

Economy

Market

Investment

06/20/2024

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Economics and markets are not governed by physical laws of the universe.

Patterns in data only serve to weigh probability, they do NOT dictate the future.

Mystery Chart

06/12/2024

Consumer Price Index (CPI)

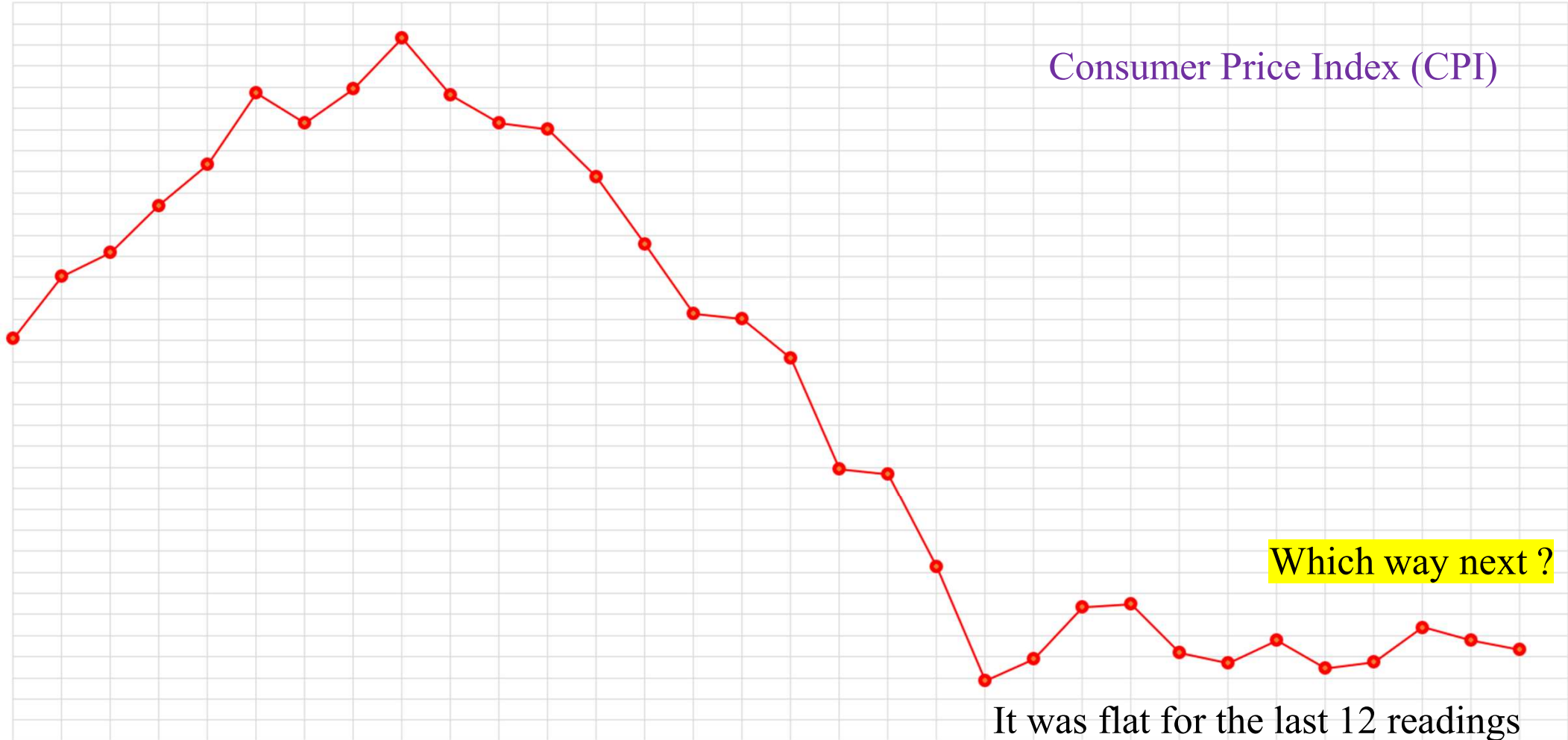
Which way next ?

It was flat for the last 12 readings

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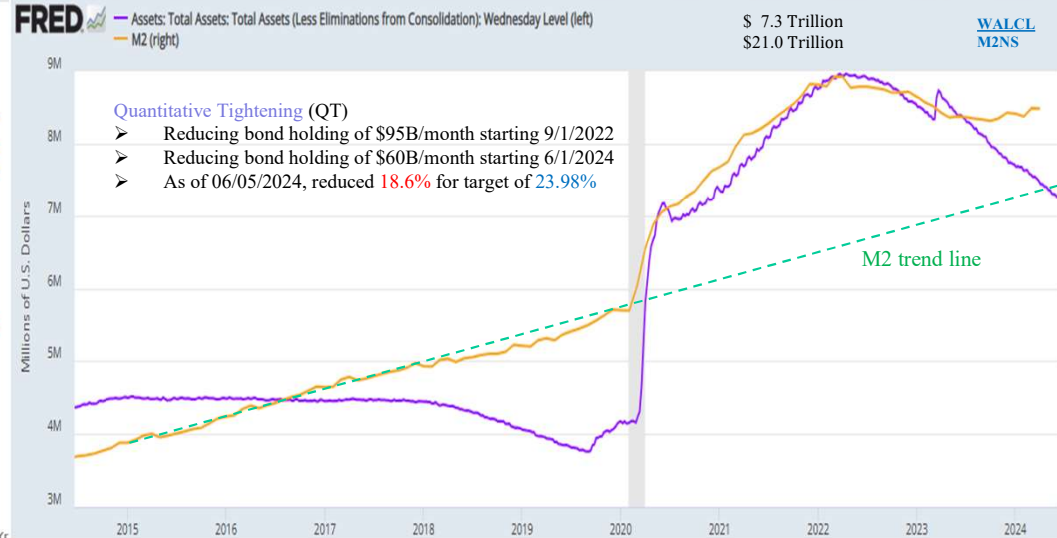
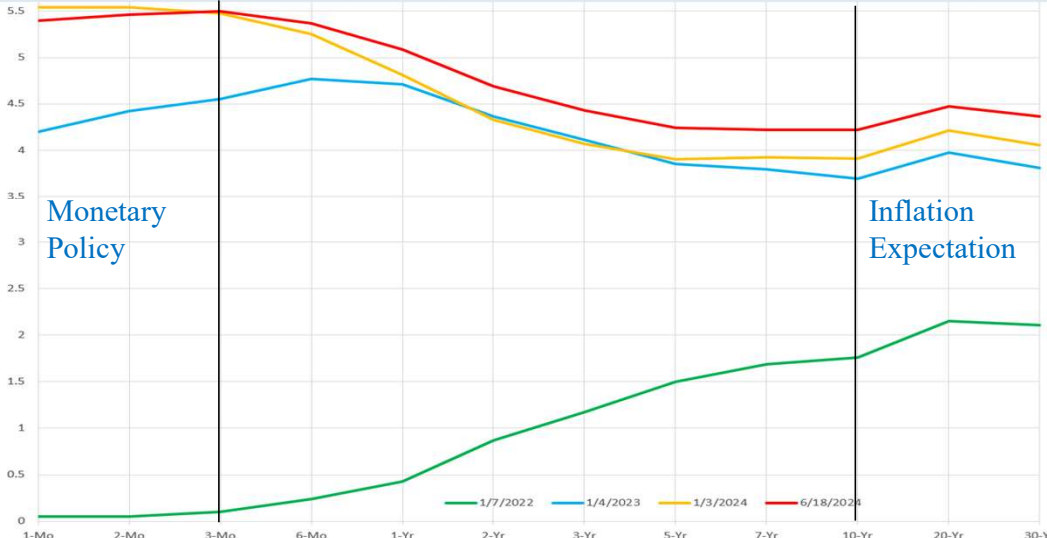
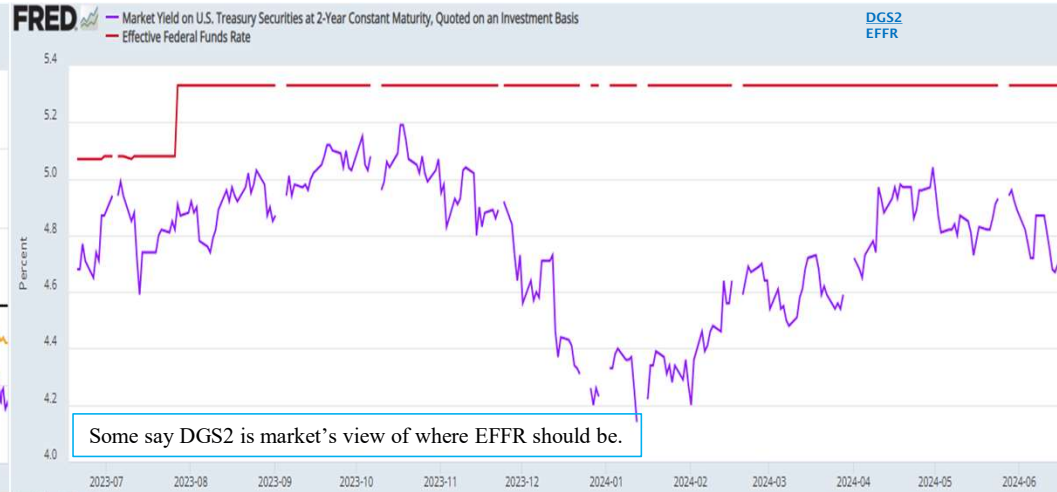
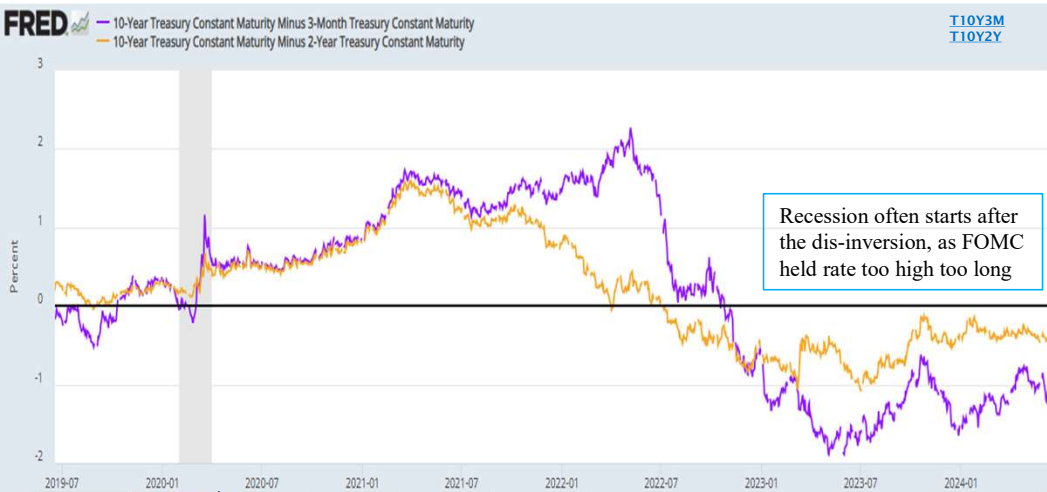
3



Interest Rates, Yield Curve, and QT

Resource Center | U.S. Department of the Treasury

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Jobs Openings and Labor Turnover Summary (JOLTS)

<https://www.bls.gov/news.release/jolts.nr0.htm>

06/04/2024

Next release
07/02/2024

RED

— Job Openings: Total Private
— Total Separations: Total Private
— Hires: Total Private
— Quits: Total Private

[JTS1000JOR](#)
[JTS1000TSR](#)
[JTS1000HIR](#)
[JTS1000QUR](#)



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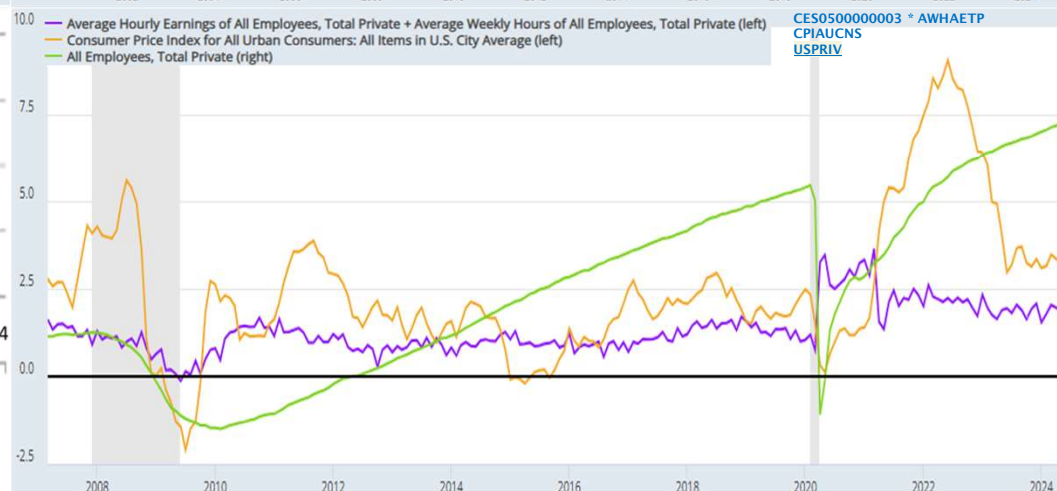
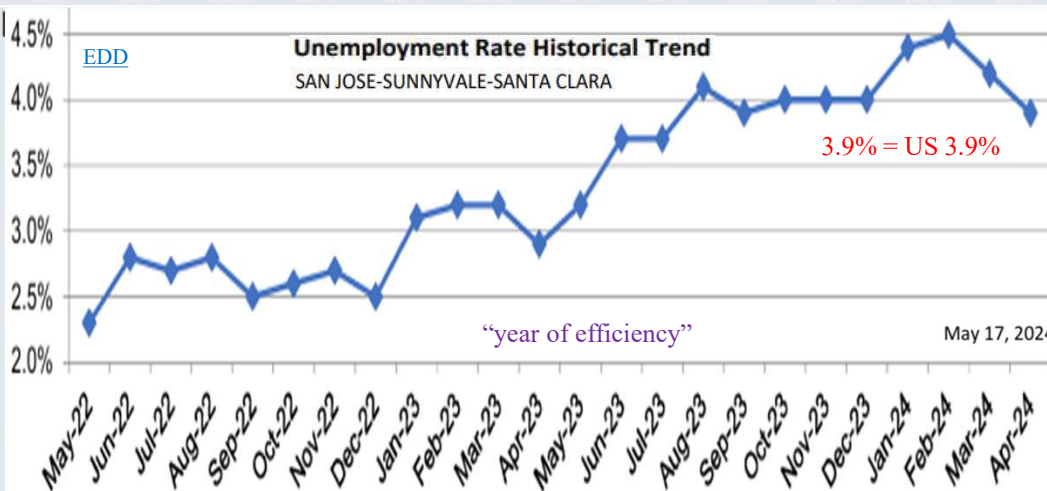
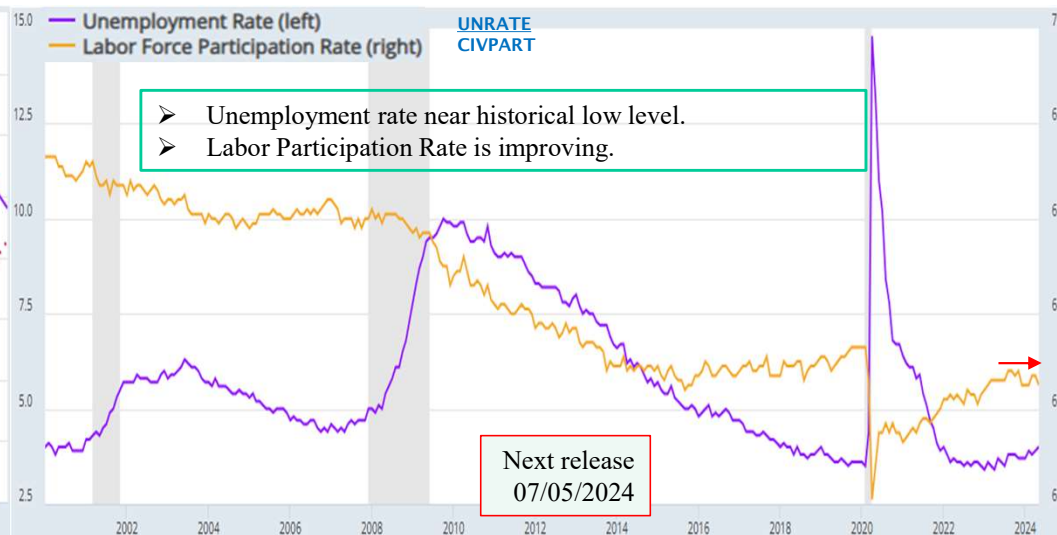
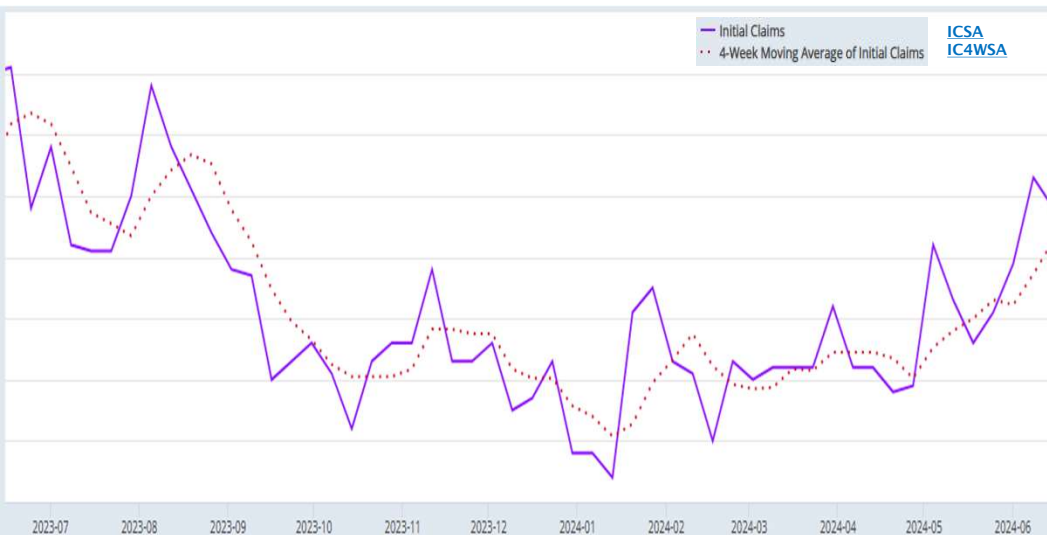
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Employment and Wage Growth

<https://www.atlantafed.org/chcs/wage-growth-tracker>

06/07/2024



06/20/2024

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US Dollar

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- The first U.S. dollar was printed in 1914 after the Federal Reserve Bank was created.
- The Allies paid the U.S. for supplies using gold during World War I & II, propelling the U.S. to own most of the gold. 1944 Bretton Woods Agreement established fixed exchange rates and US would redeem dollar for gold on demand.
- Deficit spending in the 60's undermined value of dollar and caused countries to convert dollar reserves into gold. President Nixon was forced to abandon the convertibility of dollars into gold.
- In 2022, 59% of all foreign bank reserves were denominated in U.S. dollars.
- US Dollar is relatively strong at present. Tail wind for fighting inflation.



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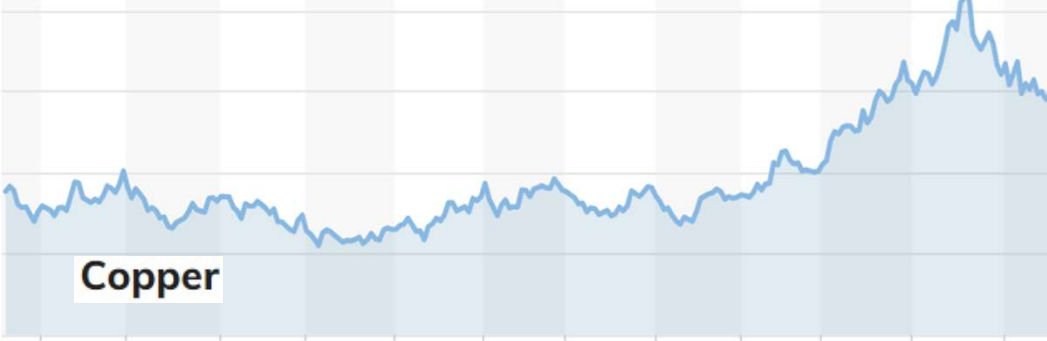
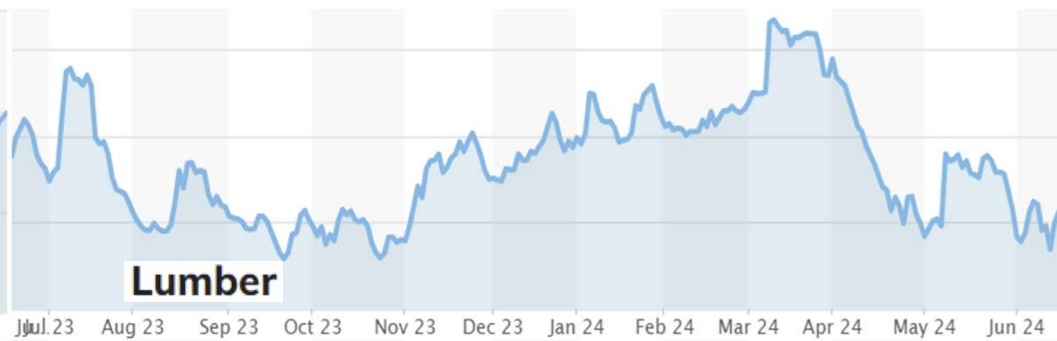
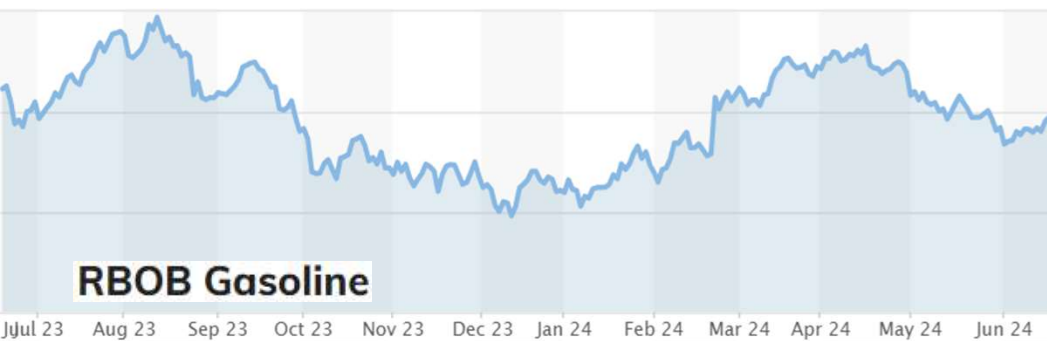
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Commodity Futures

<https://www.marketwatch.com/investing/futures>

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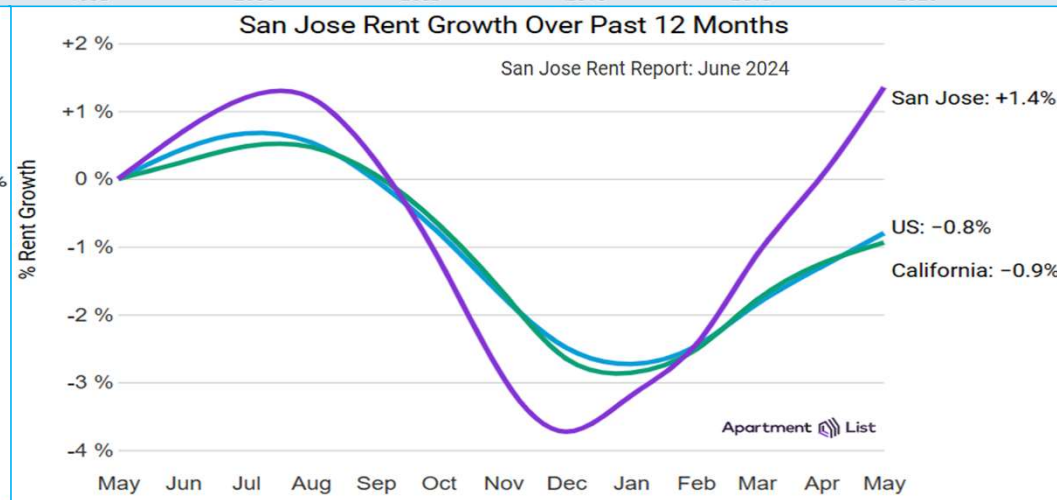
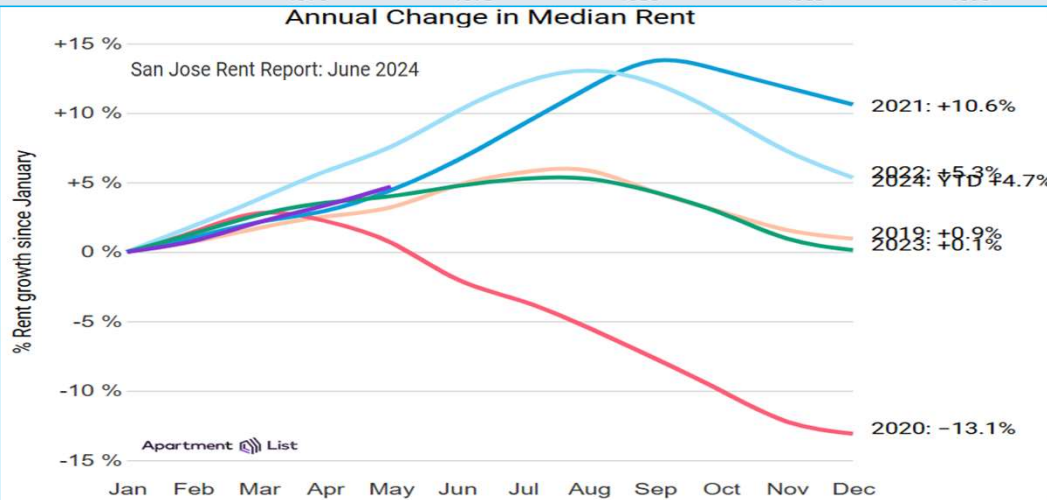
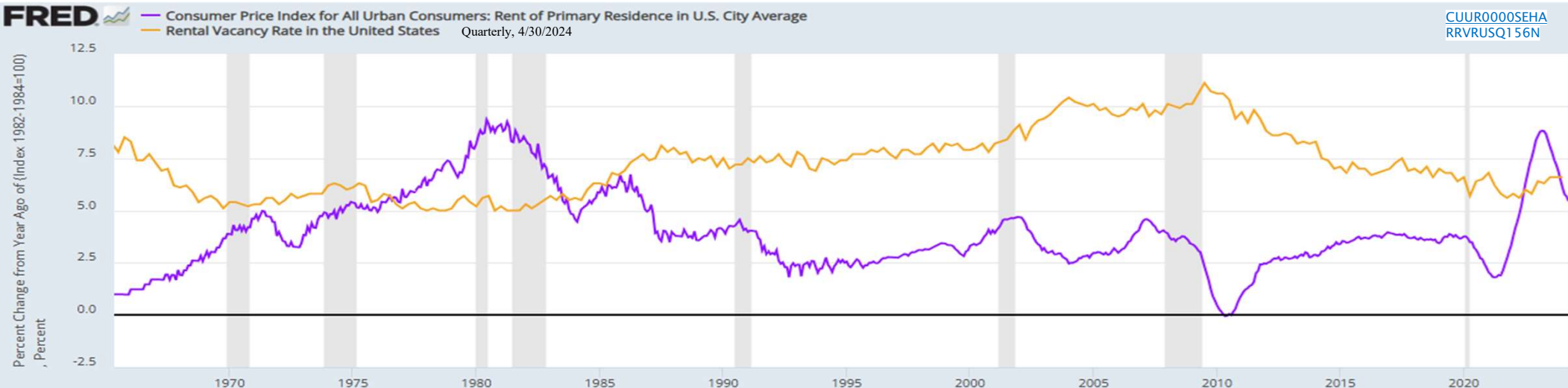
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Rents and Housing Services

Average Rent in San Jose, CA & Rent Price Trends (apartmentlist.com)

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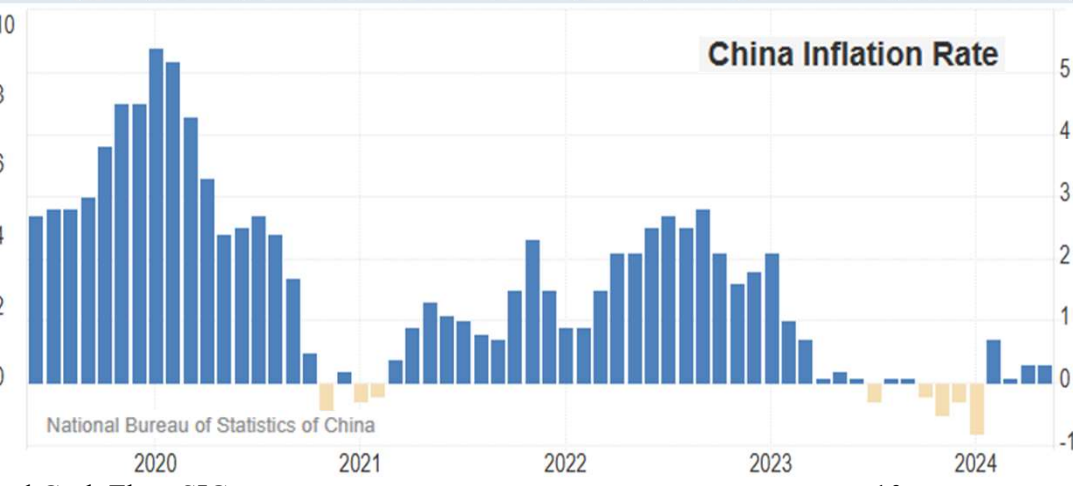
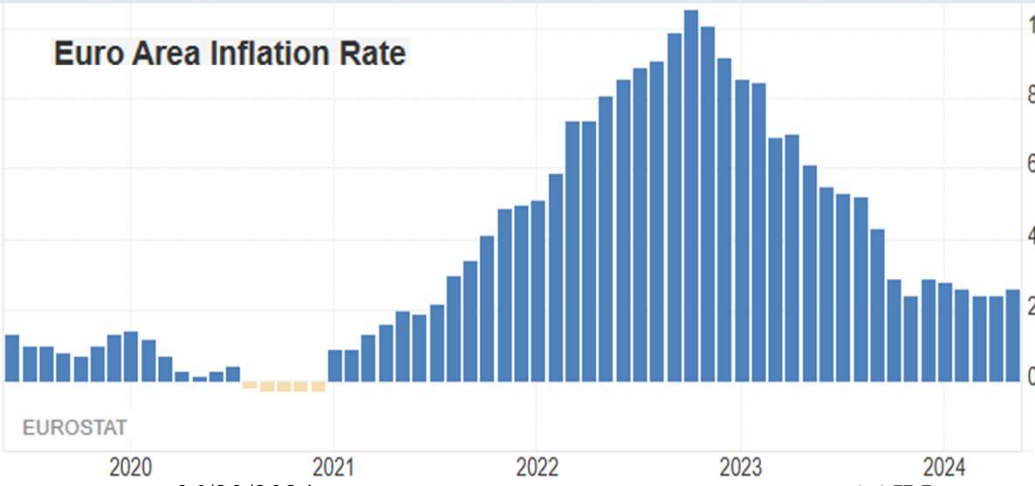
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Inflation – PPI, CPI, PCE

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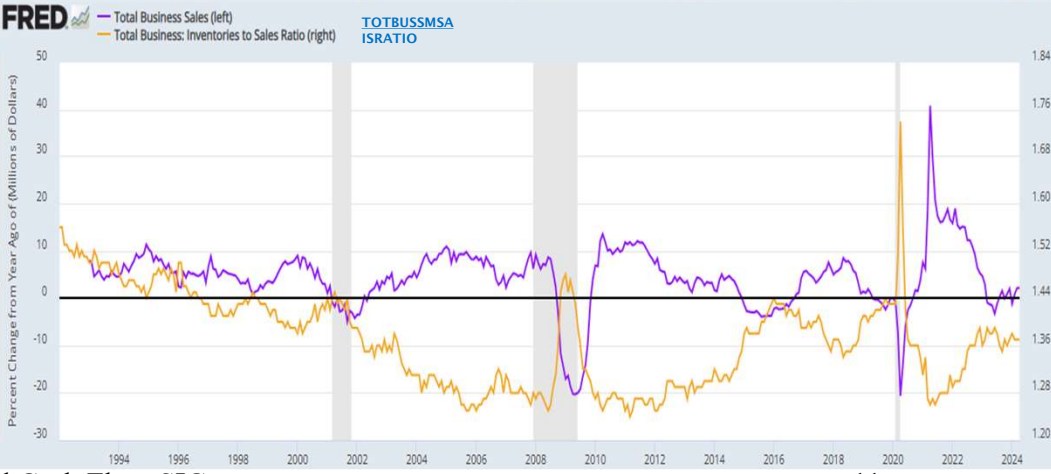
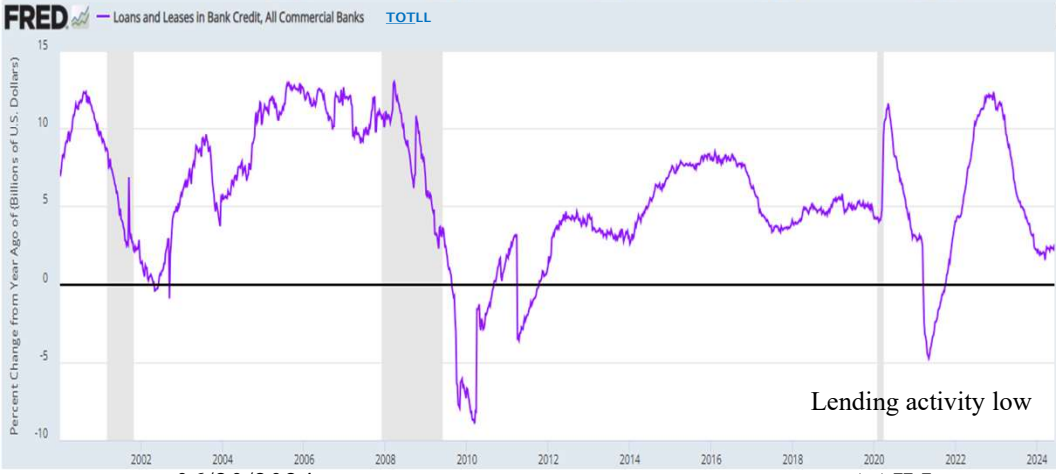
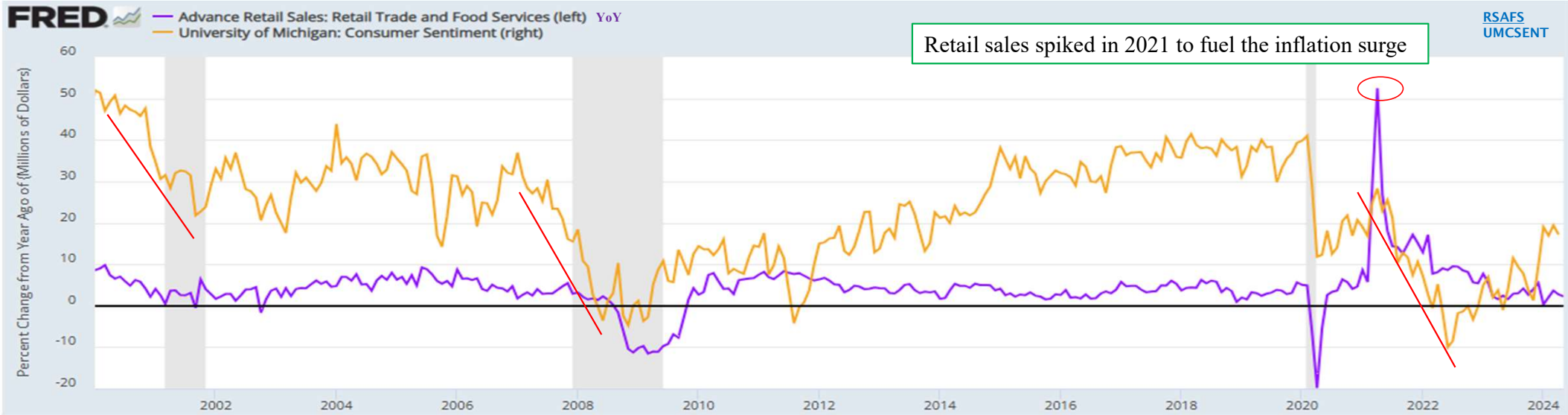
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Sales and Loans

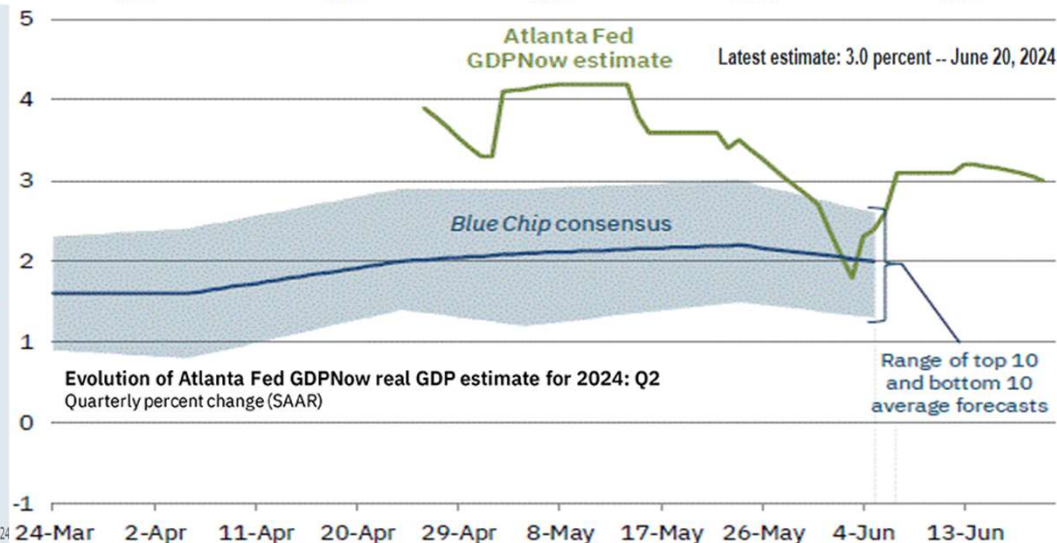
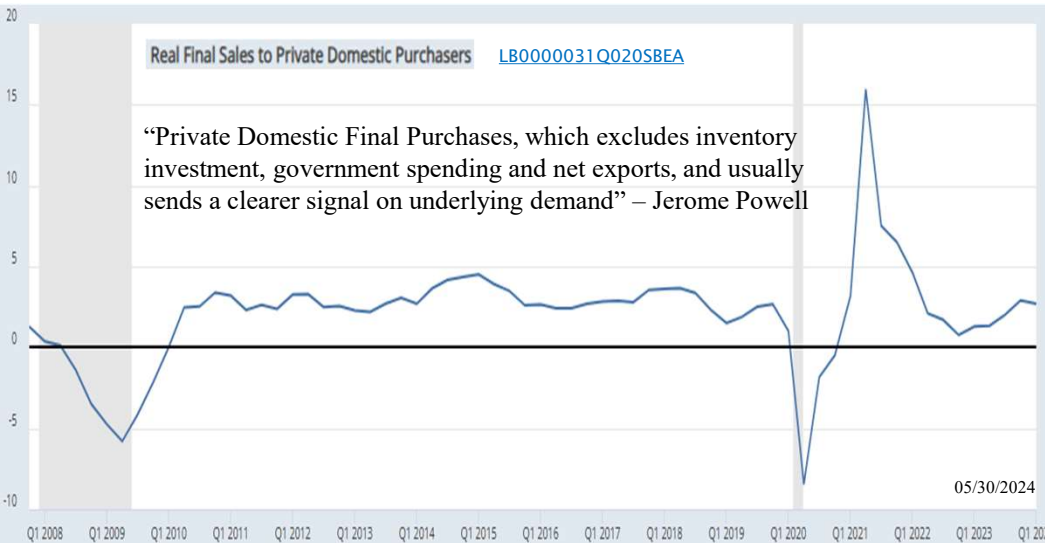
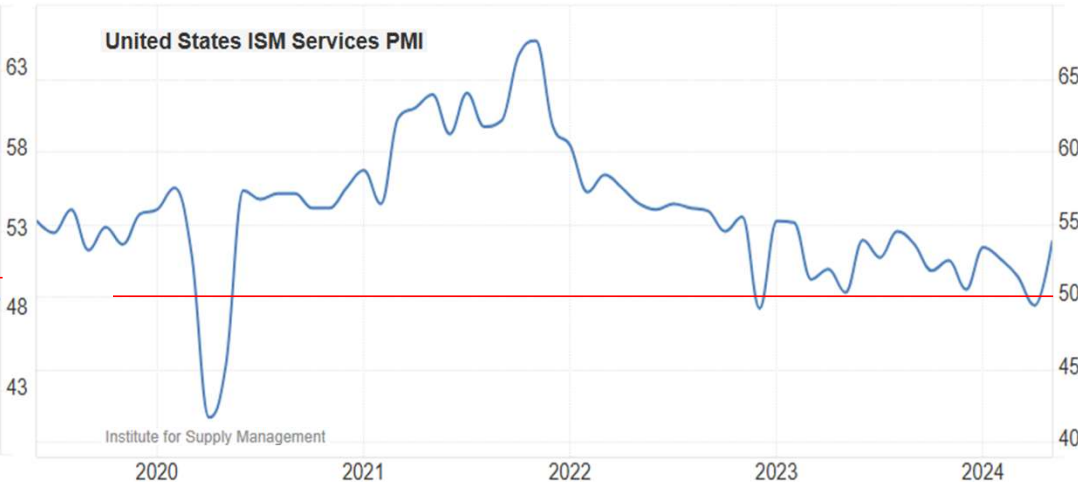
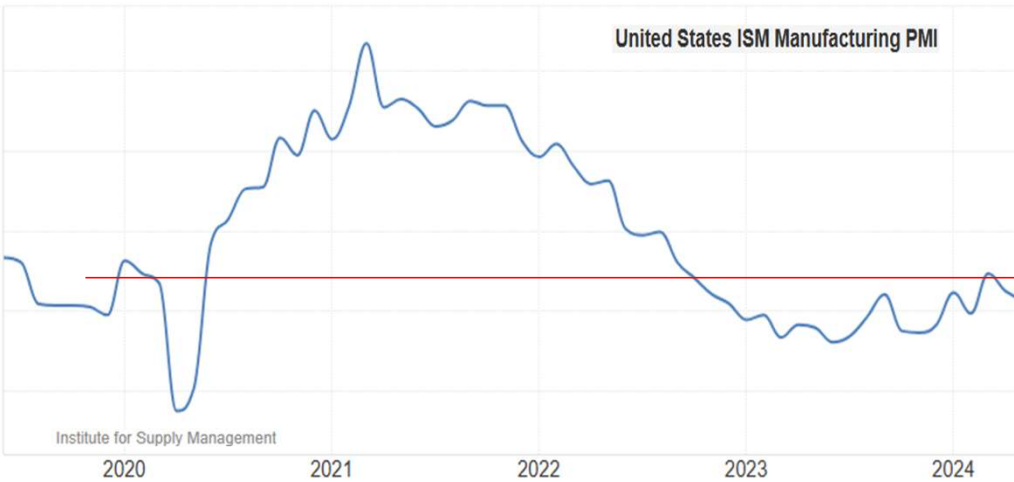
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ISM, PDP, and GDPNow

<https://www.atlantafed.org/cqer/research/gdpnow>

06/06/2024



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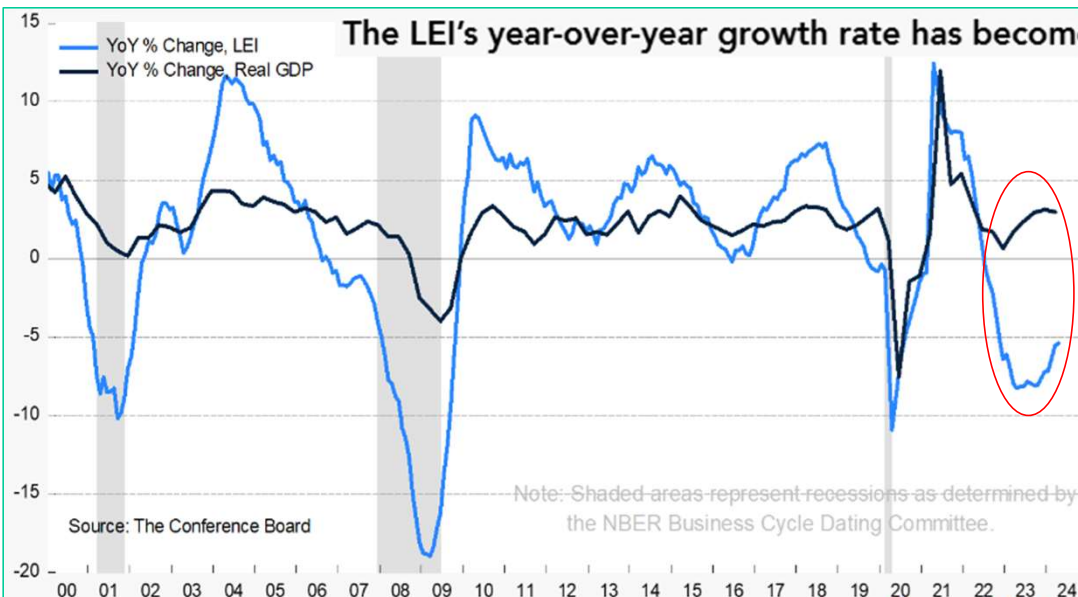
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Leading Economic Indicator

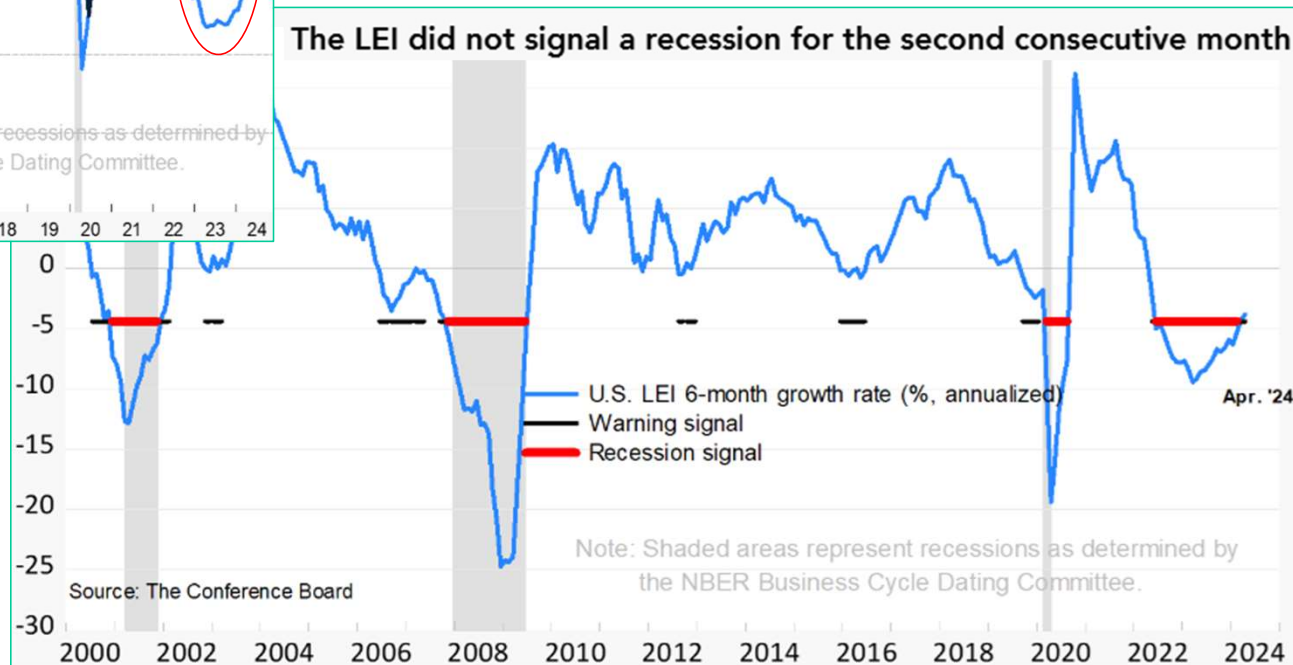
US Leading Indicators (conference-board.org)

05/17/2024

Next release
06/21/2024



YoY change of Real GDP did not follow down trend in LEI YoY change. Another example of “this time is different”



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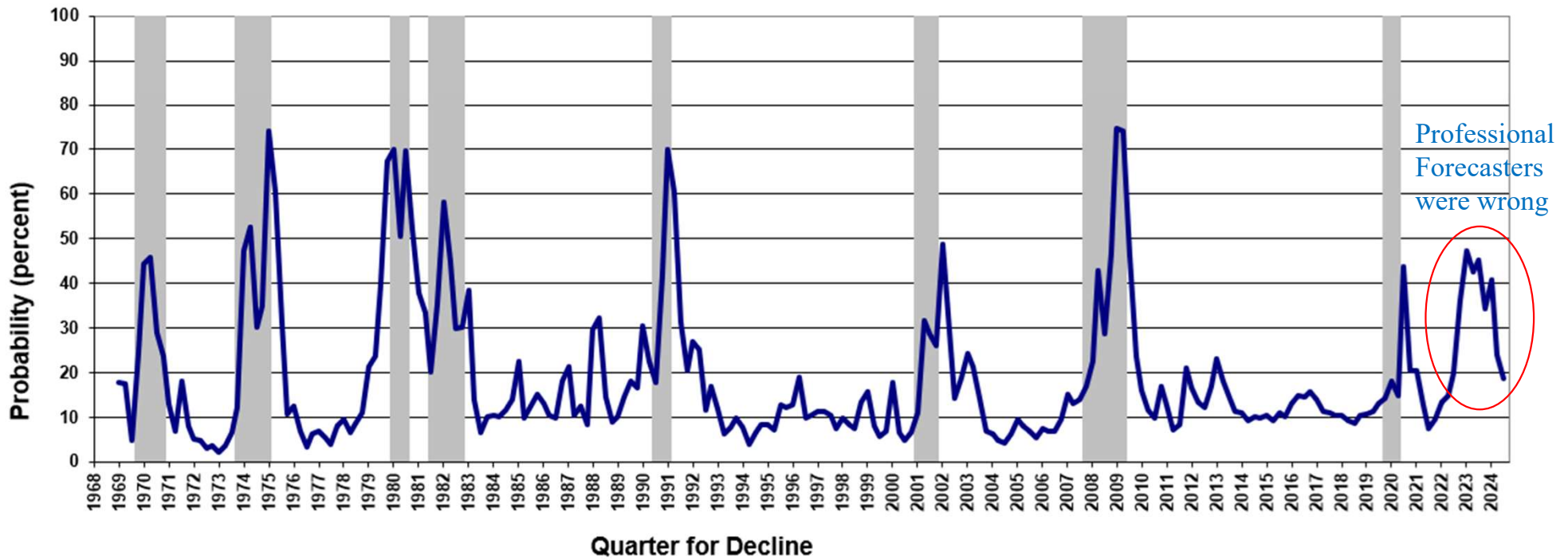
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The Anxious Index (2024, Q3)

[The Anxious Index \(philadelphiafed.org\)](http://TheAnxiousIndex.philadelphiafed.org)

05/10/2024

The Anxious Index
One-Quarter-Ahead Probability of Decline in Real GDP
Quarterly, 1969:Q1 to 2024:Q3



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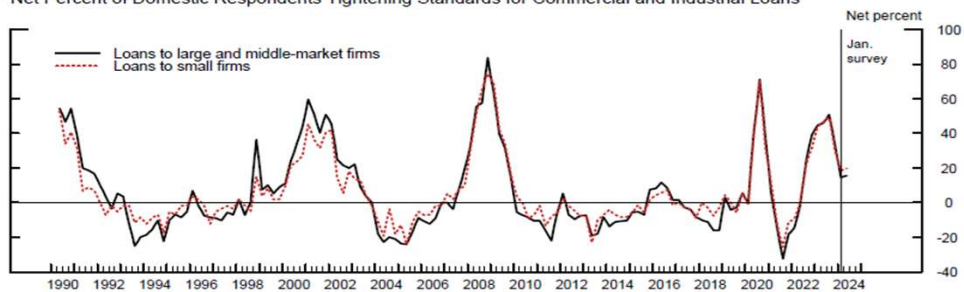
14

Credit Condition - Senior Loan Officer Survey (2024, Jan)

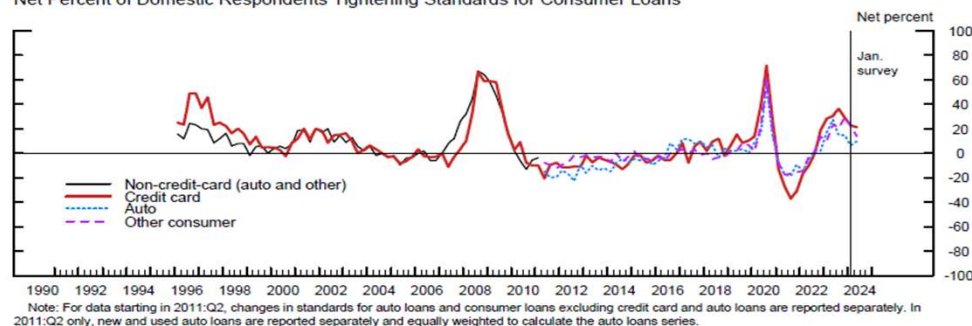
The Fed - Senior Loan Officer Opinion Survey on Bank Lending Practices (federalreserve.gov)

05/06/2024

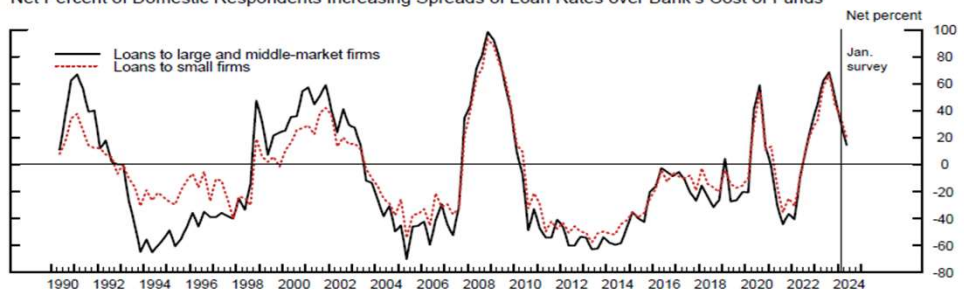
Net Percent of Domestic Respondents Tightening Standards for Commercial and Industrial Loans



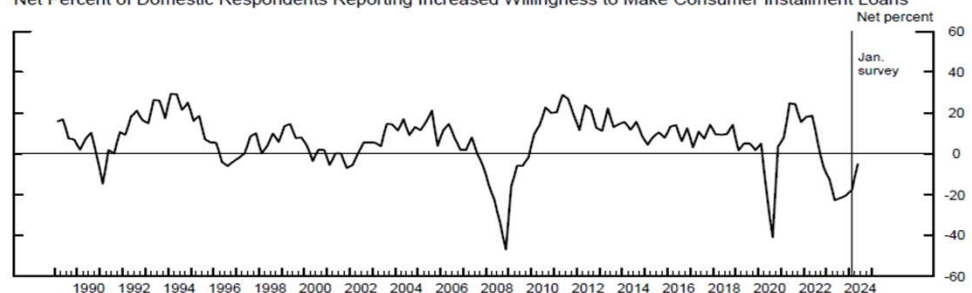
Net Percent of Domestic Respondents Tightening Standards for Consumer Loans



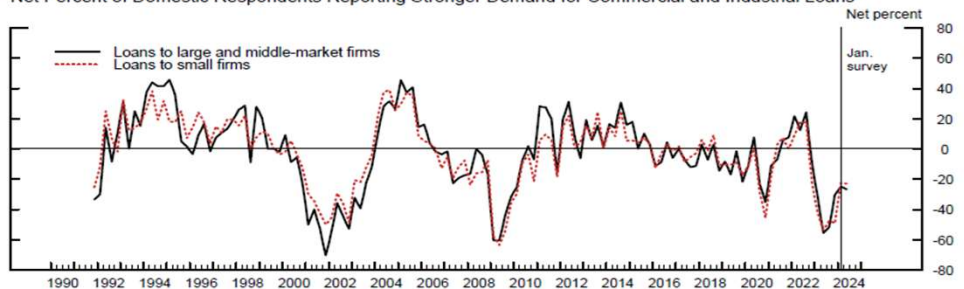
Net Percent of Domestic Respondents Increasing Spreads of Loan Rates over Bank's Cost of Funds



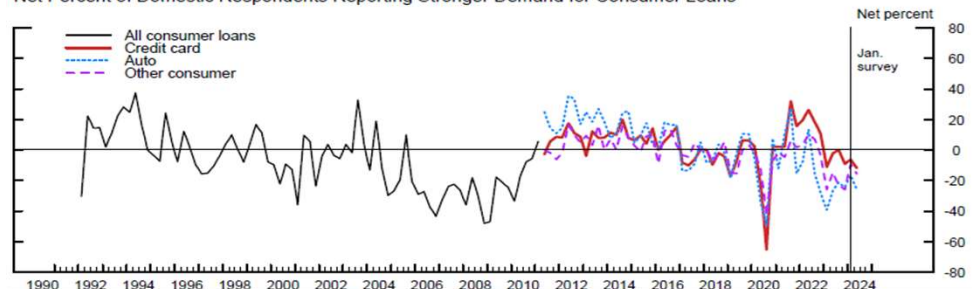
Net Percent of Domestic Respondents Reporting Increased Willingness to Make Consumer Installment Loans



Net Percent of Domestic Respondents Reporting Stronger Demand for Commercial and Industrial Loans



Net Percent of Domestic Respondents Reporting Stronger Demand for Consumer Loans



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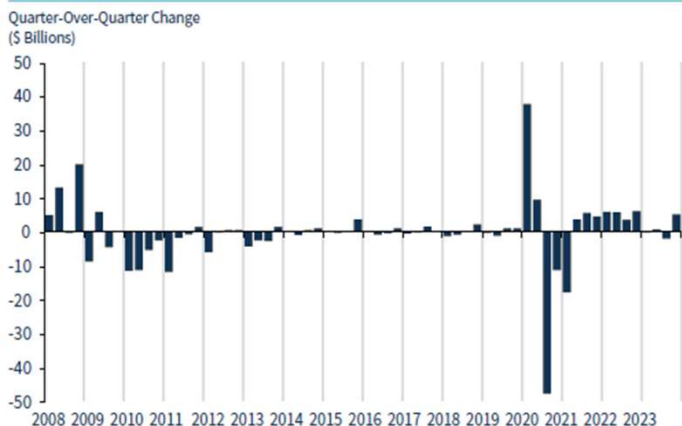
FDIC Quarterly (2024, Q1)

FDIC: Quarterly

05/29/2024

Change in Quarterly Credit Loss Provisions

All FDIC-Insured Institutions



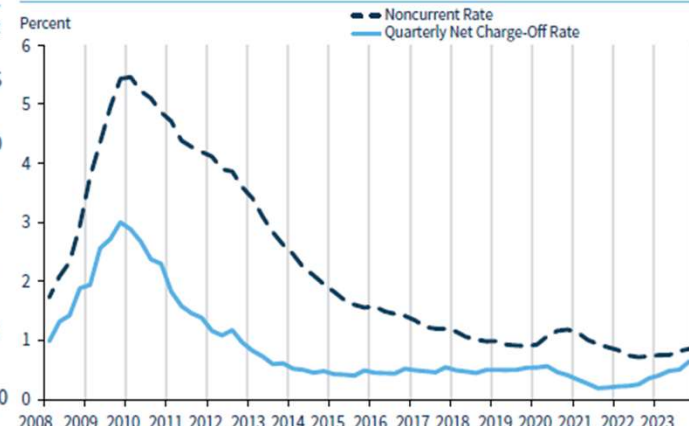
Quarterly Change in Loan Balances

All FDIC-Insured Institutions



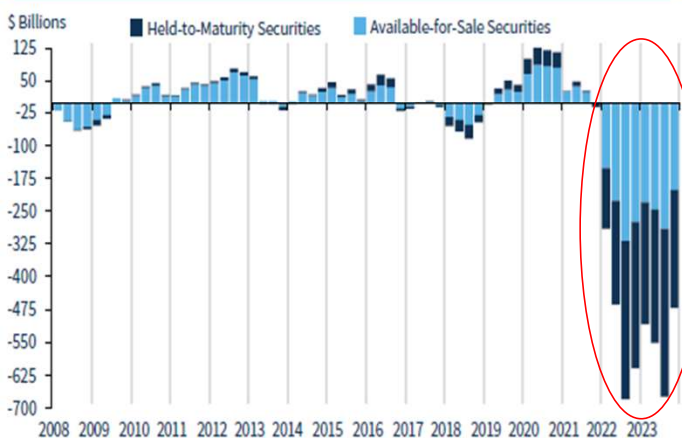
Noncurrent Loan Rate and Quarterly Net Charge-Off Rate

All FDIC-Insured Institutions



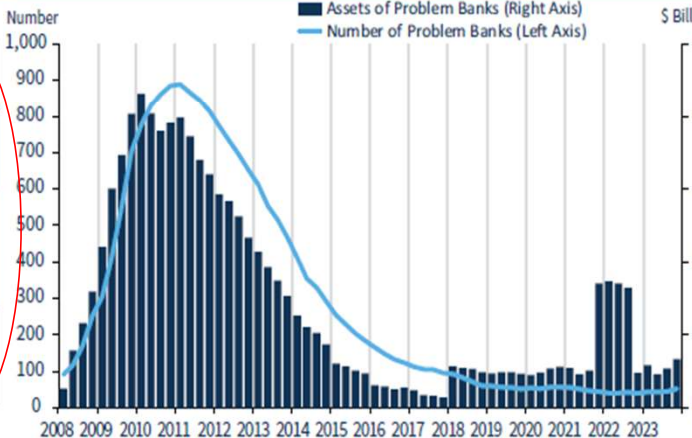
Unrealized Gains (Losses) on Investment Securities

All FDIC-Insured Institutions

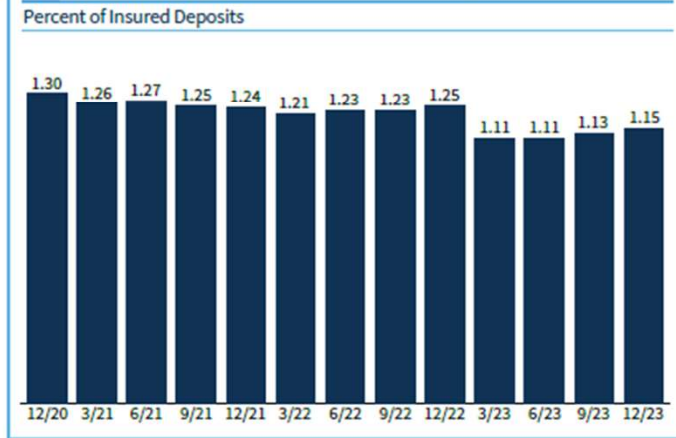


Number and Assets of Banks on the "Problem Bank List"

All FDIC-Insured Institutions



DIF Reserve Ratios

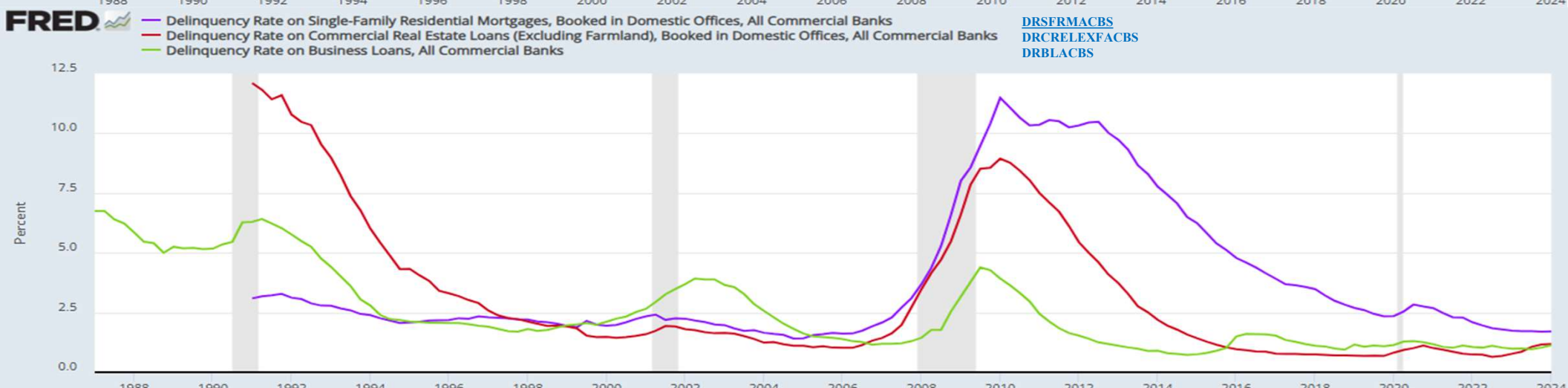
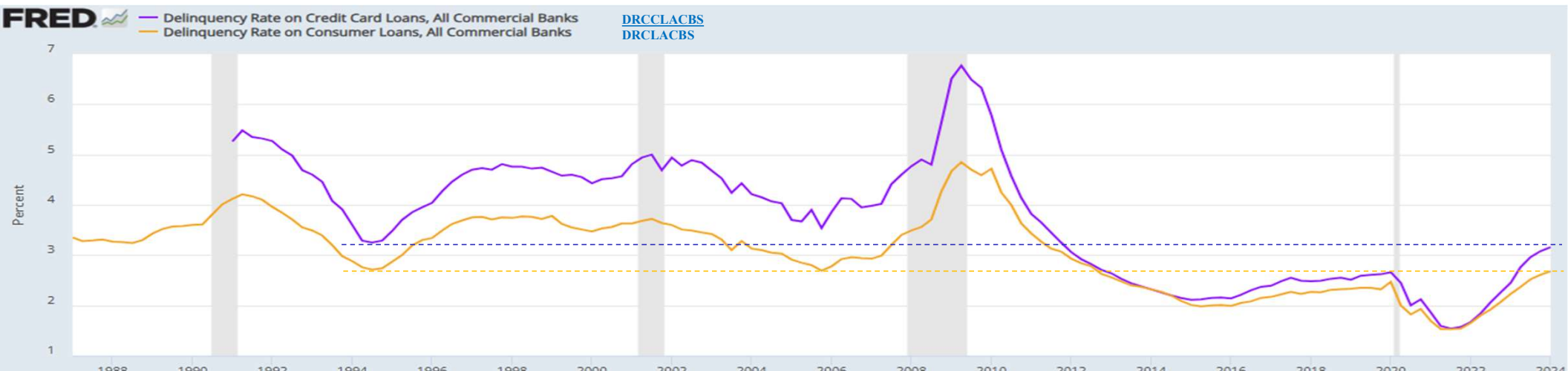


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Quarterly Reports on Delinquency (2024, Q1)

05/21/2024



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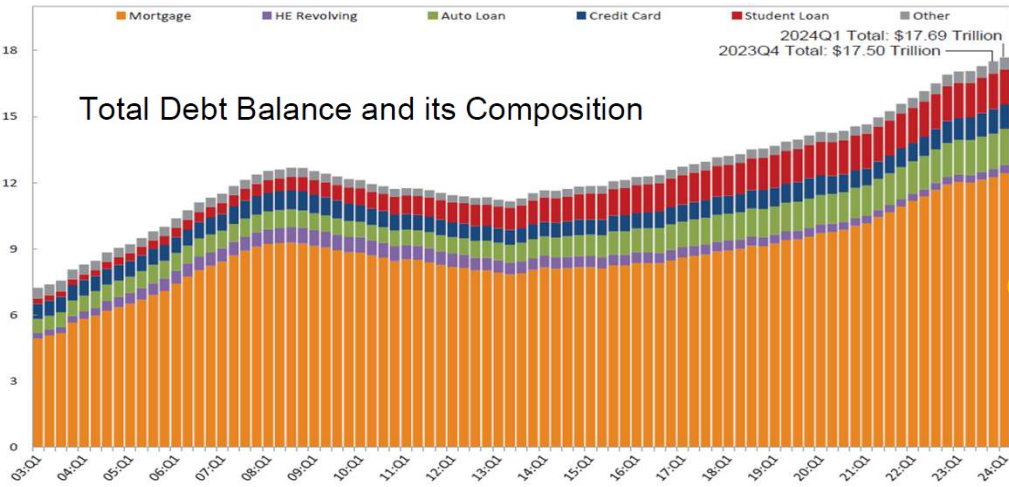
17

Quarterly Household Debt (2024, Q1)

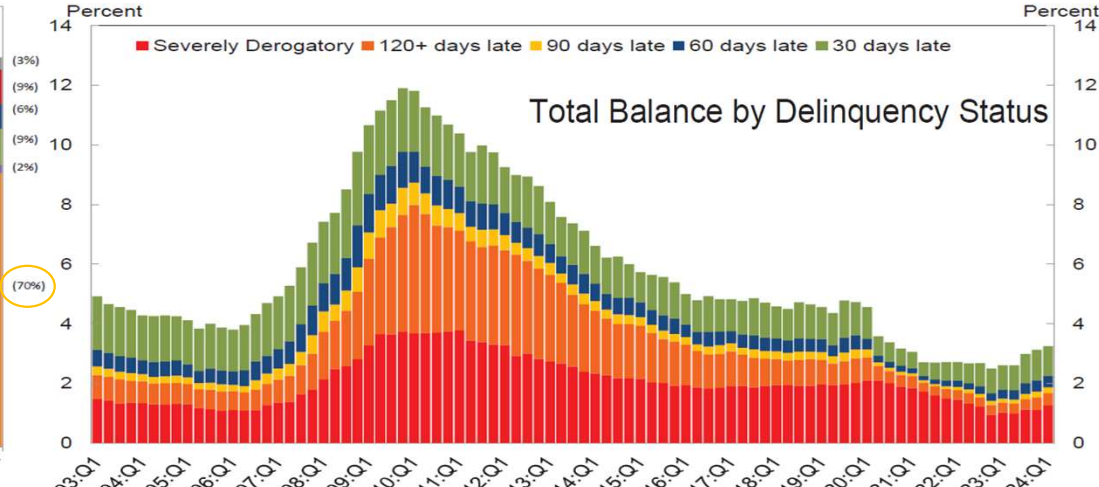
Household Debt and Credit Report - FEDERAL RESERVE BANK of NEW YORK (newyorkfed.org)

05/14/2024

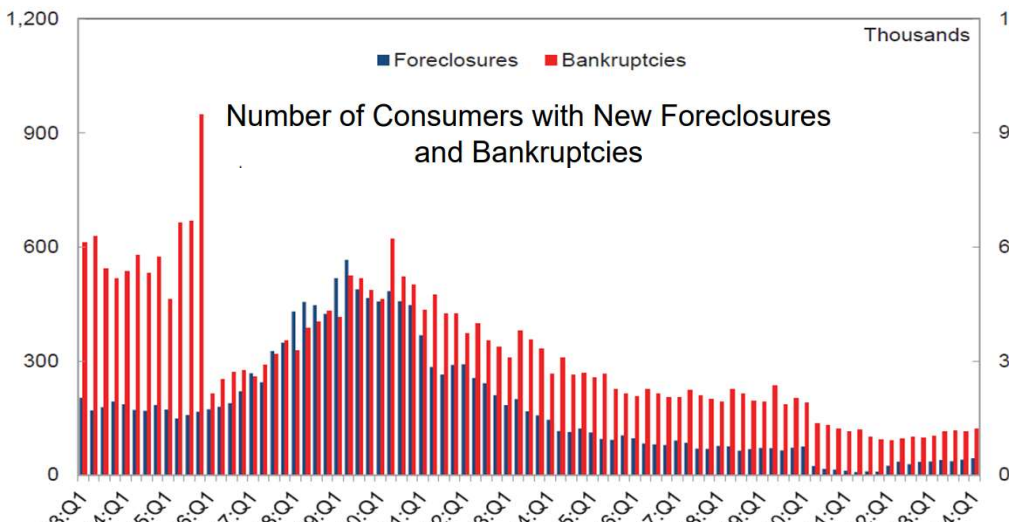
Total Debt Balance and its Composition



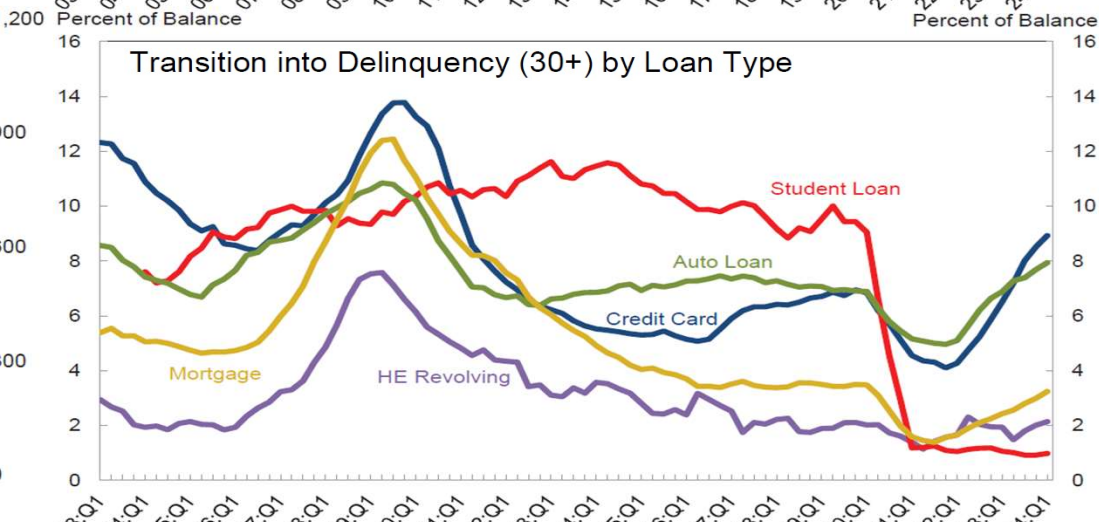
Total Balance by Delinquency Status



Number of Consumers with New Foreclosures and Bankruptcies



Transition into Delinquency (30+) by Loan Type



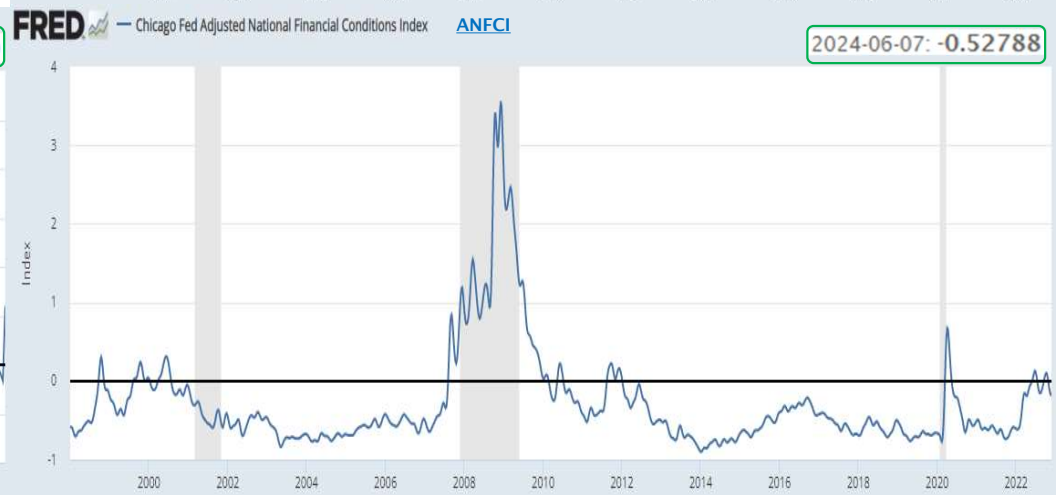
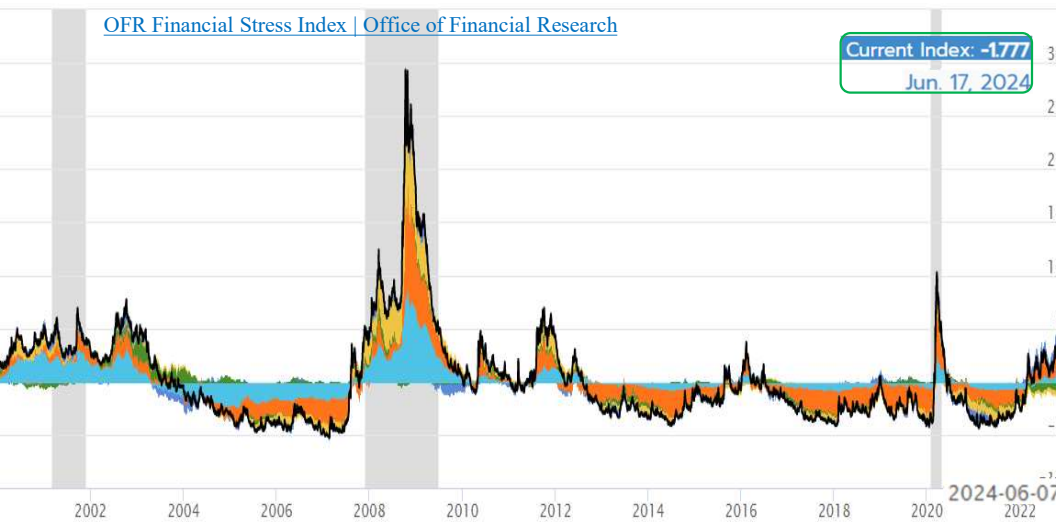
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Financial System State – No Sign of Stress

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FOMC Meeting June 11 to 12

Federal Reserve Board - Federal Reserve issues FOMC statement

06/12/2024

Next meeting 07/31/2024

- Fed Funds rate target range unchanged at 5.25% to 5.50%,
- Balance sheet reduction (QT) continues at \$60B/month, reduced from \$95B/month
- Summary of Economic Projections (S.E.P.)
 - GDP growth lower than current
 - Unemployment rate at current level
 - PCE inflation targets raised, core PCE expectation is higher than current
 - One 0.25% rate cut this year

06/12

S.E.P.

	Median ¹			
	2024	2025	2026	Longer run
2.88 Change in real GDP	2.1	2.0	2.0	1.8
March projection	2.1	2.0	2.0	1.8
4.0 Unemployment rate	4.0	4.2	4.1	4.2
March projection	4.0	4.1	4.0	4.1
2.65 PCE inflation	2.6	2.3	2.0	2.0
March projection	2.4	2.2	2.0	2.0
2.75 Core PCE inflation ⁴	2.8	2.3	2.0	2.0
March projection	2.6	2.2	2.0	2.0
Memo: Projected appropriate policy path				
5.33 Federal funds rate	5.1	4.1	3.1	2.8
March projection	4.6	3.9	3.1	2.6



Dot Plot

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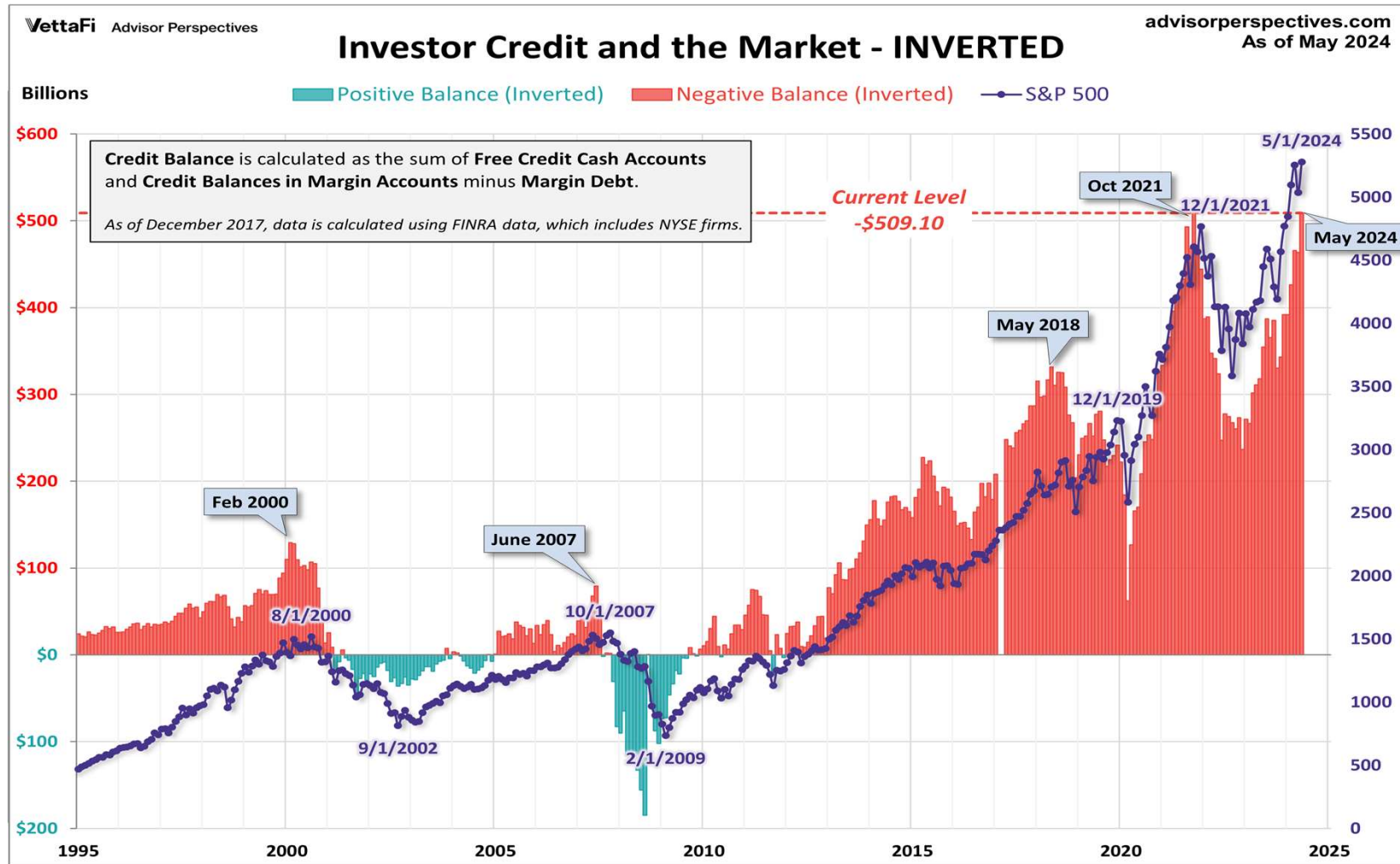
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Margin Debt

Margin Debt Down 5.8% in December - dshort - Advisor Perspectives

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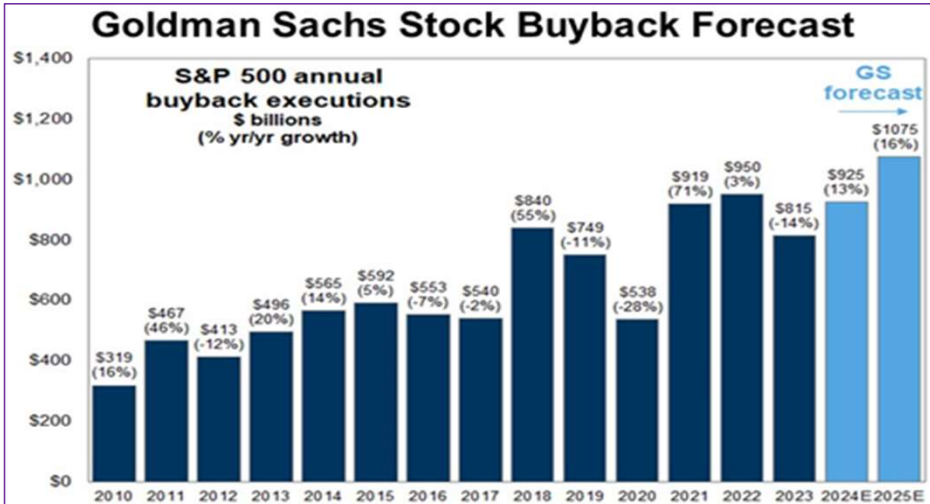
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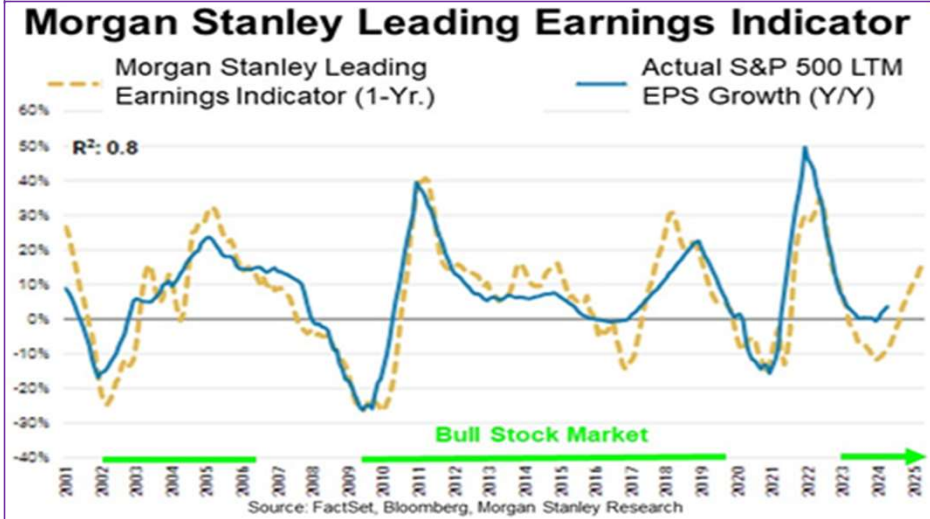
Bullish Anecdotes

The Fed's favored inflation gauge highlights shortened trading week: What to know this week (yahoo.com)

05/28/2024



The case for S&P 6,000



Delta Investment Management <info@deltaim.com>

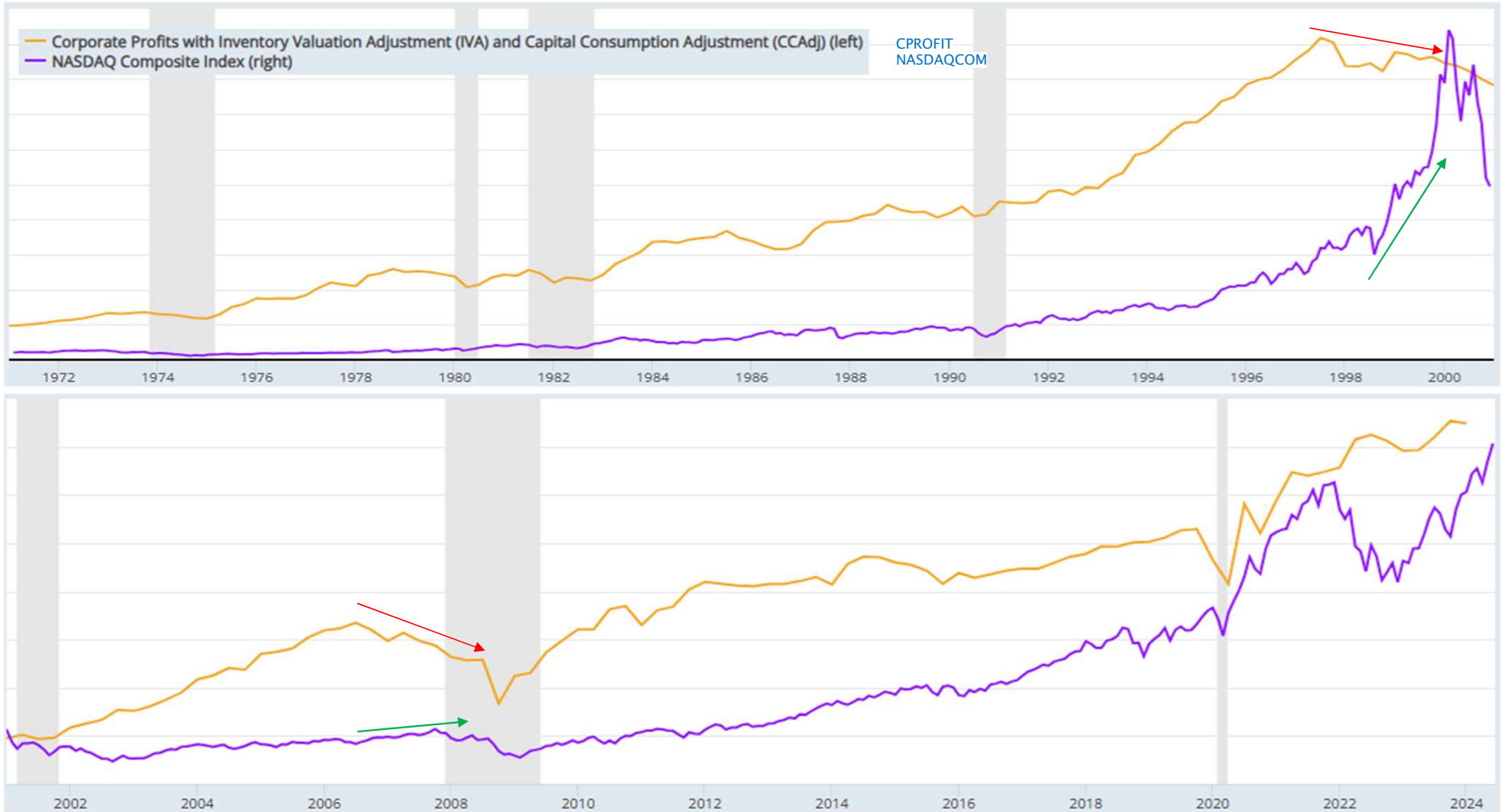
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Corporate Profit (2024 Q1)

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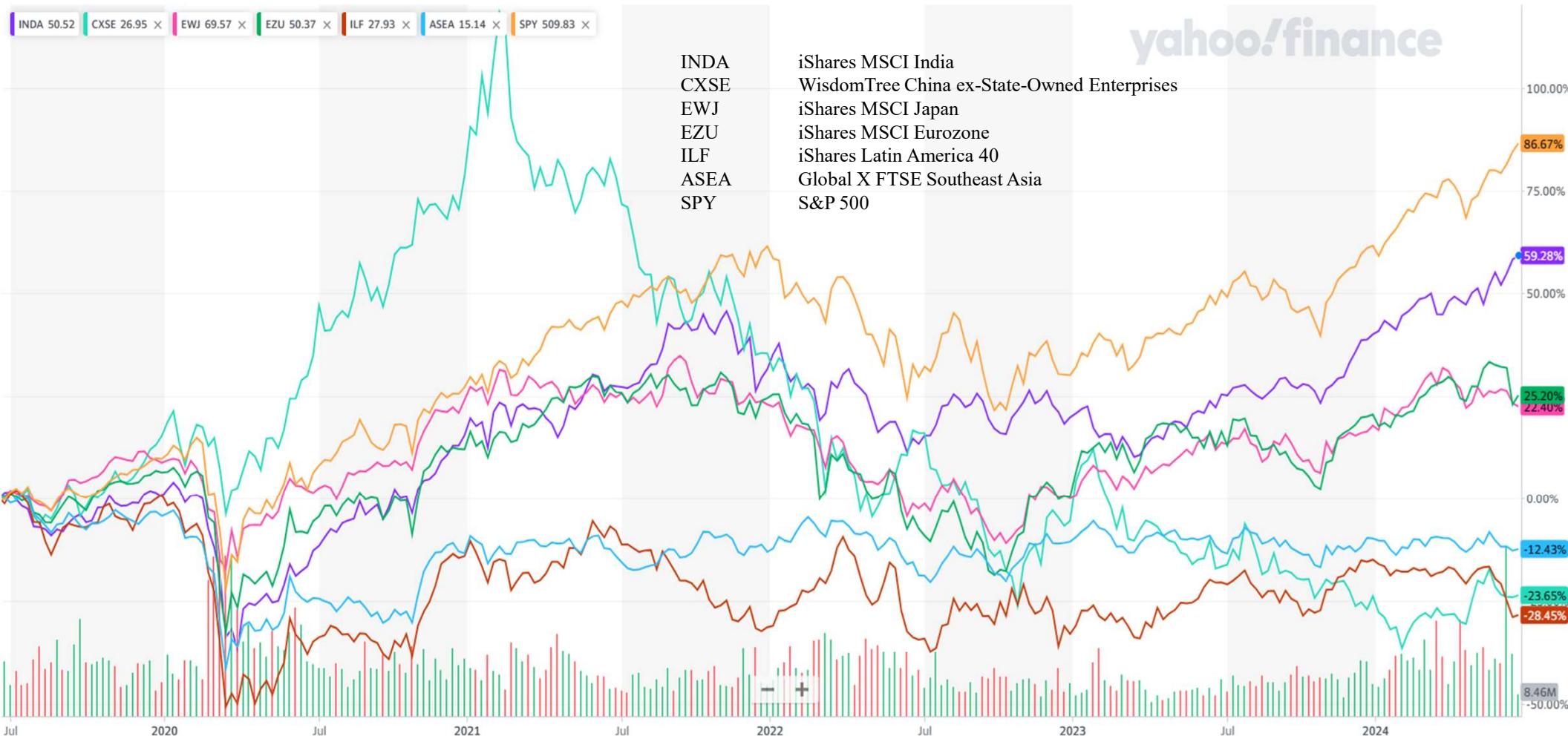
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World Stock Markets

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yahoo!finance

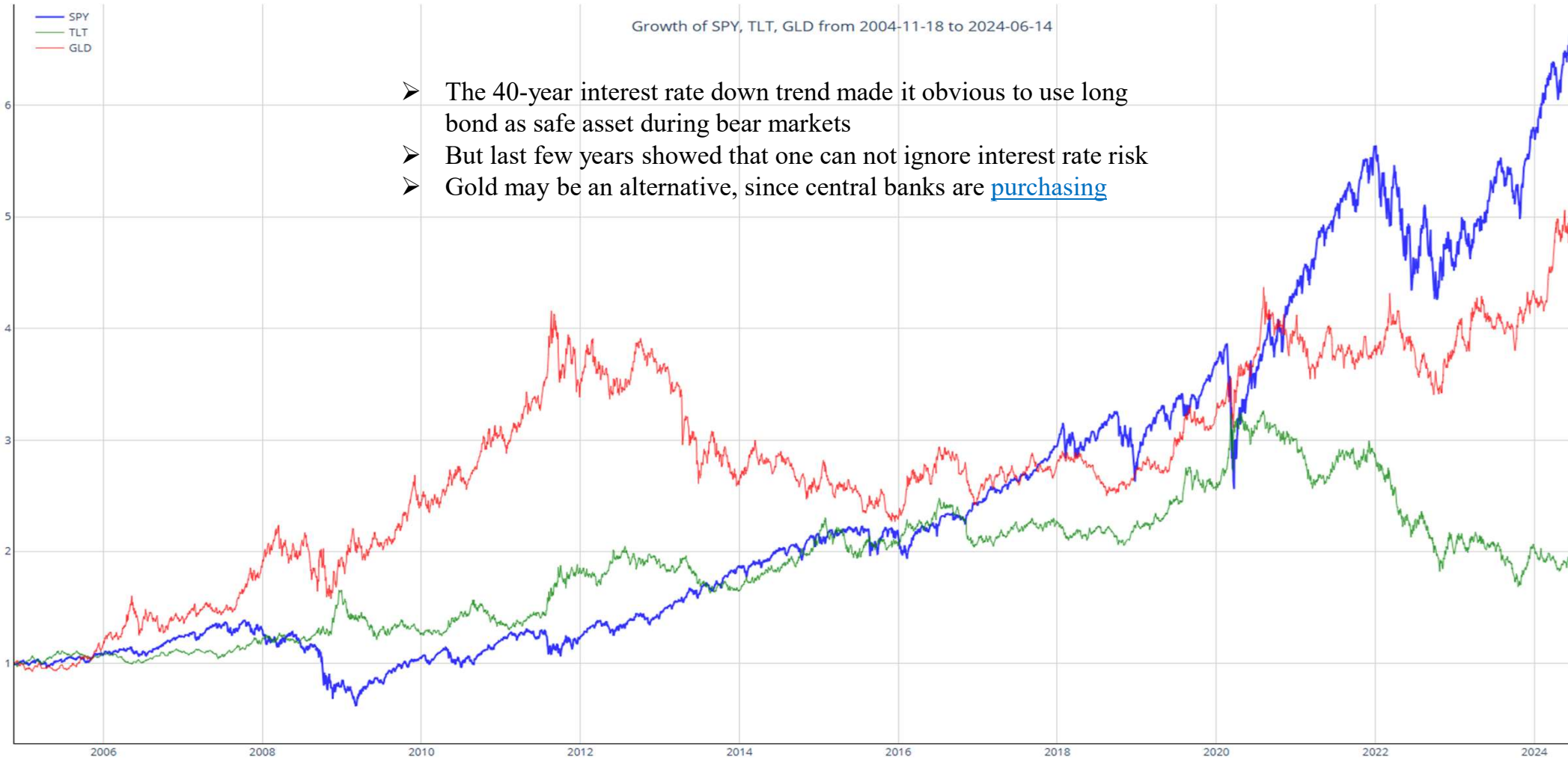
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3 Major Asset Classes

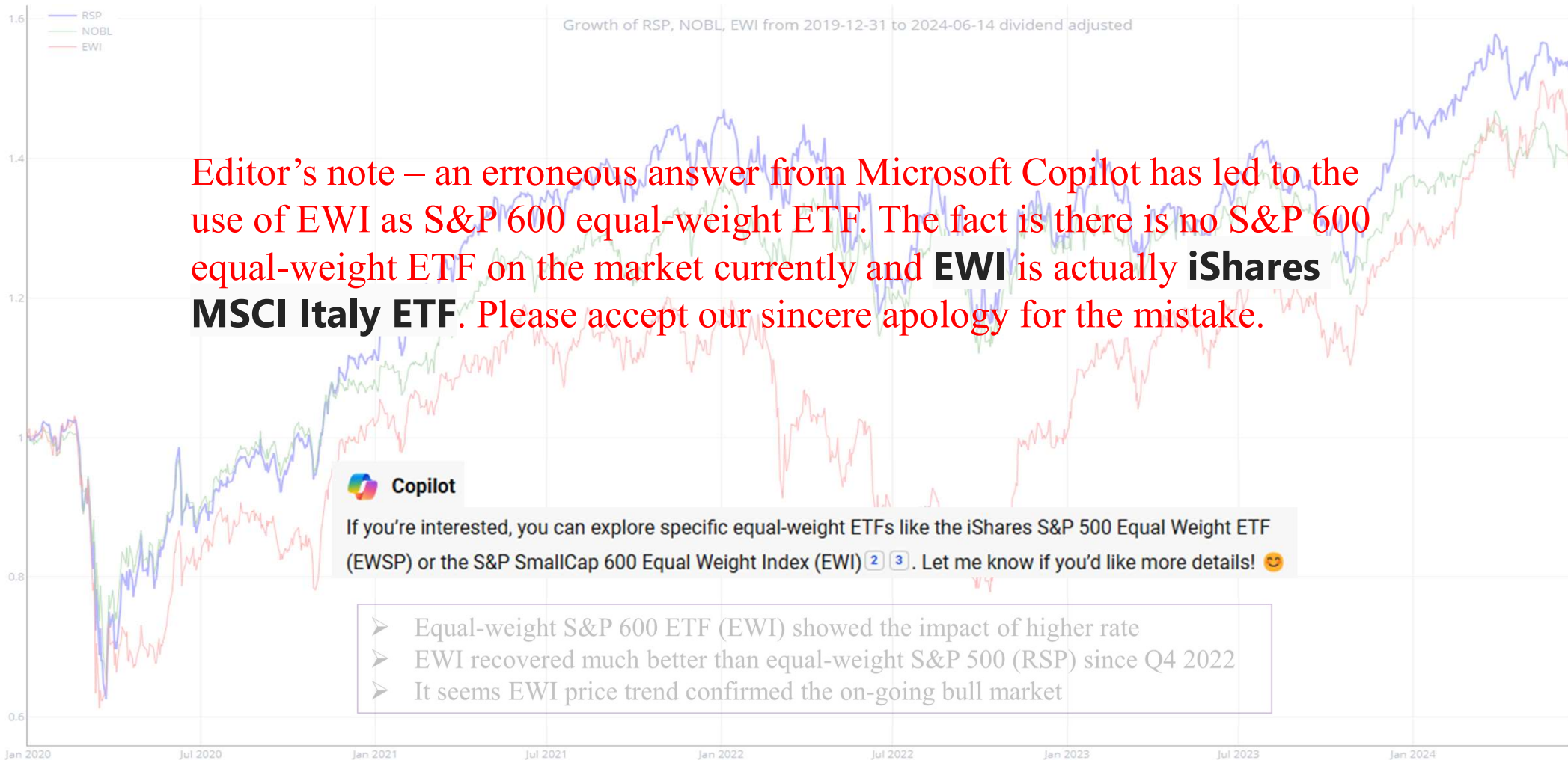
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- The 40-year interest rate down trend made it obvious to use long bond as safe asset during bear markets
- But last few years showed that one can not ignore interest rate risk
- Gold may be an alternative, since central banks are [purchasing](#)

Dividend Stocks and Small Stocks ETFs (Equal-Weight)

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Defined Protection (Buffered) ETF

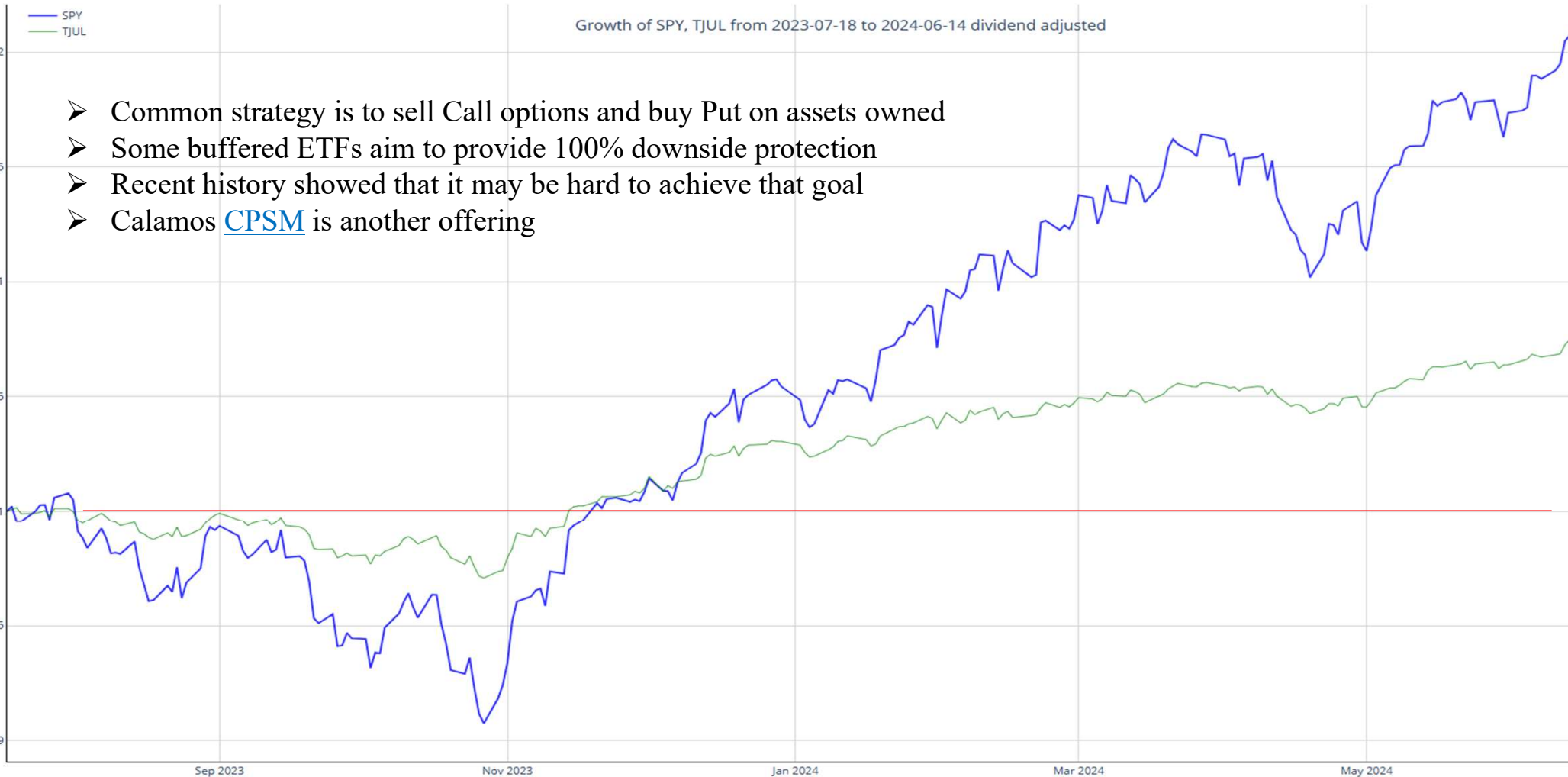
Structured Protection ETFs | Calamos Investments

AAPR - Innovator Equity Defined Protection ETF (innovatoretf.com)

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Growth of SPY, TJUL from 2023-07-18 to 2024-06-14 dividend adjusted

- Common strategy is to sell Call options and buy Put on assets owned
- Some buffered ETFs aim to provide 100% downside protection
- Recent history showed that it may be hard to achieve that goal
- Calamos [CPSM](#) is another offering



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Examples of Income ETFs

Retirement Strategy: 5 ETFs For Safely Adding A 7% Yield To Your Portfolio - ETF Focus on TheStreet: ETF research and Trade Ideas

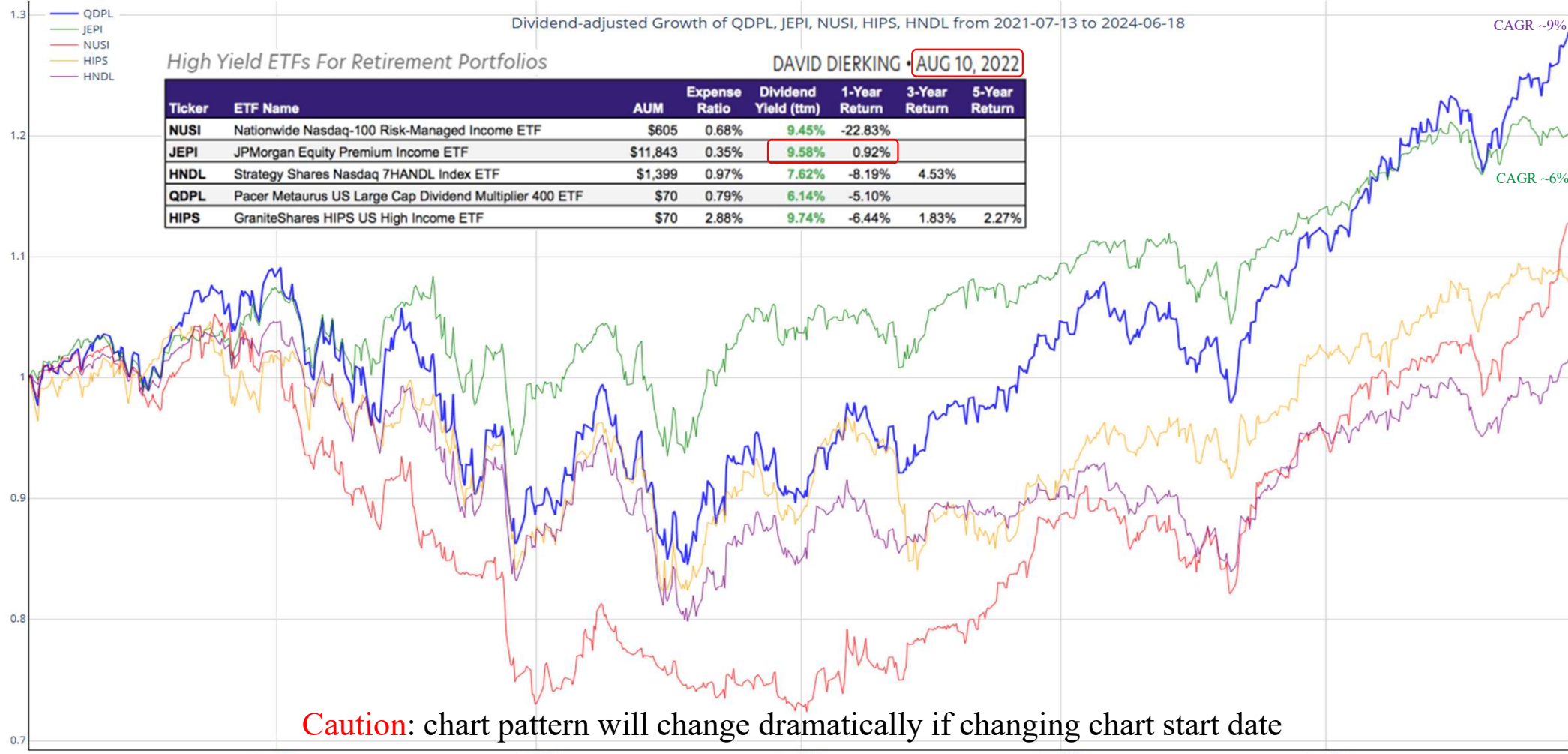
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Dividend-adjusted Growth of QDPL, JEPI, NUSI, HIPS, HNDL from 2021-07-13 to 2024-06-18

High Yield ETFs For Retirement Portfolios

DAVID DIERKING • AUG 10, 2022

Ticker	ETF Name	AUM	Expense Ratio	Dividend Yield (ttm)	1-Year Return	3-Year Return	5-Year Return
NUSI	Nationwide Nasdaq-100 Risk-Managed Income ETF	\$605	0.68%	9.45%	-22.83%		
JEPI	JPMorgan Equity Premium Income ETF	\$11,843	0.35%	9.58%	0.92%		
HNDL	Strategy Shares Nasdaq 7HANDL Index ETF	\$1,399	0.97%	7.62%	-8.19%	4.53%	
QDPL	Pacer Metaurus US Large Cap Dividend Multiplier 400 ETF	\$70	0.79%	6.14%	-5.10%		
HIPS	GraniteShares HIPS US High Income ETF	\$70	2.88%	9.74%	-6.44%	1.83%	2.27%



Caution: chart pattern will change dramatically if changing chart start date

Option-Based Income ETFs - YieldMax

Education – YieldMax ETFs

6/19/2024

Why YieldMax™ ETFs?



High Income Potential

Each YieldMax™ ETF seeks to generate monthly income by pursuing an options-based strategy on one or more underlying securities.



Convenience and Ease

Single ticker provides access to an actively managed options-based strategy, so you don't have to buy and sell options or worry about securities being called away or delivered to you.



Customized Risk, Return and Income Solution

You can target desired levels of risk, return and income by calibrating allocations between a YieldMax™ ETF and its underlying security or securities.

- Actively managed ETFs
- Most ETFs target a single stock
- Use options to create synthetic long position
- The predominant driver of potential monthly income comes from selling short-term options

Caution: information here is for education only

YieldMax™ Covered Call ETFs in a Nutshell

Portfolio Components

1. Short Put + Long Call = Long Stock Position
 2. Short Call = Income
 3. Treasuries = Collateral & Additional Income
- } Covered Call

Results

- Covered call strategy
- Monthly income potential
- Short out-of-the money call allows some upside participation
- All options are cleared and settled by the Options Clearing Corporation (OCC)
 - No leverage
 - No stock gets called away

YieldMax™ Short Option Income ETFs in a Nutshell

Portfolio Components

1. Long Put + Short Call = Short Stock Position
 2. Short Put = Income
 3. Long OTM Calls = Cap of Potential Losses*
 4. Treasuries = Collateral & Additional Income
- } Covered Put

* Maximum losses are capped at the strike price of the long OTM calls and may be up to 100% of your investment

Results

- Covered put writing strategy
- Monthly income potential
- Short (beneficial) exposure to the underlying stock down to the short put strike
- All options are cleared and settled by the Options Clearing Corporation (OCC)
 - No leverage
 - No stock gets called from or delivered to investor

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YieldMax Offerings

06/19/2024

TICKER	NAME	REFERENCE ASSET	DISTRIBUTION RATE*	30-DAY SEC YIELD*	EXPENSE RATIO	Inception
APLY	YieldMax™ AAPL Option Income Strategy ETF	AAPL	26.69%	4.01%	0.99%	4/17/2023
AMZY	YieldMax™ AMZN Option Income Strategy ETF	AMZN	52.76%	4.32%	0.99%	7/24/2023
GOOY	YieldMax™ GOOGL Option Income Strategy ETF	GOOGL	46.34%	4.18%	0.99%	7/27/2023
FBY	YieldMax™ META Option Income Strategy ETF	META	43.22%	4.56%	0.99%	7/27/2023
MSFO	YieldMax™ MSFT Option Income Strategy ETF	MSFT	26.31%	4.31%	0.99%	10/30/2023
NVDY	YieldMax™ NVDA Option Income Strategy ETF	NVDA	98.26%	4.00%	0.99%	5/10/2023
ISLY	YieldMax™ TSLA Option Income Strategy ETF	TSLA	49.66%	4.20%	0.99%	11/22/2022
CRSH	YieldMax™ Short TSLA Option Income Strategy ETF	TSLA	59.87%	4.01%	0.99%	5/1/2024
YMAG	YieldMax™ Magnificent 7 Fund of Option Income ETFs	Multiple	39.40%	48.06%	1.28%	1/29/2024
AIYY	YieldMax™ AI Option Income Strategy ETF	AI	86.78%	4.31%	0.99%	11/27/2023
COIN	YieldMax™ COIN Option Income Strategy ETF	COIN	95.72%	4.73%	0.99%	8/14/2023
MSTY	YieldMax™ MSTR Option Income Strategy ETF	MSTR	124.44%	0.00%	0.99%	2/21/2024
NFLY	YieldMax™ NFLX Option Income Strategy ETF	NFLX	43.15%	4.32%	0.99%	8/7/2023
DISO	YieldMax™ DIS Option Income Strategy ETF	DIS	29.45%	4.48%	0.99%	8/24/2023
XOMO	YieldMax™ XOM Option Income Strategy ETF	XOM	21.74%	4.27%	0.99%	8/30/2023
JPMO	YieldMax™ JPM Option Income Strategy ETF	JPM	21.66%	4.18%	0.99%	9/11/2023
AMDY	YieldMax™ AMD Option Income Strategy ETF	AMD	66.85%	4.13%	0.99%	9/18/2023
PYPY	YieldMax™ PYPL Option Income Strategy ETF	PYPL	50.20%	4.28%	0.99%	9/25/2023
SNOY	YieldMax™ SNOW Option Income Strategy ETF	SNOW	-%	-%	0.99%	6/10/2024
SQY	YieldMax™ SQ Option Income Strategy ETF	SQ	62.33%	5.03%	0.99%	10/10/2023
MRNY	YieldMax™ MRNA Option Income Strategy ETF	MRNA	59.70%	4.50%	0.99%	10/23/2023
OARK	YieldMax™ Innovation Option Income Strategy ETF	ARKK	45.15%	4.76%	0.99%	11/22/2022
GDXY	YieldMax™ Gold Miners Option Income Strategy ETF	GDX®	-%	0.00%	0.99%	5/20/2024
YBIT	YieldMax™ Bitcoin Option Income Strategy ETF	Bitcoin ETP	92.88%	3.94%	0.99%	4/22/2024
YMAX	YieldMax™ Universe Fund of Option Income ETFs	Multiple	44.83%	58.84%	1.28%	1/16/2024
ULTY	YieldMax™ Ultra Option Income Strategy ETF	Multiple	99.81%	0.00%	1.14%	2/28/2024

The [Distribution Rate](#) is calculated by multiplying an ETF's Distribution per Share by twelve (12) and dividing the resulting amount by the ETF's most recent Net Asset Value (NAV). It's important to note that the Distribution Rate represents a [single distribution](#) from the ETF and does not represent its total return.

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Hidden Dangers Of Chasing High Yield - TSLY

06/17/2024

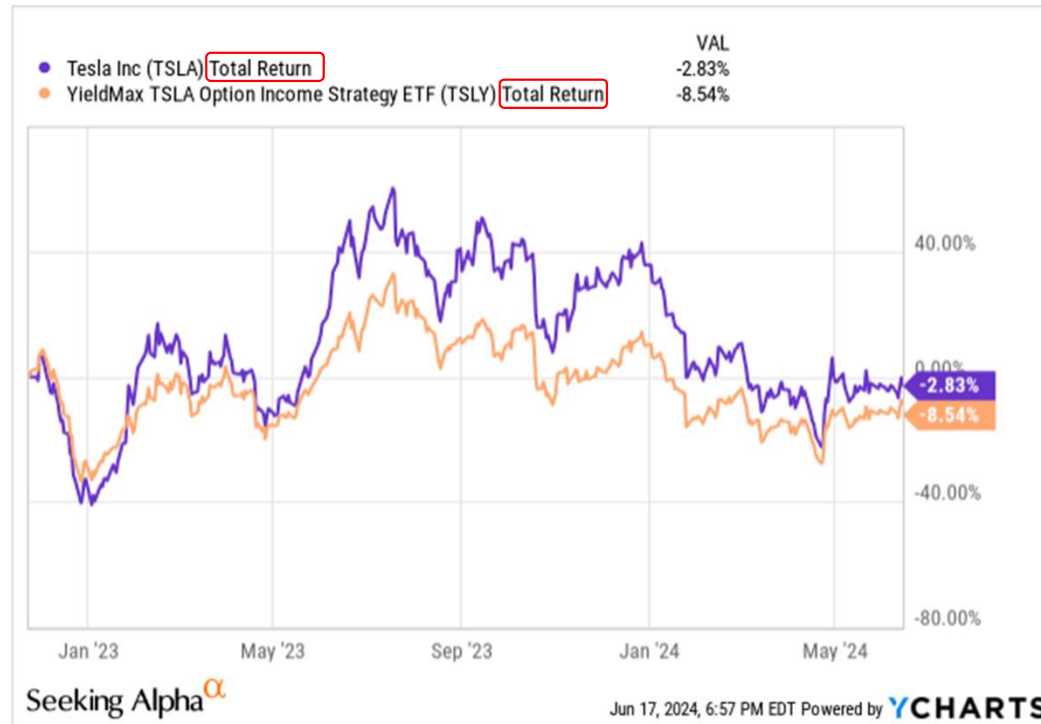
<https://seekingalpha.com/article/4699746-tsl-y-etf-hidden-dangers-of-chasing-high-yield>

Who TSLY Is For

- If you want high dividend income, and you fully understand that you are getting your capital handed back to you, this might be a product for you.
- You also receive a small amount of call option income in return for capped upside gains.
- If you forecast a stock to trade with low volatility, the options income might give you higher total returns than just holding the stock.

Risks of TSLY

- Single stock risk which means zero diversification
- Volatility risk in that if prices move up and down to extreme levels from month to month, you may lose even while the share price is flat
- Depending on what account you have this fund in, you may pay a lot of unnecessary taxes from the fund just returning your own capital to you
- You have the risk of dwindling distributions due to an eroding asset base



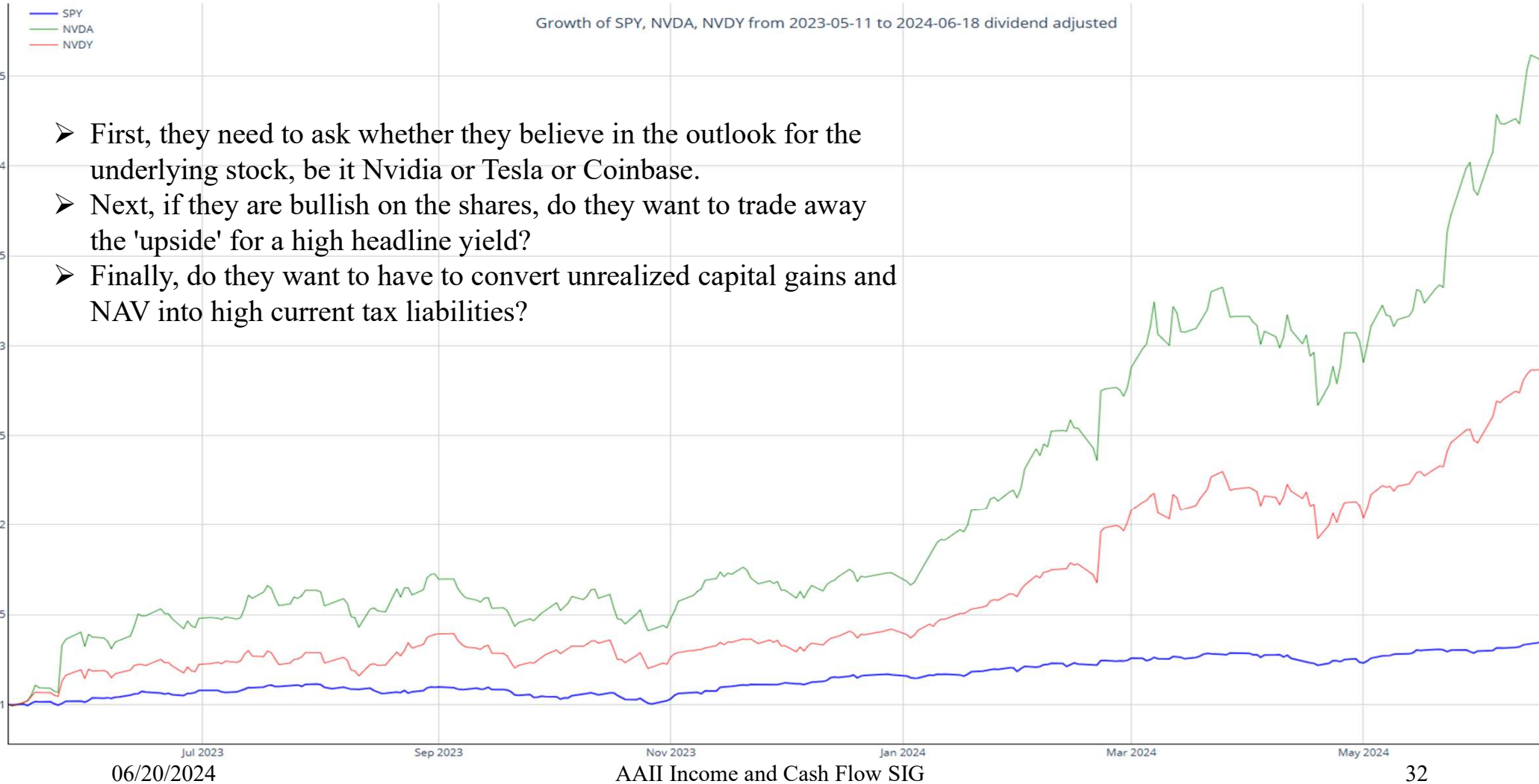
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3 Questions To Ask Before Buying YieldMax ETFs - NVDY

<https://seekingalpha.com/article/4664262-nvdy-3-questions-to-ask-before-buying-yieldmax-etfs>



Similarity of 2024 to 1968 - A Speculation

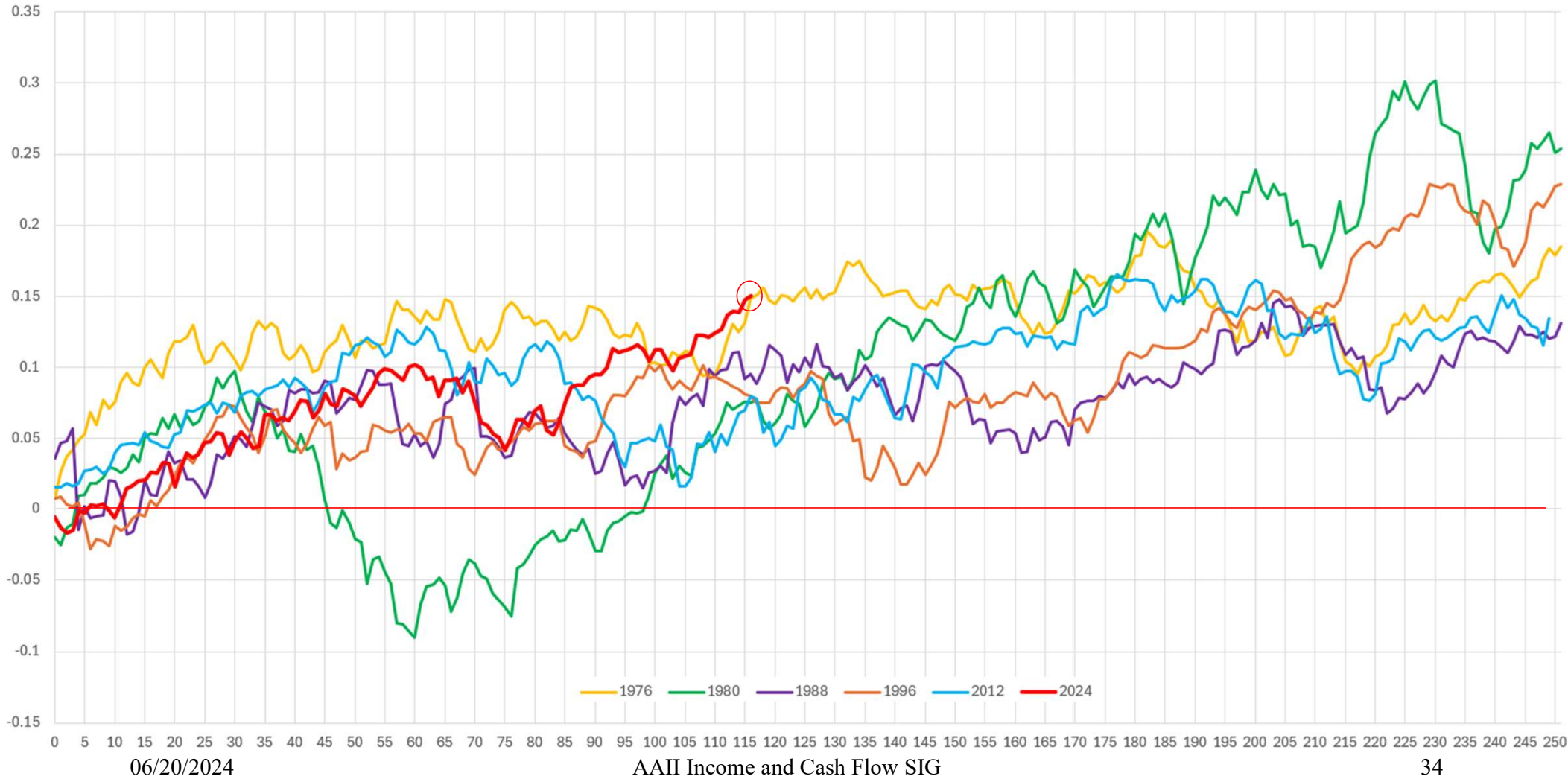
6/19/2024

<https://t.co/hdRu0sj66U>



Seasonality – Presidential Election Year

06/19/2024



Q & A

“Markets price the future; economic reports tell the past” – [*Ken Fisher*](#)



“Things that have never happened before happen all the time” – [*Scott Sagan*](#)

Reminder: Information presented are backward-looking for entertainment only.

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Some charts may have their own last update date.

Buy-Write ETF

06/18/2024



06/20/2024

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