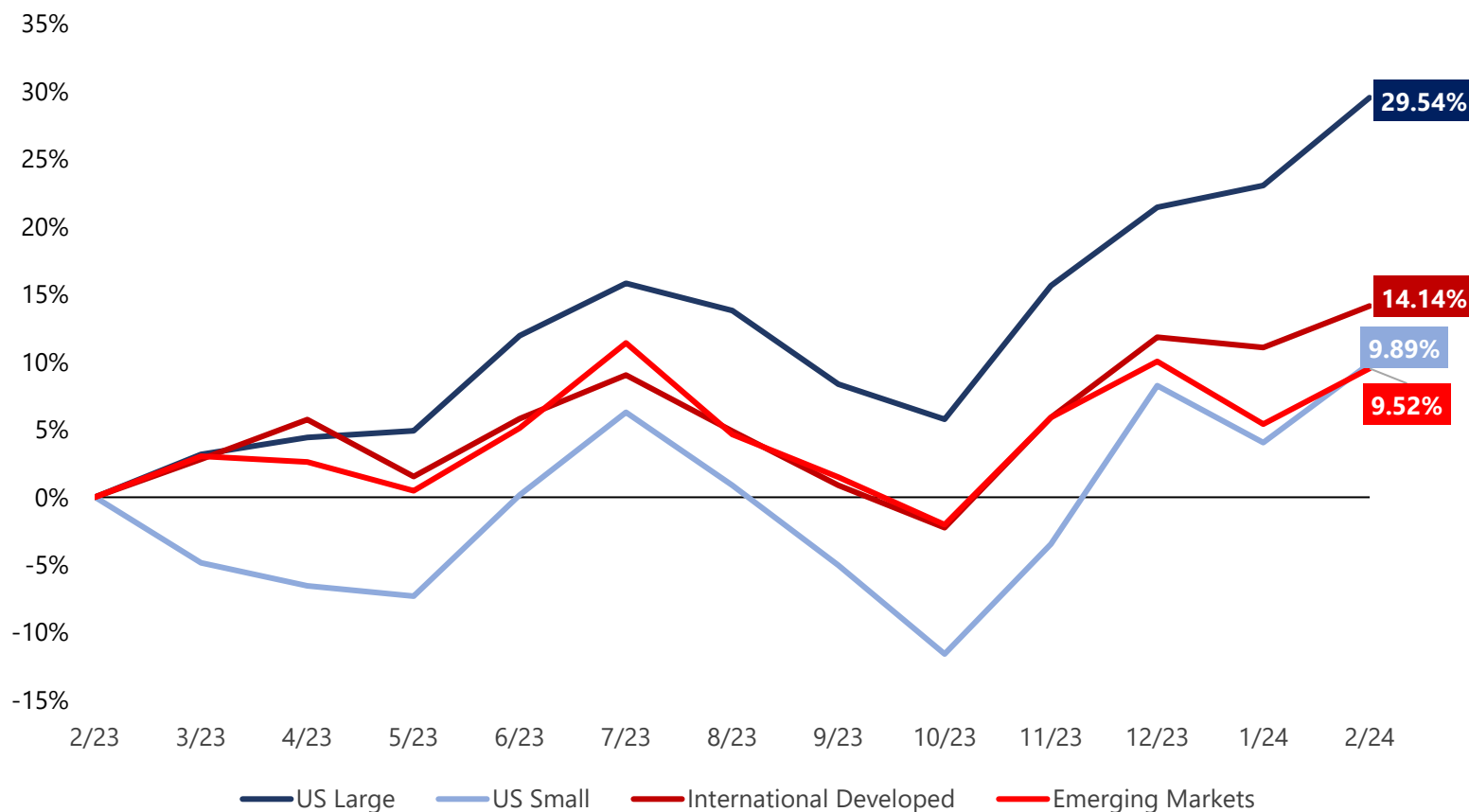


	3mo	2yr	5yr	10yr	20yr	30 yr
Last Month	5.4%	4.3%	3.9%	4.0%	4.3%	4.2%
3 months ago	5.5%	4.7%	4.3%	4.4%	4.7%	4.5%
12 months ago	4.9%	4.8%	4.2%	3.9%	4.1%	3.9%

US Large Stocks Dominance Continues

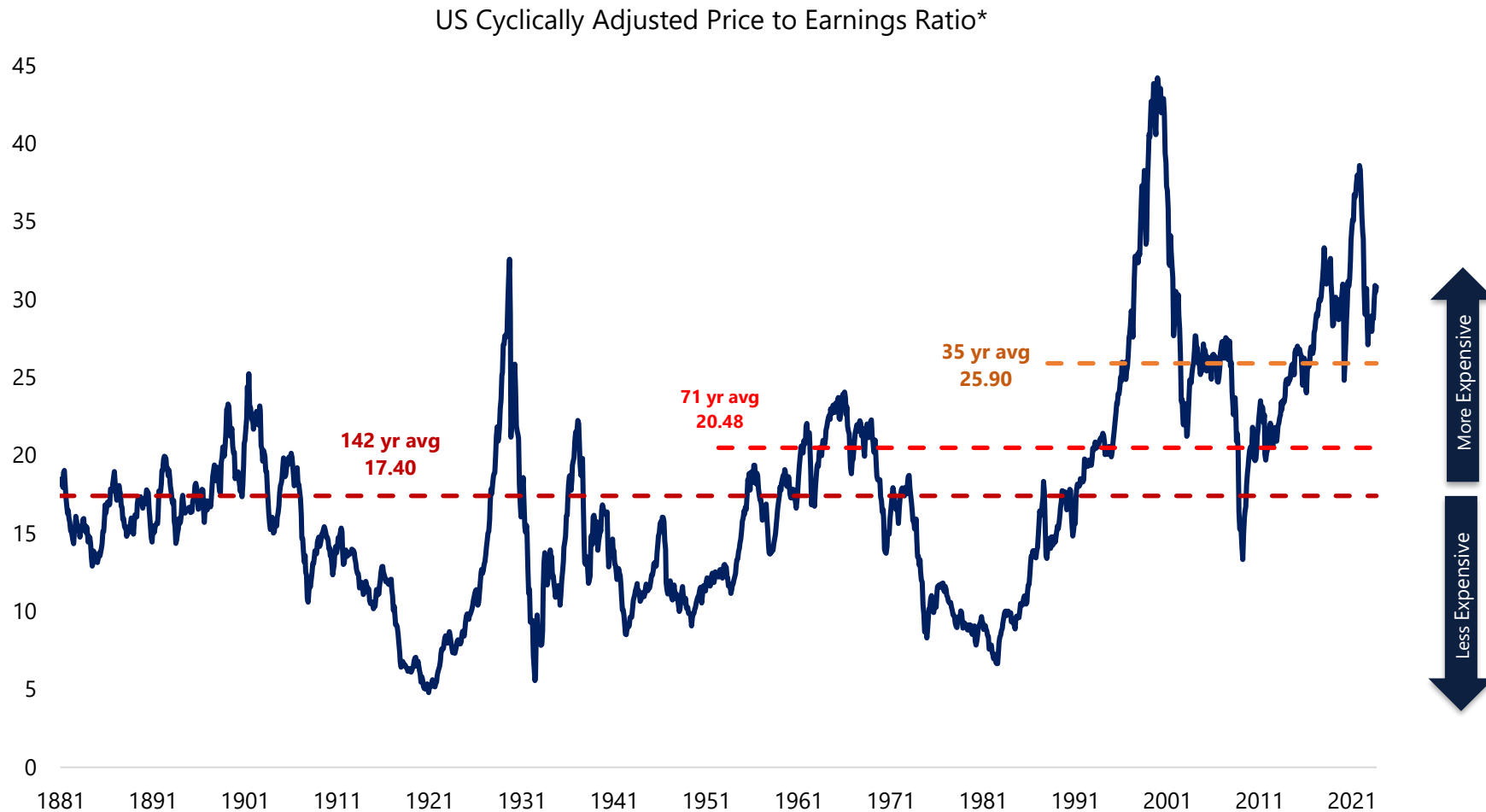
	Stock Type	Last Month	Last 3 Months	Last 12 Months
Core	US Large	1.3%	16.3%	20.1%
	US Small	-3.9%	17.7%	2.2%
	International Developed	-0.7%	13.6%	7.7%
	International Emerging	-4.2%	7.6%	-1.9%
Other	US Value	0.1%	13.6%	5.9%
	US Growth	2.5%	18.7%	34.8%
	Nasdaq	1.9%	19.1%	42.5%

US vs International Stock Performance



Source: Morningstar Direct. Categories in table are represented by (top to bottom) iShares Russell 1000 (IWB), iShares Russell 2000 (IWM), iShares Core MSCI EAFE (IEFA), iShares Core MSCI Emerging Markets (IEMG), iShares Russell 1000 Value ETF (IWD), Russell 1000 Growth ETF (IWF), Nasdaq 100 ETF (QQQ).

US Stocks Valuation Still High



*CAPE or Cyclically Adjusted Price to Earnings Ratio takes the current price and divides it by the last 10 years average earnings for the S&P 500 and adjusts it for inflation. It is thought to be more predictive of future returns than trailing 12 month or Forward PE.

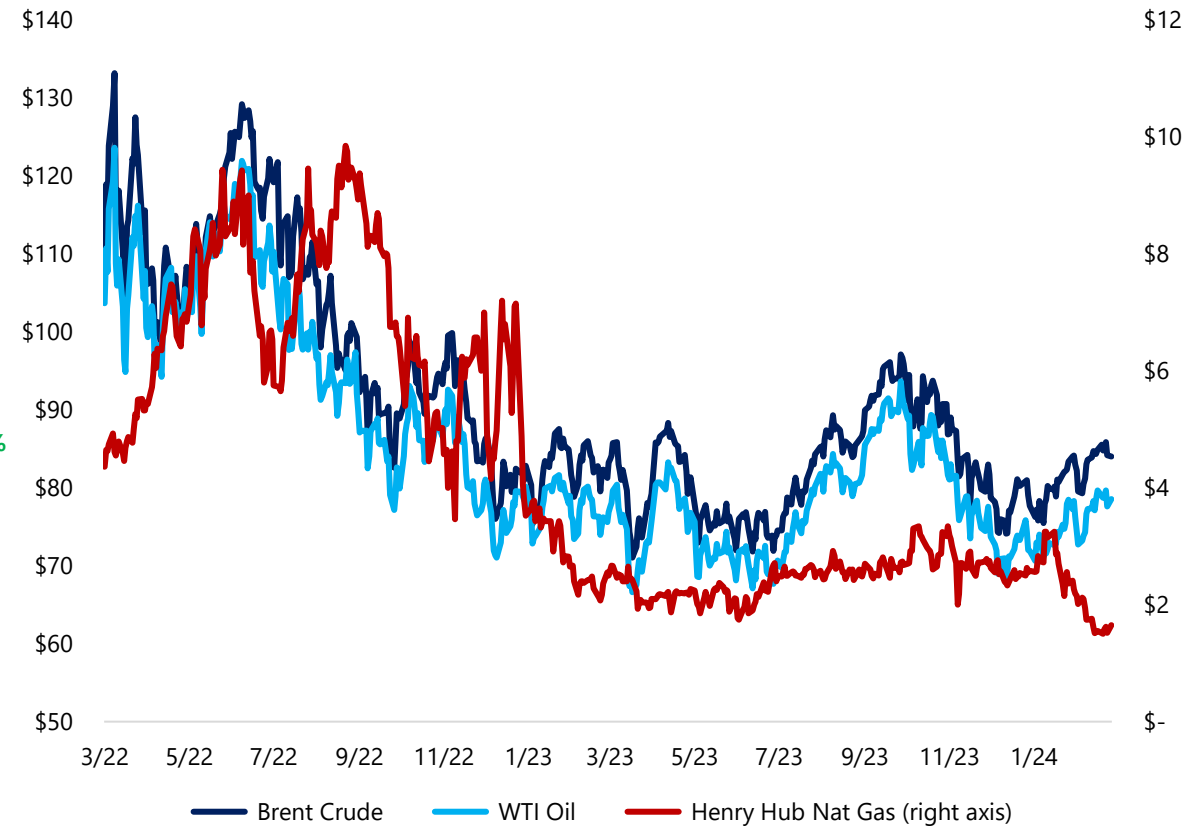
Source: Data and CAPE Ratio were developed by Robert Shiller using various public sources.

Nat Gas Near 30 Year Lows! Oil Back to \$80

Bloomberg Commodity Index



Energy Prices



Source: Bloomberg Commodity TR USD (left) and Crude Oil Prices: West Texas Intermediate (WTI) - Cushing, Oklahoma, Crude Oil Prices: Brent - Europe, Henry Hub Natural Gas Spot Price from U.S. Energy Information Administration (right)

Periodic Table of Asset Class Returns

											Through Last Month End 2/29/2024	
2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 YTD	5 Yr	10 Yr
Trend Following 20%	Reinsurance 8%	US Small Stock 22%	Intl Emerging Stk 37%	Cash 2%	US Large Stock 31%	US Large Stock 21%	US Large Stock 26%	Trend Following 22%	Reinsurance 44%	US Large Stock 7%	US Large Stock 14%	US Large Stock 12%
US Large Stock 13%	Bonds 2%	US Large Stock 12%	Intl Developed Stk 27%	Bonds 0%	US Small Stock 25%	US Small Stock 20%	US Small Stock 15%	Reinsurance 3%	US Large Stock 26%	Reinsurance 7%	Reinsurance 9%	US Small Stock 7%
Reinsurance 11%	US Large Stock 1%	Intl Emerging Stk 10%	US Large Stock 22%	US Large Stock -5%	Intl Developed Stk 23%	Intl Emerging Stk 18%	Intl Developed Stk 12%	Cash 2%	Intl Developed Stk 18%	Trend Following 5%	Trend Following 8%	Moderate Blended Port 6%
Bonds 8%	Cash 0%	Moderate Blended Port 6%	TAA 19%	Moderate Blended Port -8%	TAA 20%	Moderate Blended Port 13%	Moderate Blended Port 11%	Bonds -12%	Moderate Blended Port 17%	TAA 3%	Moderate Blended Port 7%	Reinsurance 5%
Moderate Blended Port 8%	Intl Developed Stk 0%	Reinsurance 6%	Moderate Blended Port 17%	Reinsurance -6%	Moderate Blended Port 20%	Intl Developed Stk 8%	TAA 10%	TAA -12%	US Small Stock 17%	Moderate Blended Port 3%	US Small Stock 7%	Intl Developed Stk 5%
US Small Stock 5%	Trend Following 0%	TAA 5%	US Small Stock 15%	TAA -8%	Intl Emerging Stk 18%	Reinsurance 7%	Trend Following 5%	Moderate Blended Port -15%	Intl Emerging Stk 12%	Intl Developed Stk 2%	Intl Developed Stk 7%	TAA 4%
TAA 5%	Moderate Blended Port 0%	Intl Developed Stk 2%	Bonds 5%	US Small Stock -11%	Bonds 8%	Bonds 7%	Cash 0%	Intl Developed Stk -15%	TAA 12%	US Small Stock 2%	TAA 4%	Trend Following 4%
Cash 0%	TAA -4%	Bonds 1%	Trend Following 2%	Trend Following -13%	Trend Following 4%	Trend Following 3%	Bonds -1%	US Large Stock -19%	Bonds 6%	Cash 1%	Intl Emerging Stk 2%	Intl Emerging Stk 3%
Intl Emerging Stk -3%	US Small Stock -4%	Cash 0%	Cash 1%	Intl Developed Stk -14%	Cash 2%	Cash 0%	Intl Emerging Stk -1%	Intl Emerging Stk -20%	Cash 5%	Intl Emerging Stk 0%	Cash 2%	Bonds 2%
Intl Developed Stk -5%	Intl Emerging Stk -14%	Trend Following -6%	Reinsurance -11%	Intl Emerging Stk -15%	Reinsurance -4%	TAA -2%	Reinsurance -5%	US Small Stock -20%	Trend Following -3%	Bonds -2%	Bonds 1%	Cash 1%

Disclaimer

PAST PERFORMANCE IS NOT A GUARANTEE OF CURRENT OR FUTURE RESULTS. Examples and historical information included in this presentation do not, nor are they intended to, constitute a promise of similar future results. Specific client portfolio allocations, risks and returns can and may deviate from these examples depending on accounts and types of investments available through each account. Future market views by WJ Interests, LLC may vary significantly from the historical examples presented herein and no one receiving this summary should assume that WJ Interests, LLC will be able to replicate successful views in the future.

Moderate Blended Portfolio is for illustrative purposes only. It is calculated by taking a weighted average of the following asset classes and represents a moderate risk portfolio incorporating leverage and the asset classes in the table:

28% US Large Stock	iShares Russell 1000 (IWB)
6% US Small Stock	iShares Russell 2000 (IWM)
21% Intl Developed Stock	iShares Core MSCI EAFE (IEFA)
6% Intl Emerging Stock	iShares Core MSCI Emerging Markets (IEMG)
41% Bonds	Vanguard Total Bond Market (BND)
-18% Cash	Morningstar USD 1M Cash TR USD
4% Reinsurance	Stone Ridge Reinsurance Fund (SRRIX)
6% Managed Futures	SG Trend Index, PIMCO Trends (PQTIX), Virtus Alphasimplex (ASFYX)
6% TAA	GMO Benchmark Free (GBMIX) and Strategy Shares Nwfd/Rslv Rbt ETF (ROMO)

Assumes annual rebalancing. All date represents total return for stated period.