CITY NATIONAL ROCHDALE®
AN RBC/CITY NATIONAL COMPANY

September 2024

Market Update

CAS00012171

Overview

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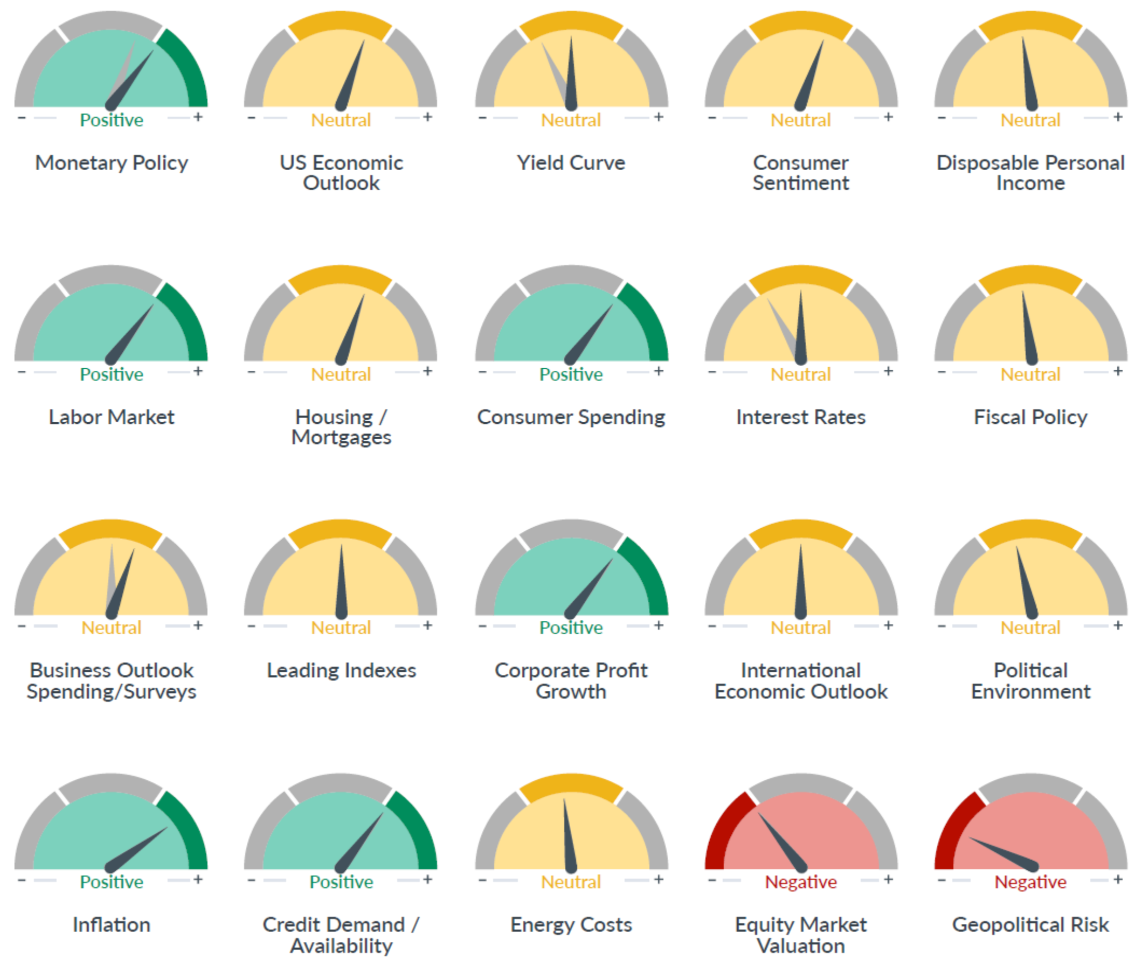
Market Perspective

CNR Speedometers® – September 2024

Economic & Financial Indicators That are Forward-Looking Six to Nine Months

- Global economic outlook stable, US growth strong but moderating.
- Cooling inflation paving the way for Federal Reserve easing cycle.
- Job and income growth supporting consumer spending.
- Lower interest rates should support a pick-up in business investment.
- Elevated equity valuations in some sectors reflect strong corporate profits.
- Geopolitical events remain a key risk to the outlook.

Impact on Economy and Financial Markets



Impact on investment: ■ Positive ■ Neutral ■ Negative **Timeframe:** ■ Current ■ Change from last month

Source: Proprietary opinions based on CNR Research, as of September 2024. Information is subject to change and is not a guarantee of future results.

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Economic Forecasts

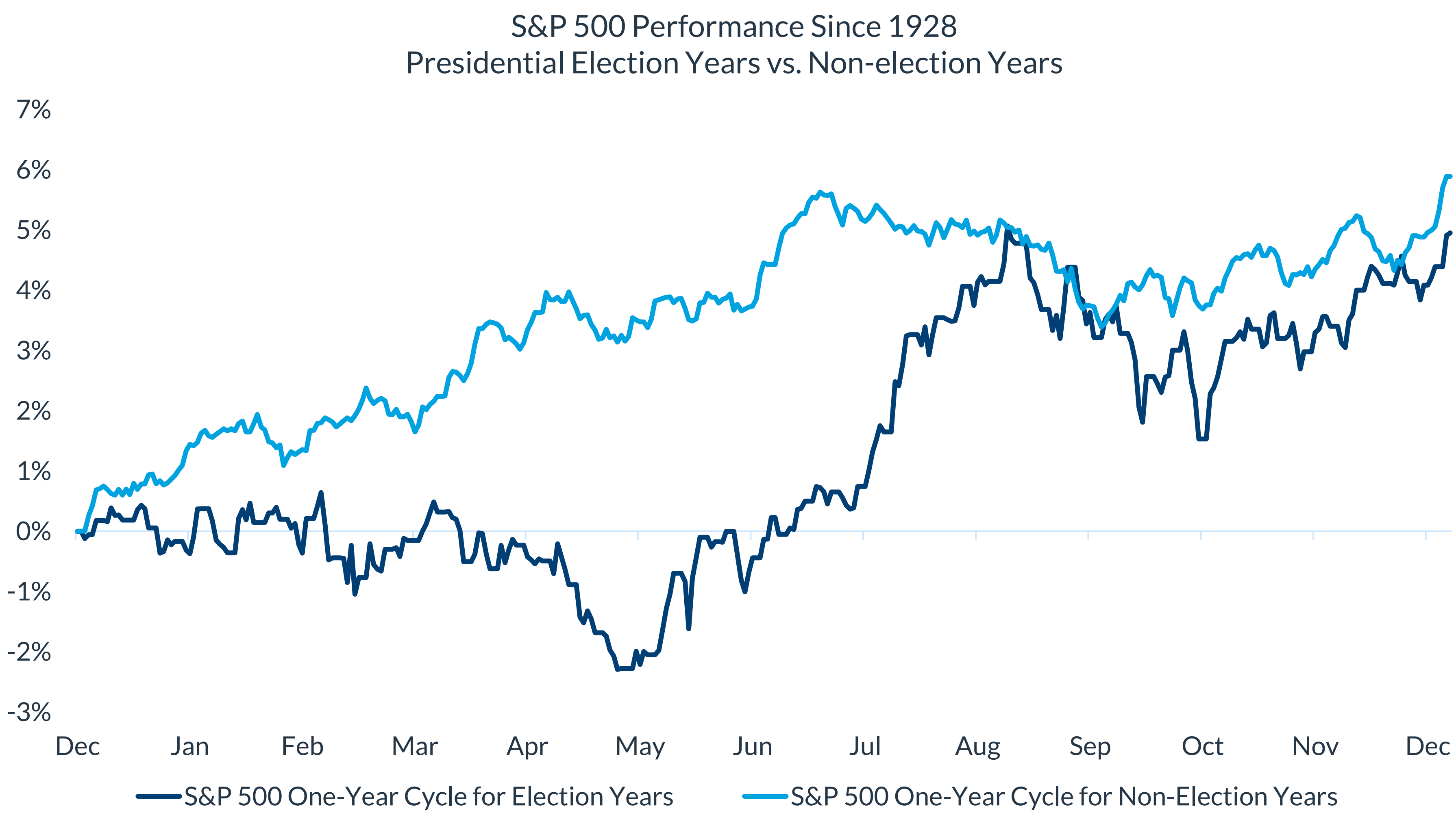
- GDP growth to moderate, but economy should remain resilient and avoid recession.
- Corporate profits expected to show improving growth.
- Inflation pressures expected to continue moderating.
- Expecting 75-100 bps of Fed rate cuts in 2024.
- Structural pressures will likely keep longer term Treasury yields higher.

City National Rochdale Forecasts		2023	2024e	2025e
Real Annual GDP Growth		2.5%	1.75% to 2.25%	1.5% to 2.0%
Corporate Profit Growth		1%	9.0% to 12.0%	10% to 14%
Headline CPI Year End		3.3%	2.50% to 3.00%	2.50% to 2.75%
Core CPI Year End		3.9%	2.50% to 3.00%	2.25% to 2.75%
Interest Rates	Federal Funds Rate	5.25% to 5.50%	4.25% to 4.75%	3.75% to 4.25%
	Treasury Note, 10-Yr.	3.88%	3.75% to 4.25%	3.75% to 4.25%

Gross domestic product (GDP) is the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period.
The Consumer Price Index (CPI) measures the monthly change in prices paid by U.S. consumers.
e: estimate.
Sources: Bloomberg, proprietary opinions based on CNR Research, as of September2024. Information is subject to change and is not a guarantee of future results.

Election Years Add to Near Term Market Uncertainty

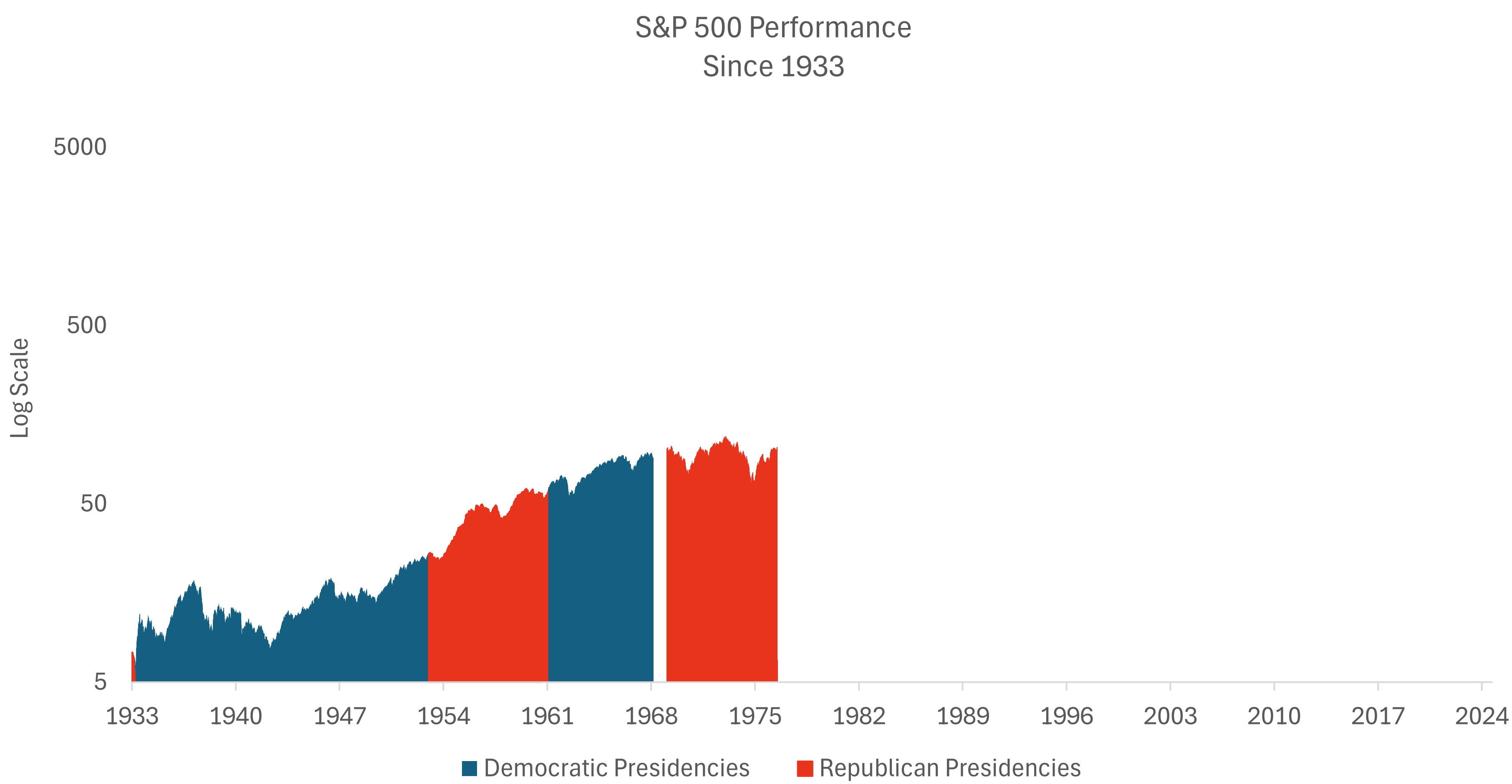
- Uncertainty introduced in Presidential elections years can weigh on market performance.
- Once election results become clearer, markets tend to trade back inline with non-election years.



Source: NDR Research, as of September 2024. Information is subject to change and is not a guarantee of future results.

The Stock Market is Not Partisan

- The stock market has trended higher regardless of presidential party control.
- Corporate profits, interest rates and the direction of monetary policy are typically much more important.



Source: Bloomberg, as of September 2024. Information is subject to change and is not a guarantee of future results.

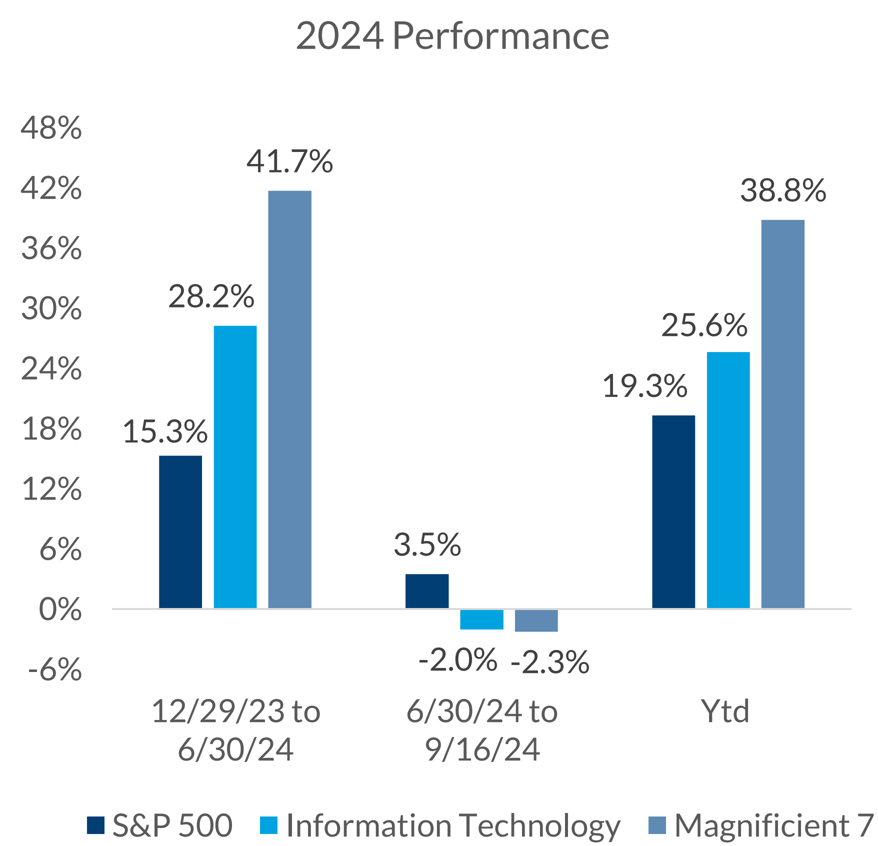
Concerns Around Tech

- YTD market gains continue to be driven by tech, but the sector's performance has become more volatile.
- There are concerns about elevated valuations, narrow market leadership and the possibility of diminishing returns.
- This is offset by the industry's strong growth potential, particularly with AI and early-stage dynamics.

➢ High expectations not fully met

➢ Decelerating earnings growth

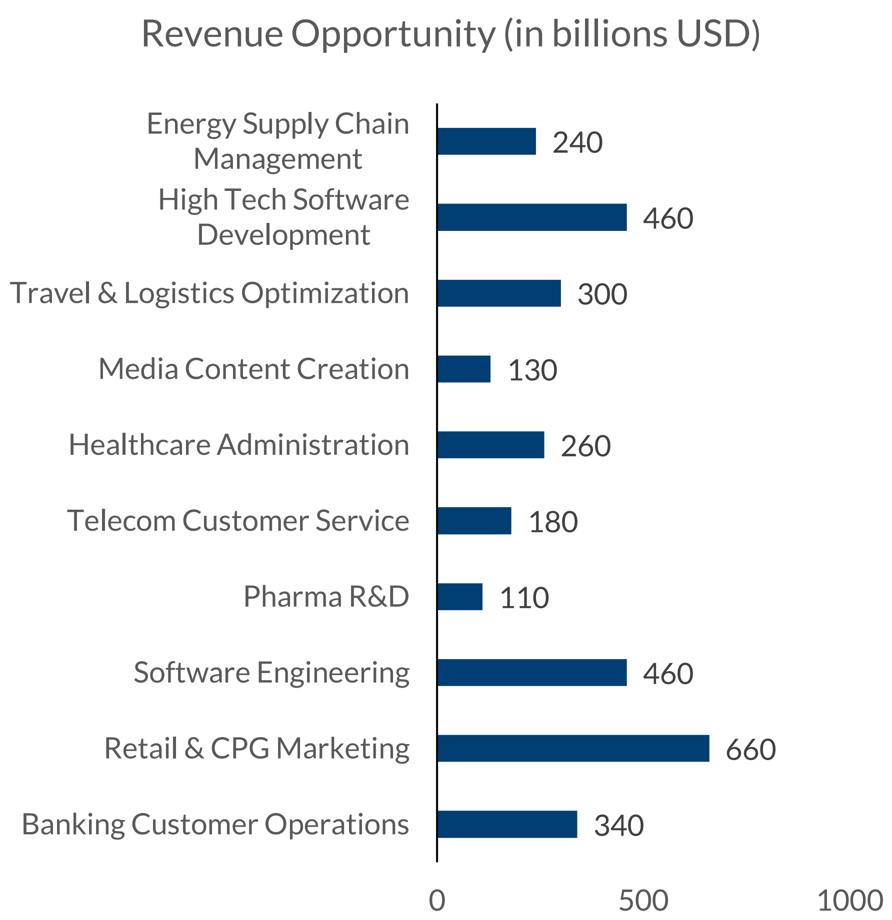
➢ Misunderstood broad impact/Use cases

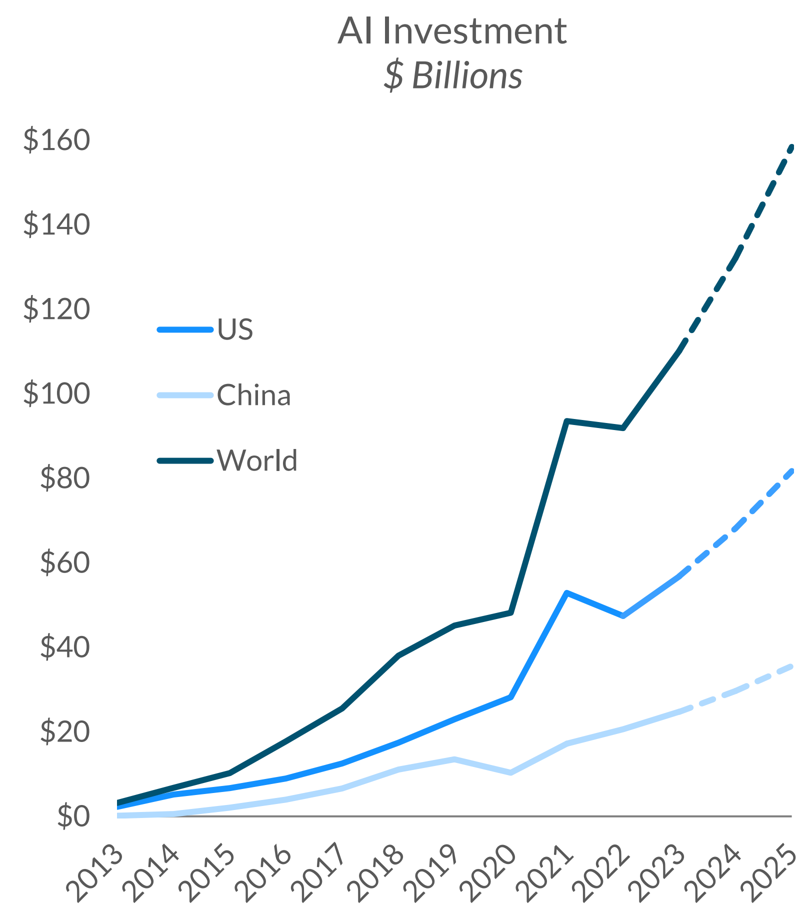


Source: Bloomberg, as of September 2024. Information is subject to change and is not a guarantee of future results.

Generative AI Opportunity Set

- Total investment in generative AI reached $120B in just the first five months of 2023.
- AI investment is projected to grow to $160B in 2025.
- The highest impact could come to marketing, high tech software, banking and healthcare.

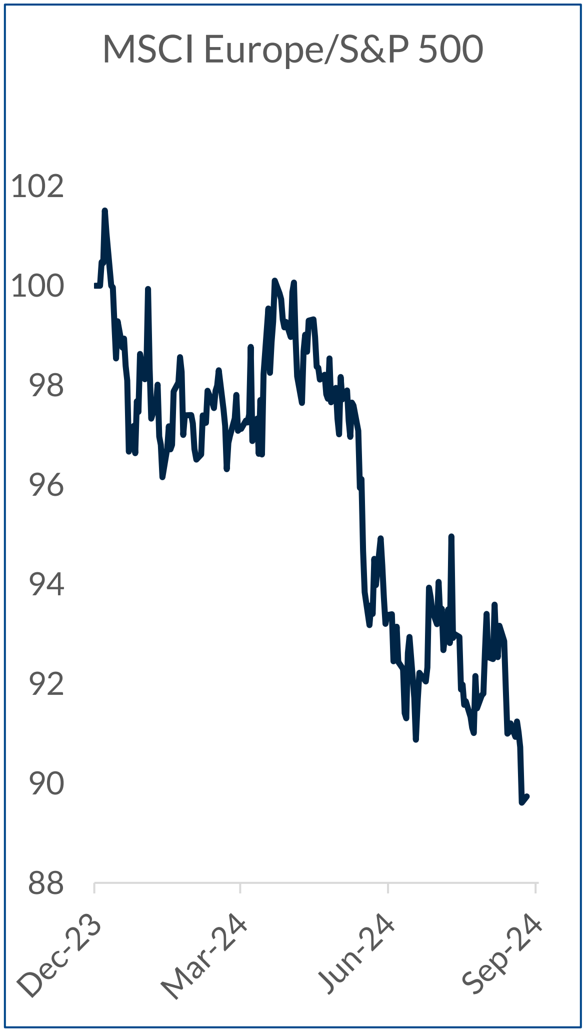


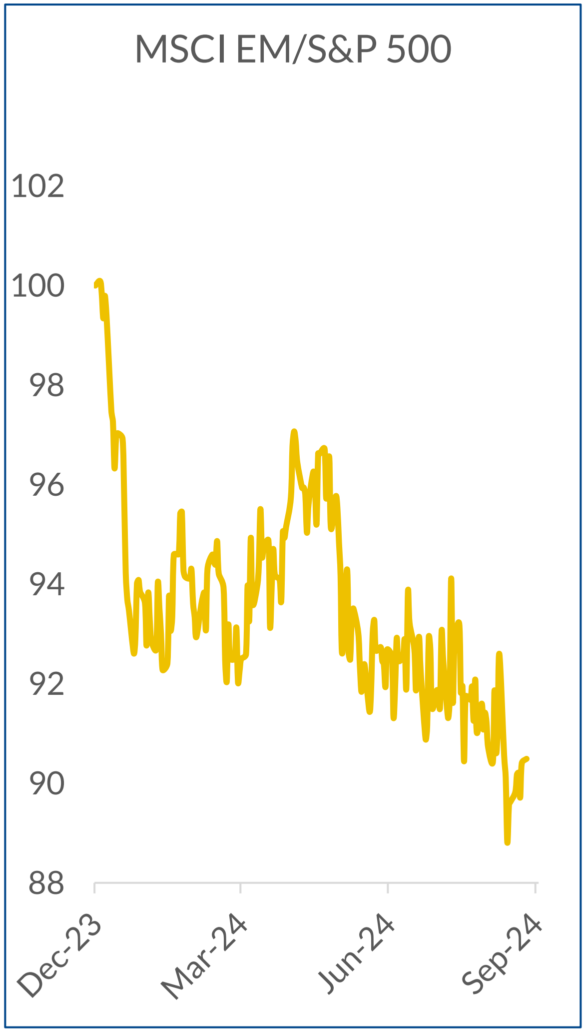


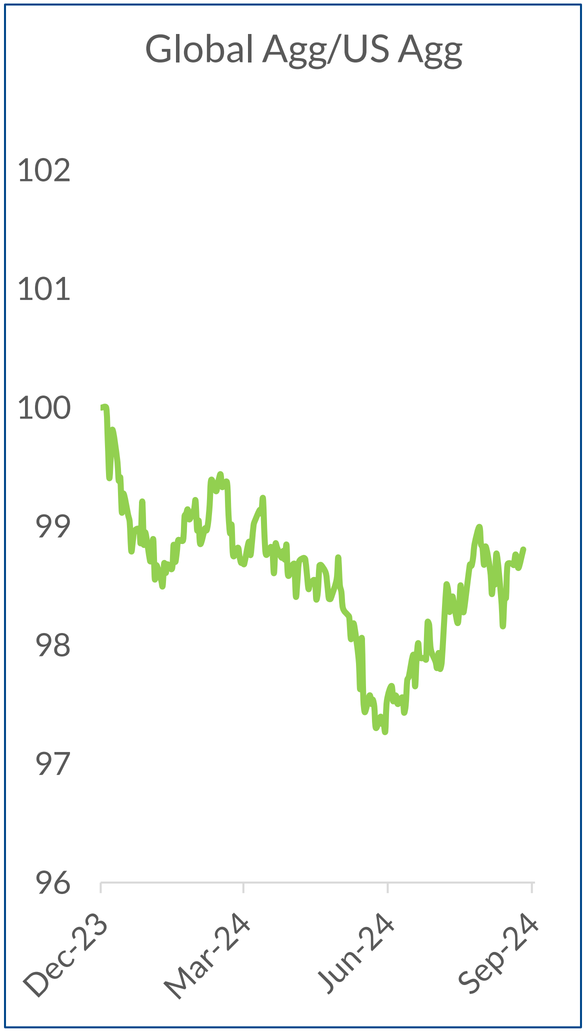
Source: McKinney & Co., Goldman Sachs Research. August 2024. Information is subject to change and is not a guarantee of future results.

Global Markets Have Underperformed US

- The U.S. market continues to climb compared to international markets.
- At times, international investments have appeared attractive this year, but the opportunities have been fleeting.



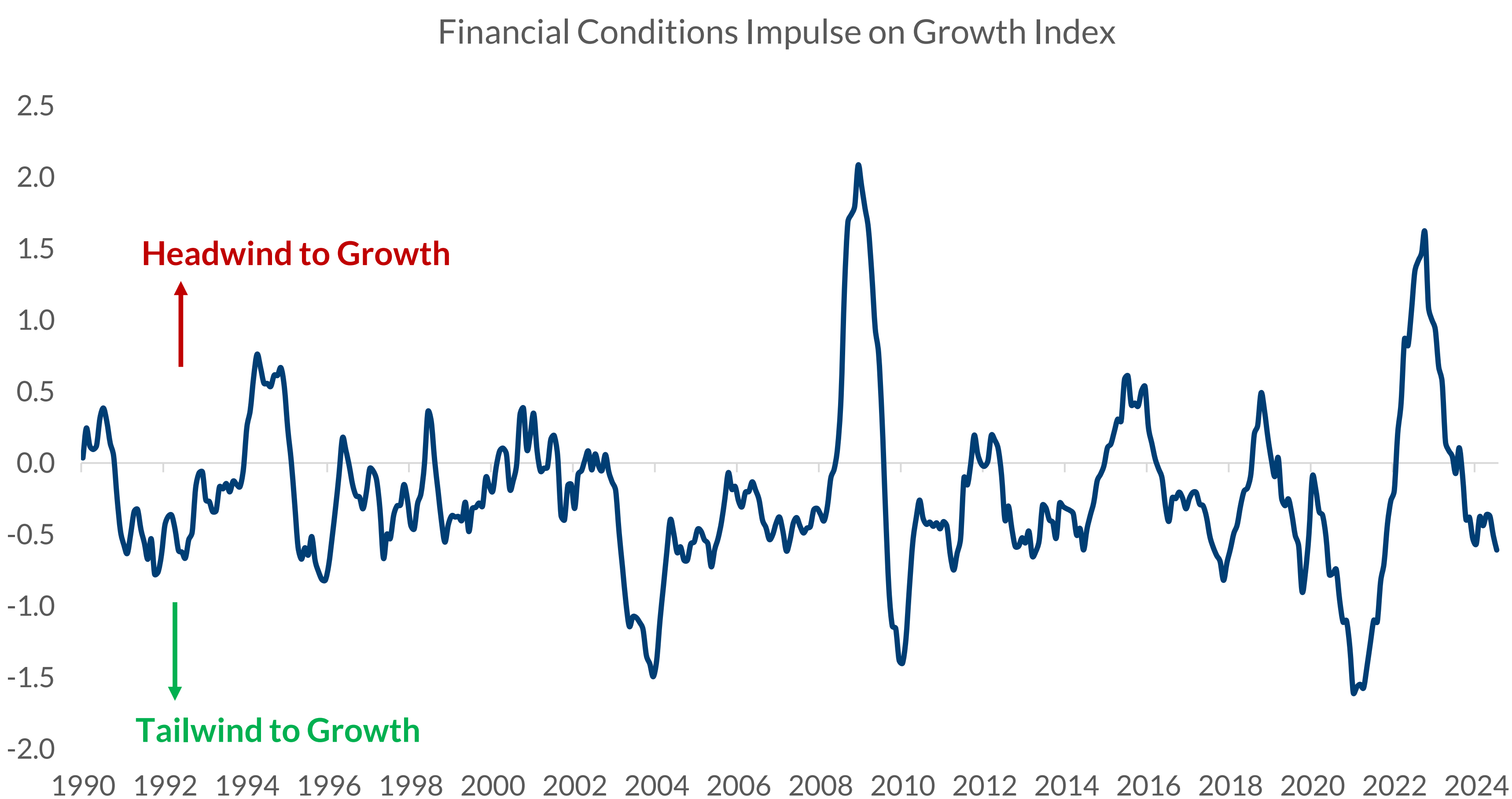




Source: Bloomberg, as of September 2024. Information is subject to change and is not a guarantee of future results.

Financial Conditions Are Supportive

- The beginning Fed easing cycle, strong credit fundamentals, and solid growth have improved financial conditions,
- This reduces the potential for adverse market moves.
- If the trend continues, it is possible the Fed could reach its goal of a soft landing.



Source: Federal Board of Reserve, as of September 2024. Information is subject to change and is not a guarantee of future results.

Key Takeaways

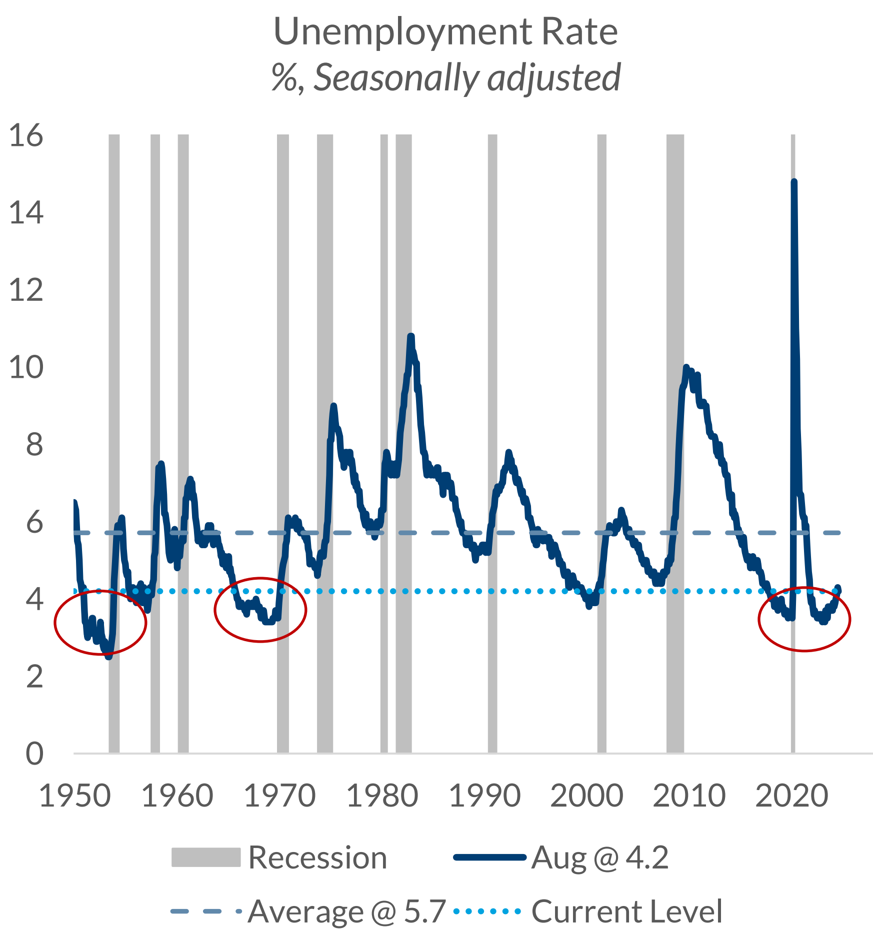
- Key areas to watch include monetary policy, housing, unemployment and interest rates.
- The Federal Reserve is likely to reduce rates by an additional 0.50% in 2024, but we expect structural pressure on long-term interest rates.
- Election years usually experience declines in the run-up to election day, but, on average, tend to recover losses over November and December.
- Party control of the presidency does not dictate the direction of stocks.
- Concerns have surfaced on the sustainability of AI and its growth prospects, but we believe we are still in the early phase of development.
- Despite attractive valuations, international markets remain elusive and the market has gone through several "head fakes" this year.
- Financial conditions are supportive of a continued expansion.

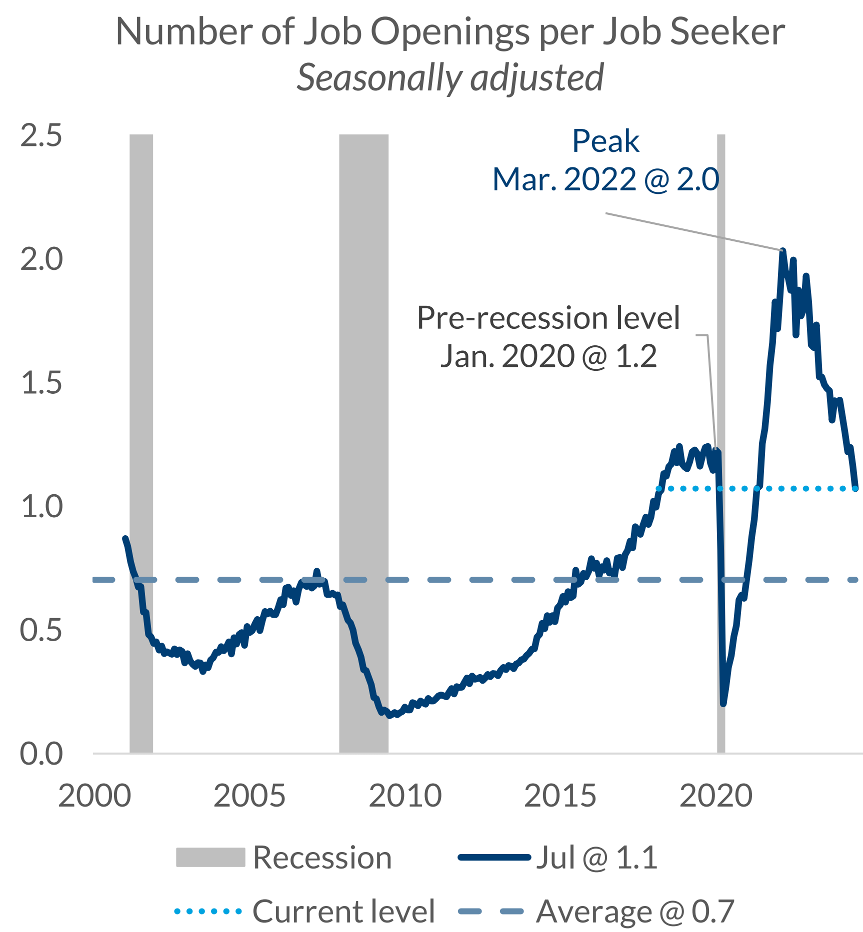
Source: CNR Research, as of September 2024.
Information is subject to change and is not a guarantee of future results.

The Economy

The Economy – Labor Market

- The labor market is in a place of strength, but the pace of growth is slowing, not stalling.
- The 4.2% unemployment rate is in the 4.0% to 4.5% range, considered full employment.

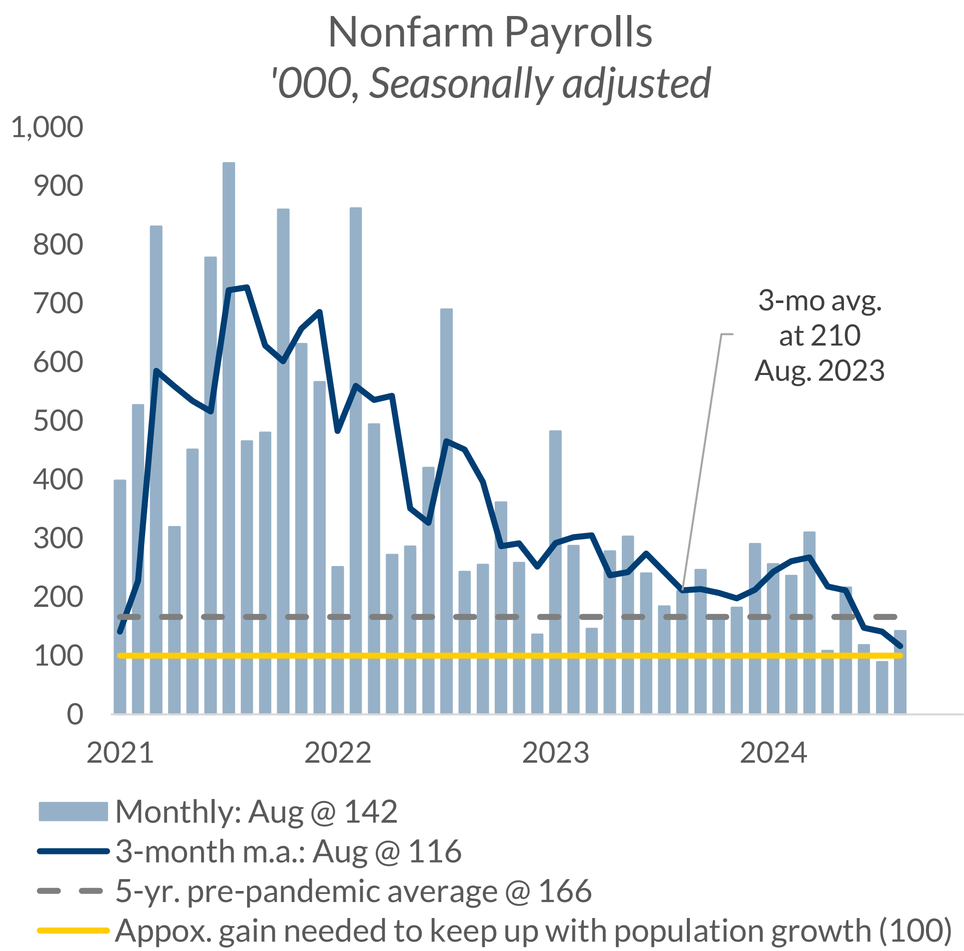


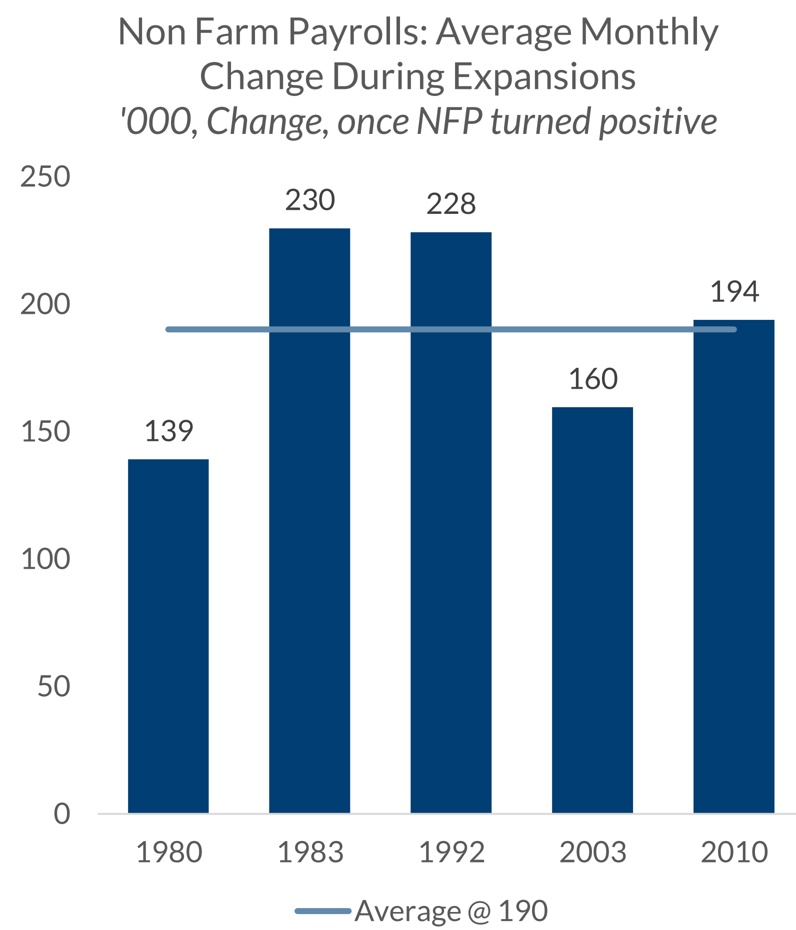


Data current as of September 24, 2024
Source: Bureau of Labor Statistics
Information is subject to change and is not a guarantee of future results.

The Economy – Labor Market

- Labor growth has decreased to levels equal to the approximate growth rate of the population.
- It is well below the average growth rate of past expansions.
- The planned interest rate cuts should jump-start demand for workers and reaccelerate job growth.

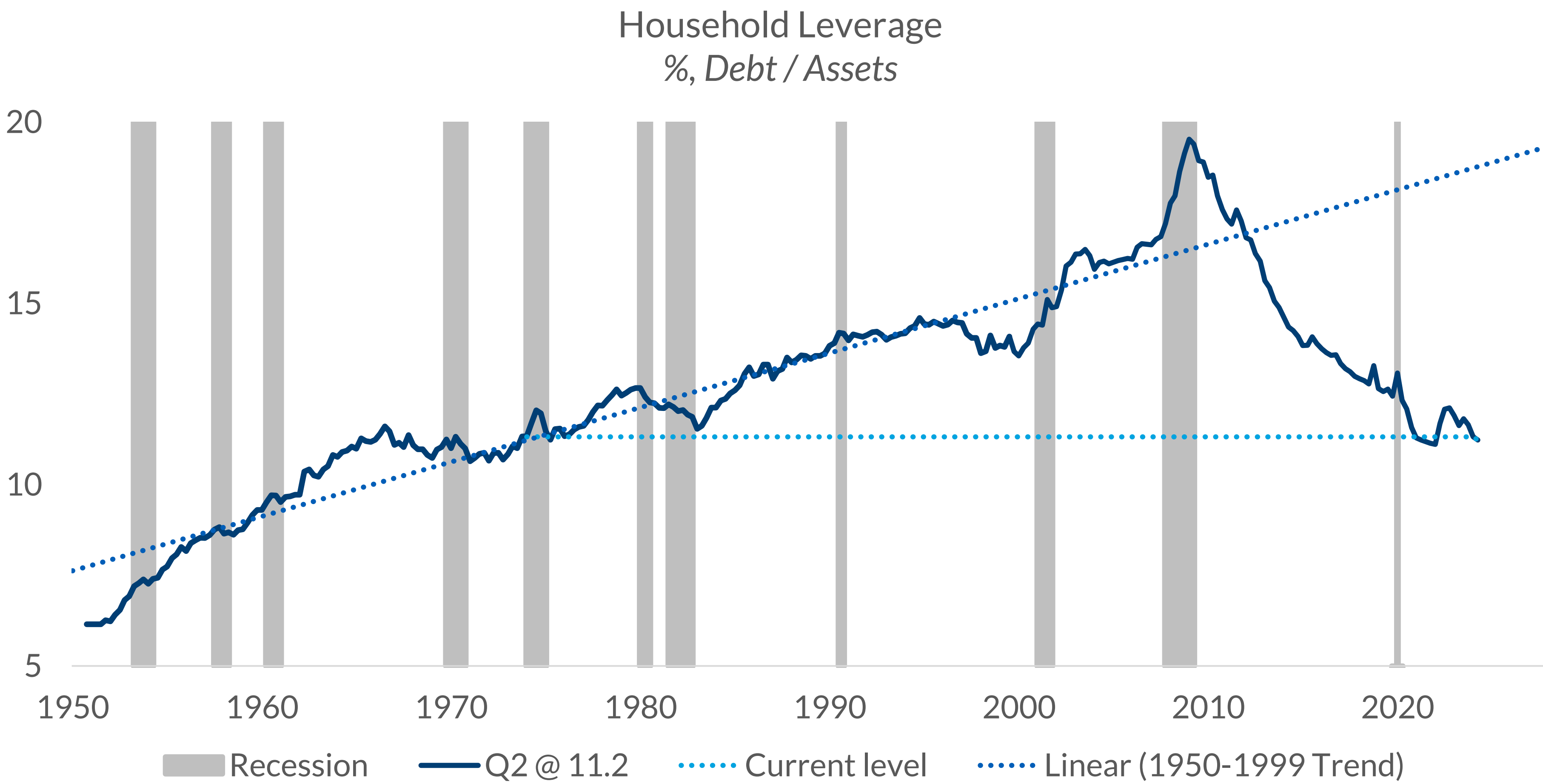




Source: Bureau of Labor Statistics. Data current as of September 24, 2024
Information is subject to change and is not a guarantee of future results.

The Economy – Credit Conditions

- The economy is the later stage of expansion, but credit doesn't appear to be an economic issue.
- Since the Global Financial Crisis, household leverage has reversed a five-decade growth trend.

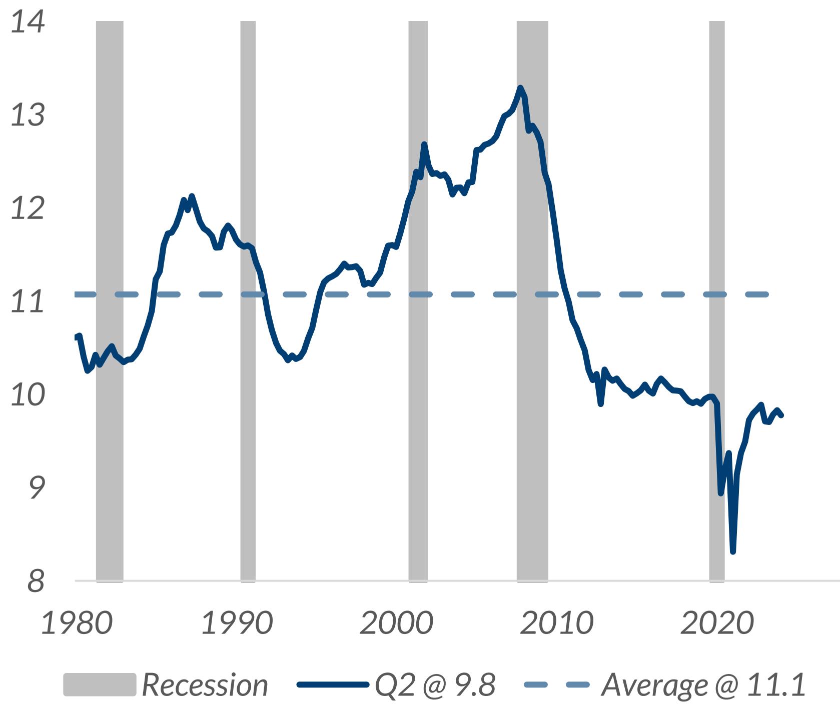


Data current as of September 24, 2024
Source: Federal Reserve Bank
Information is subject to change and is not a guarantee of future results.

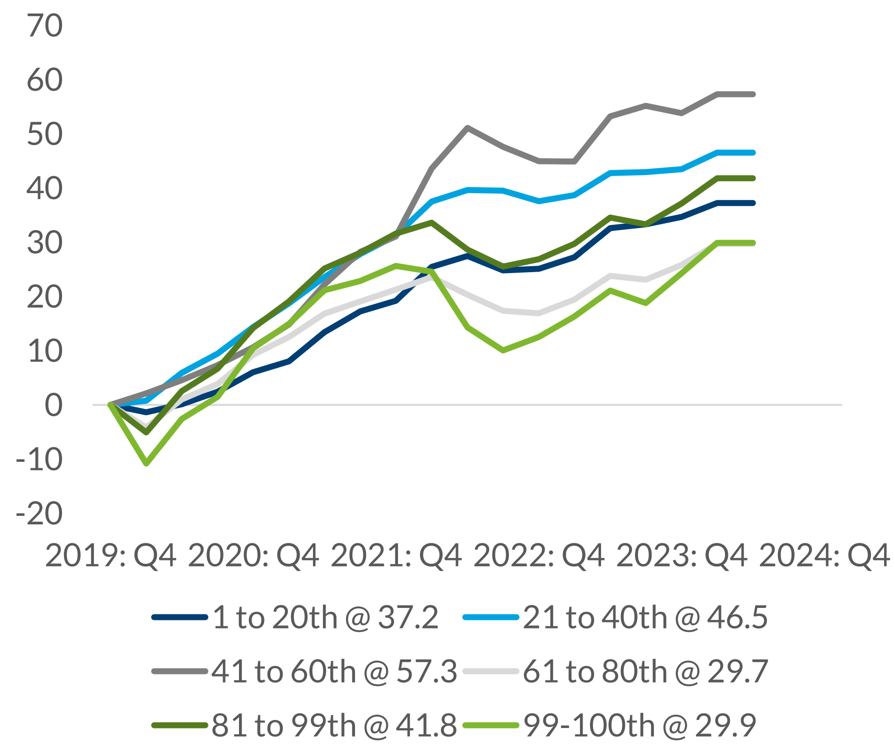
The Economy – Credit Conditions

- Household debt service remains near all-time low levels.
- Household wealth for all socio-economic groups has increased significantly.

Household Debt Service Ratio
Total required household debt payments to total disposable income



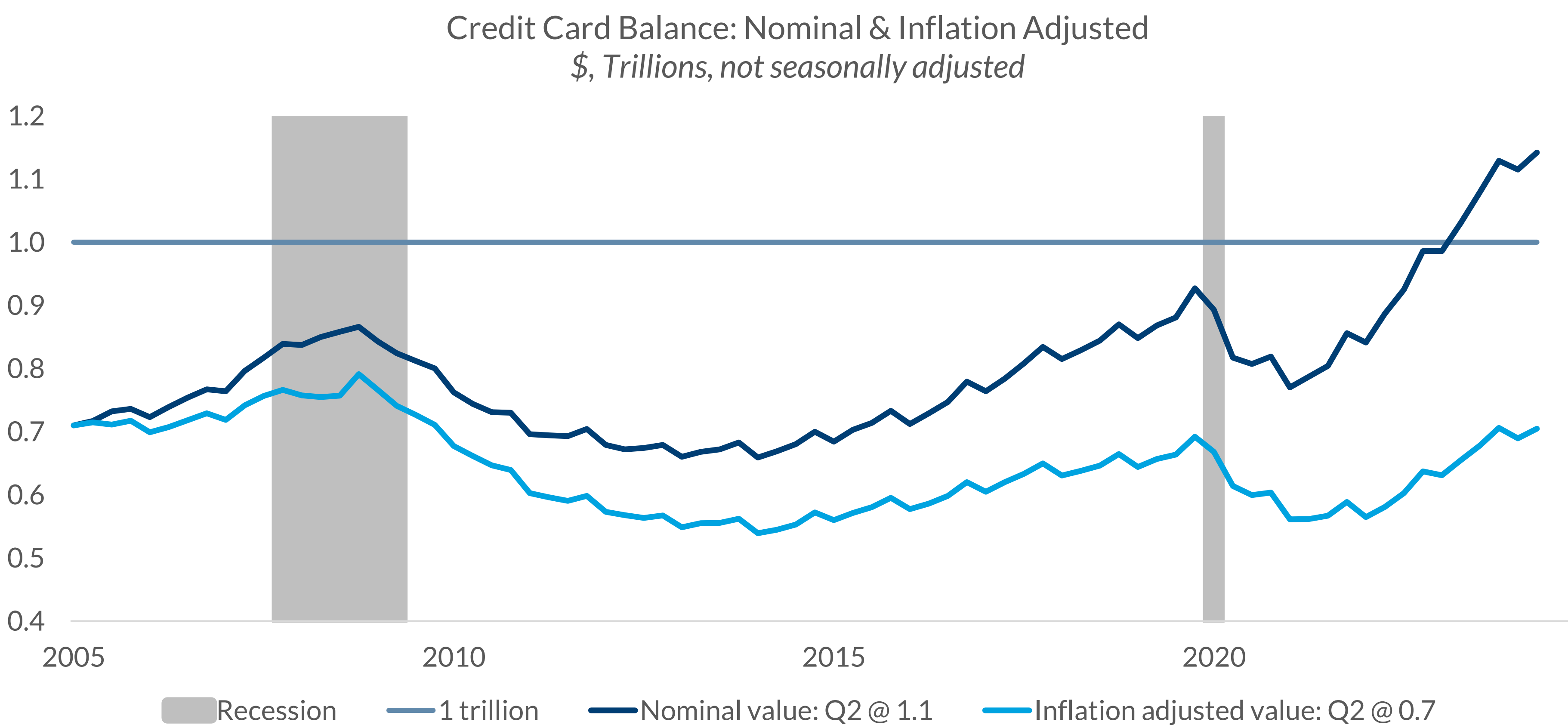
Household Wealth: Net Worth
Distribution by quintile of income before taxes
%, cumulative change since 2019:Q4



Source: Federal Reserve Bank. Data current as of September 24, 2024.
Information is subject to change and is not a guarantee of future results.

The Economy – Credit Conditions

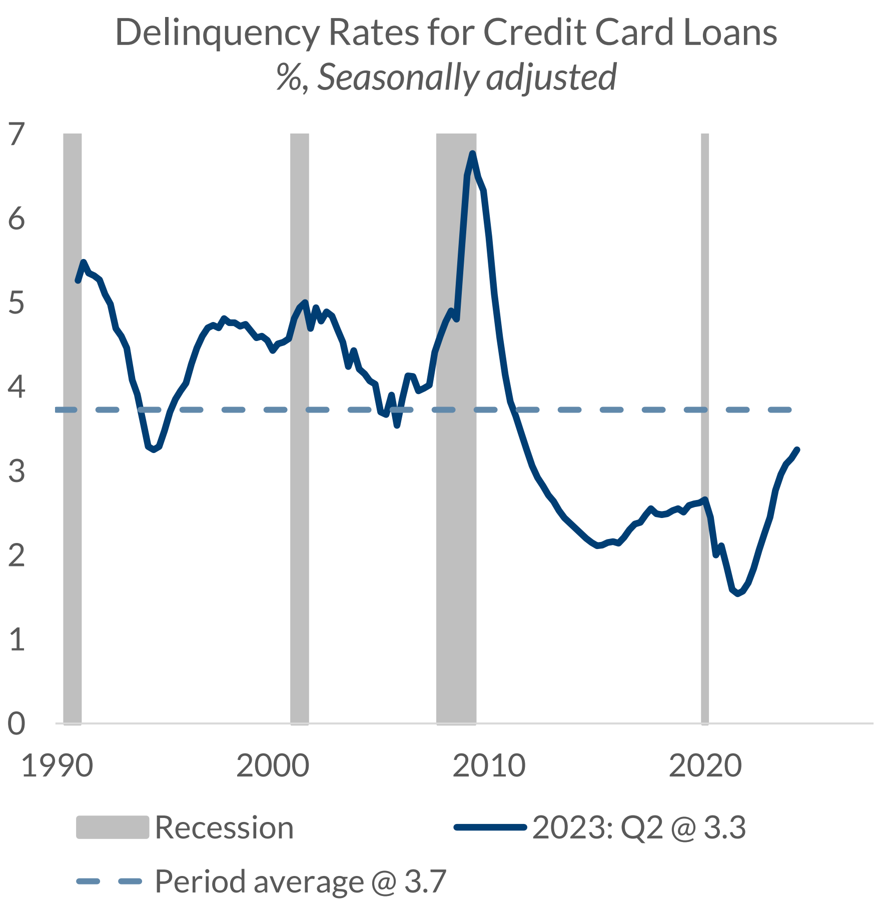
- Credit card balances exceeded $1 trillion last summer, a significant milestone.
- However, that is nominal data; when adjusted for inflation, it has not changed much in the past 25years.

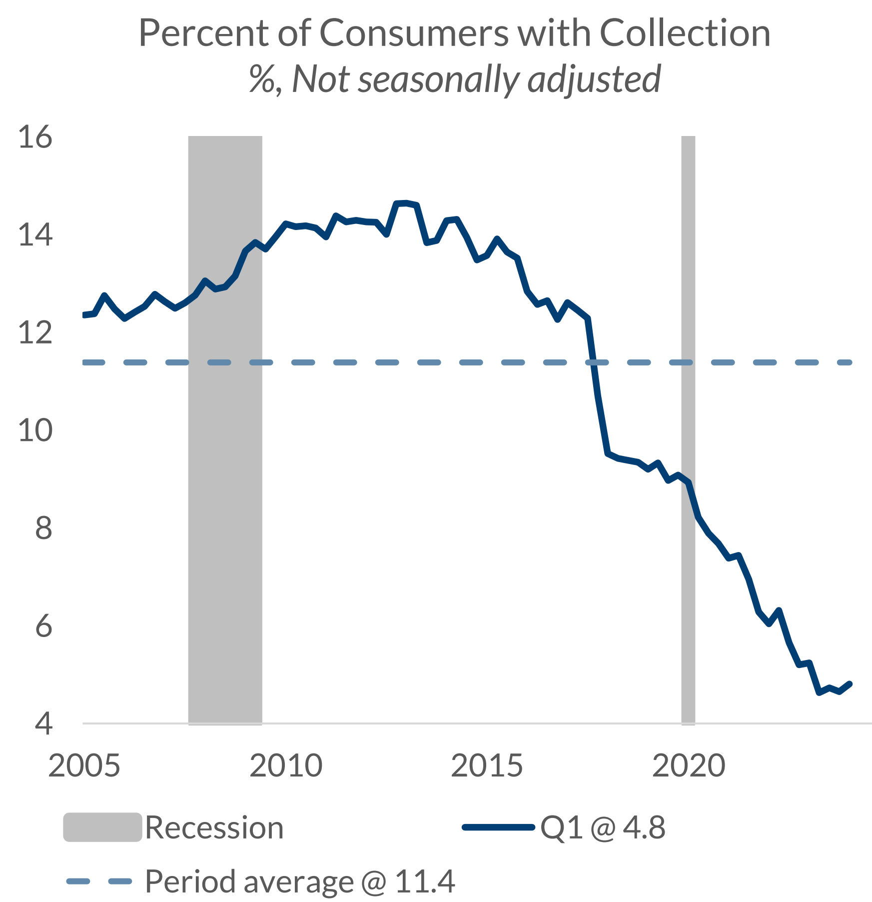


Data current as of September 24, 2024
Source: Federal Reserve Bank of New York/Consumer Credit Panel/Equifax, CNR Research
Information is subject to change and is not a guarantee of future results.

The Economy – Credit Conditions

- Delinquency rates on credit cards have increased since shortly after the last stimulus check was sent.
- However, the rate is below the long-term average and well below the levels of the previous decades.
- The number of consumers with debt in collection is near all-time lows.

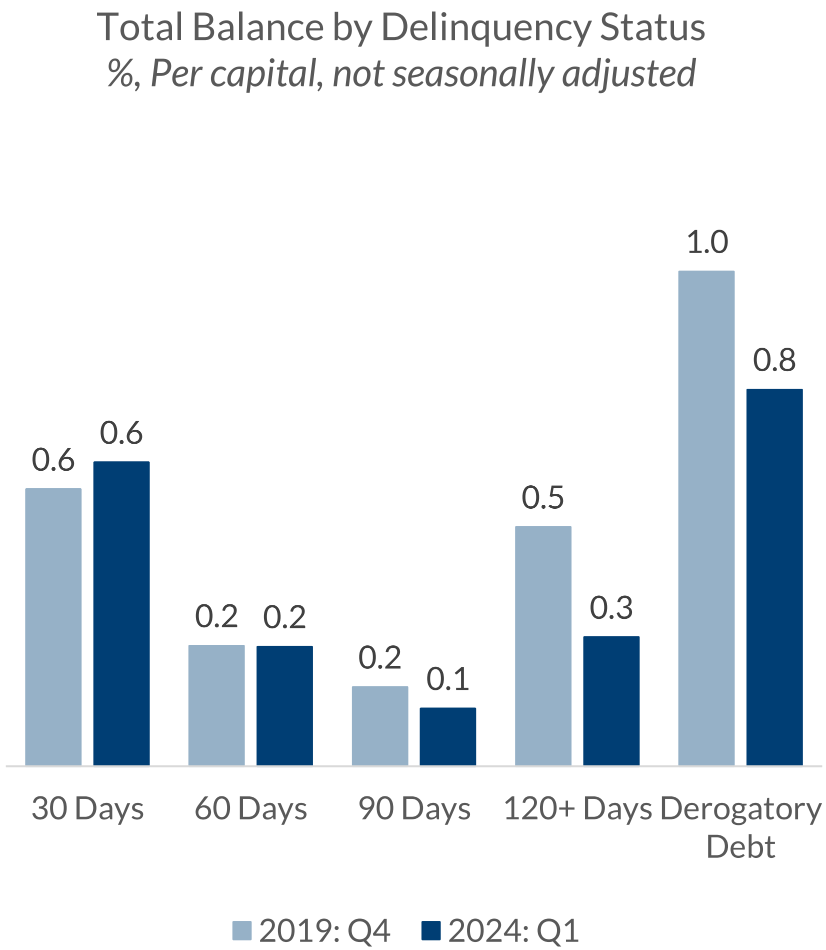


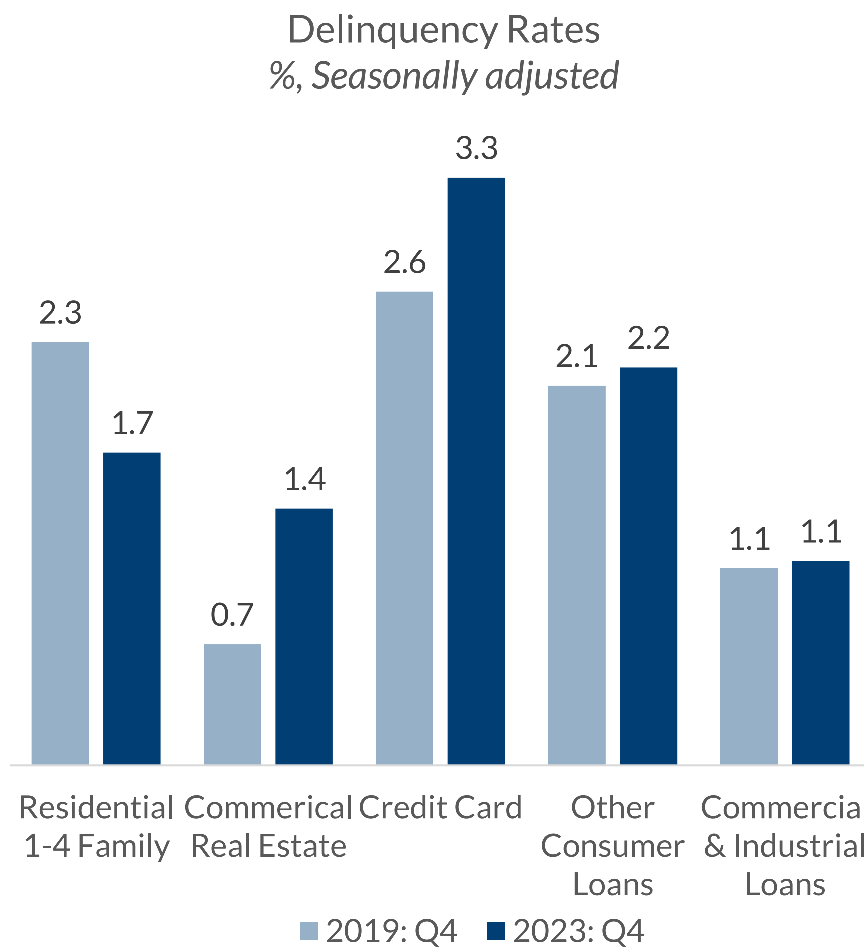


Data current as of September 24, 2024
Source: Federal Reserve Bank, Federal Reserve Bank of New York/Consumer Credit Panel/Equifax
Information is subject to change and is not a guarantee of future results.

The Economy – Credit Conditions

- Loans that are delinquent for 30 days are higher than pre-pandemic times.
- However, longer-term delinquencies are lower, indicating that credit concerns are low.
- Depending on the type of loan, the delinquency rate is higher or lower than pre-pandemic times.

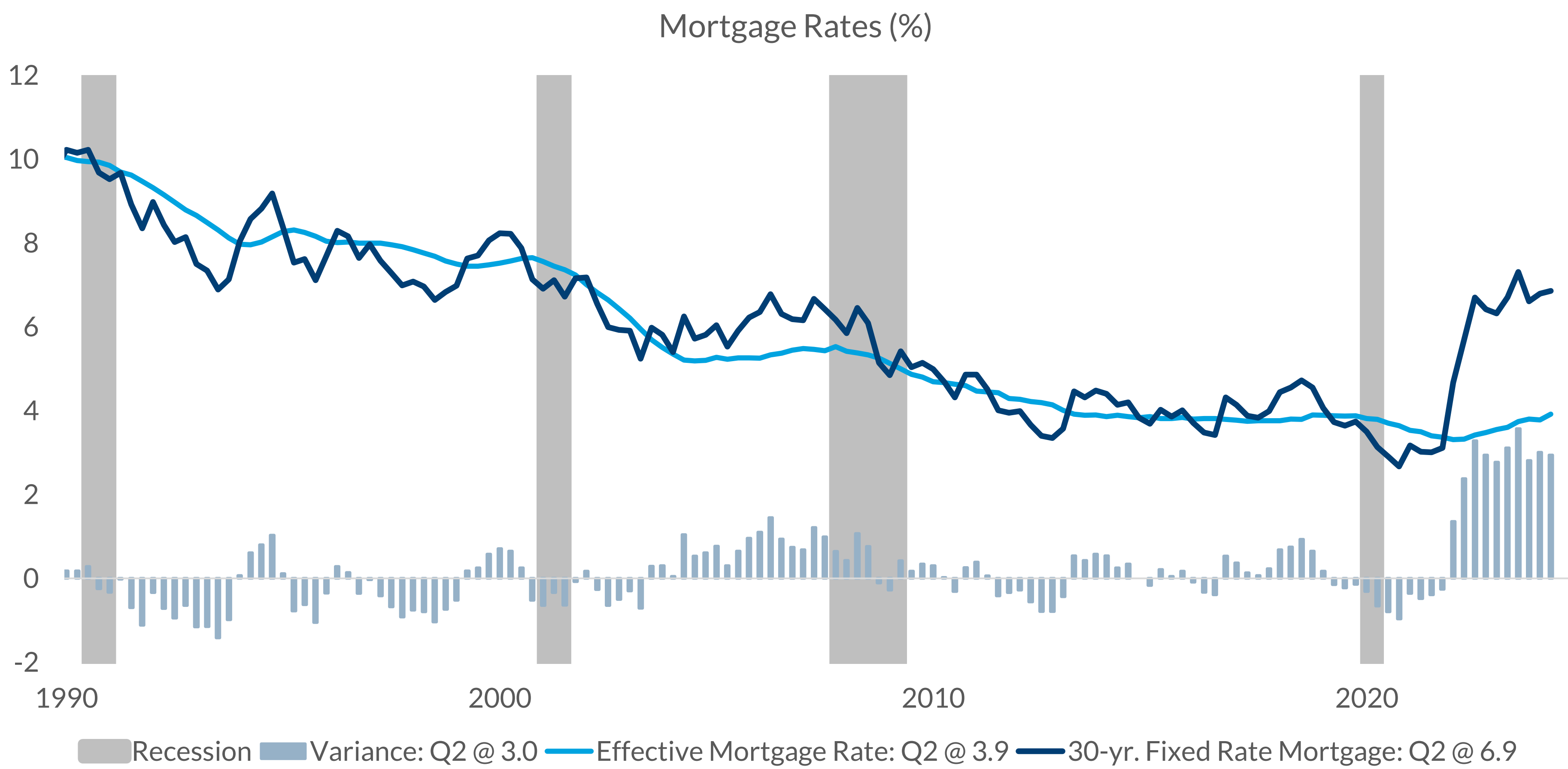




Source: Federal Reserve Bank, Federal Reserve Bank of New York/Consumer Credit Panel/Equifax. Data current as of September 24, 2024
Information is subject to change and is not a guarantee of future results.

The Economy – Housing Market

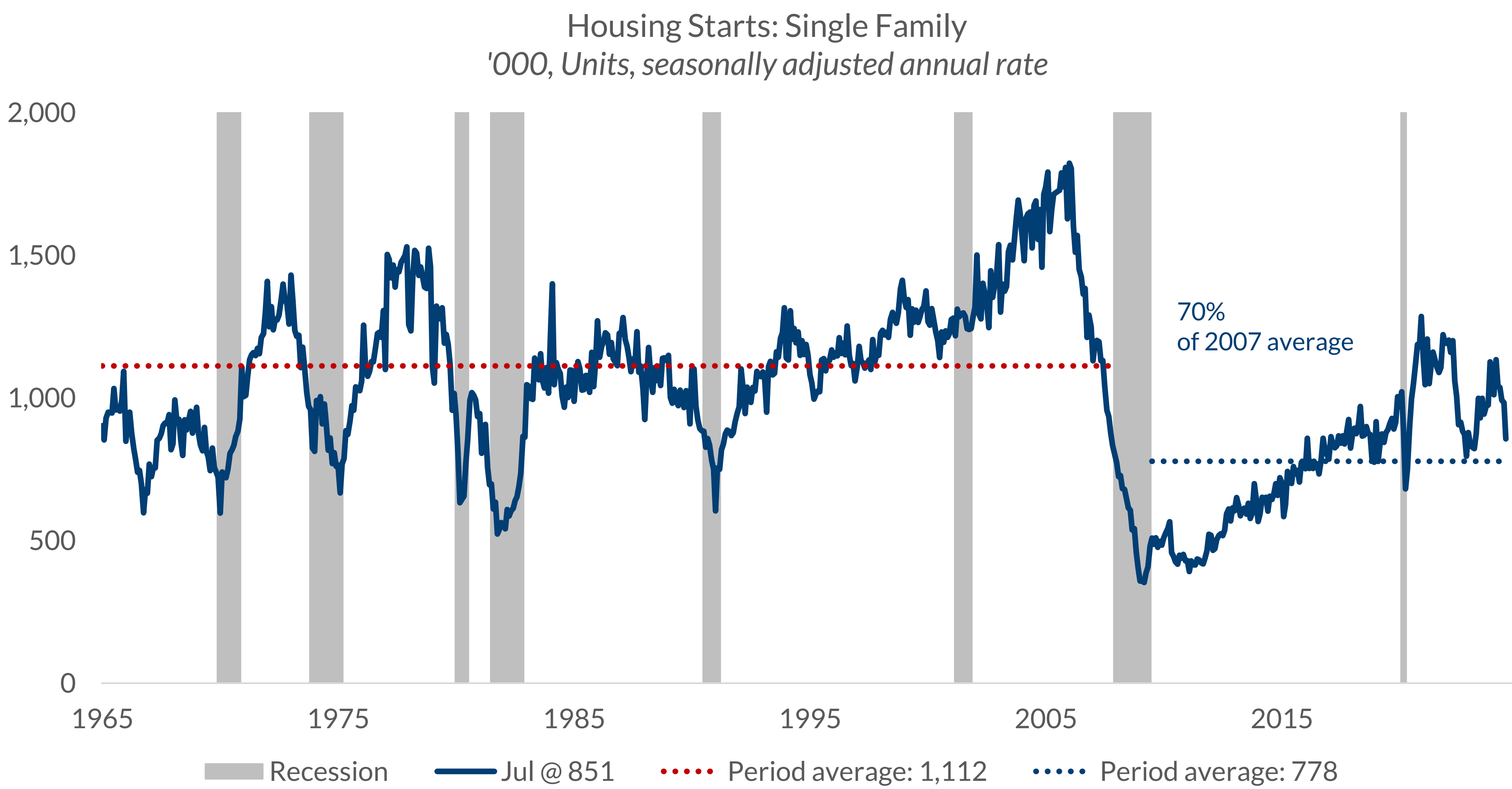
- One of the main reasons for the high housing price is the limited amount of inventory on hand.
- Many homeowners refinanced at low interest rates and don't want to sell their homes and give up that low rate.
- This is limiting the supply of inventory of existing homes for sale.



Data current as of September 24, 2024
Source: Freddie Mac Commitment Rate, Bureau of Economic Analysis
Information is subject to change and is not a guarantee of future results.

The Economy – Housing Market

- The reduction in home building in the past decade has contributed to the shortage of homes in the market.
- Since the Global Financial Crisis demand for homes has declined, and access to credit became more difficult.



Source: U.S Census Bureau Data current as of September 24, 2024
Information is subject to change and is not a guarantee of future results.

Key Takeaways

- The economy continues to grow at a solid pace, driven by robust consumer spending.
- Inflationary pressures appear to be receding toward the Fed's target rate of 2.0%.
- The unemployment rate is at 4.2%, well within the range of 4.0% to 4.5%, considered full employment.
- However, the pace of hiring and job openings is slowing, concerning the Fed. The Fed's plan for aggressive interest rate cuts should cause job hiring to reaccelerate.
- Although the economy is in the later stage of the expansion, the increase in credit concerns does not appear to be an economic issue.

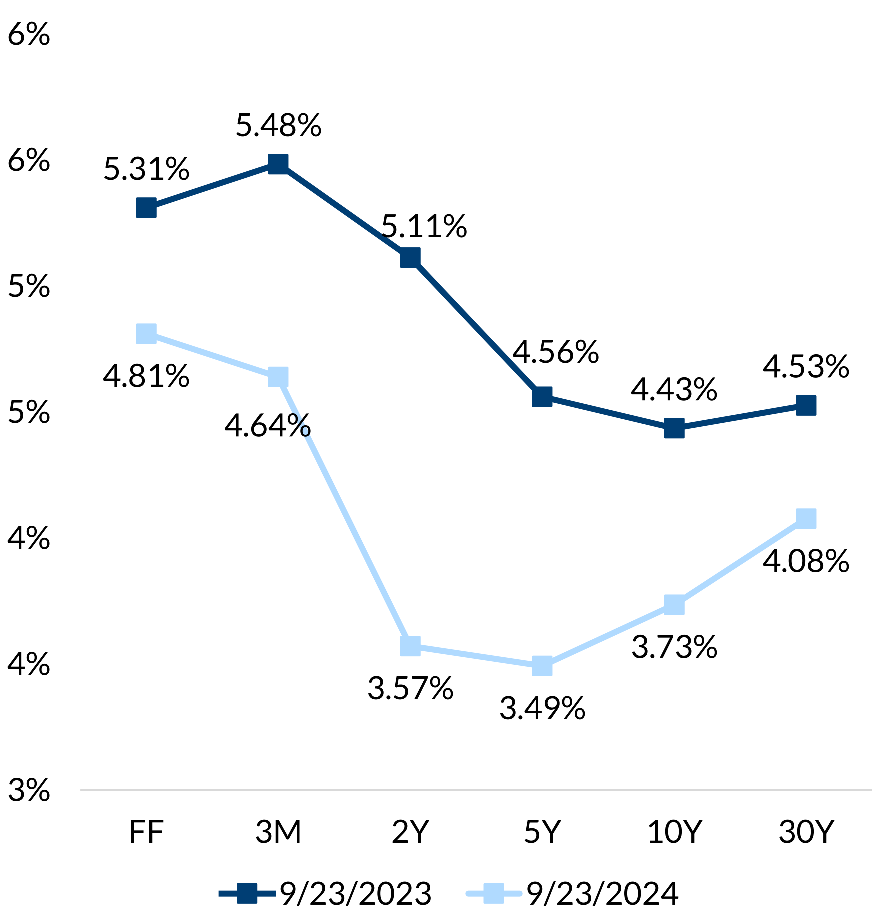
Source: CNR Research, as of September 2024.
Information is subject to change and is not a guarantee of future results.

Fixed Income

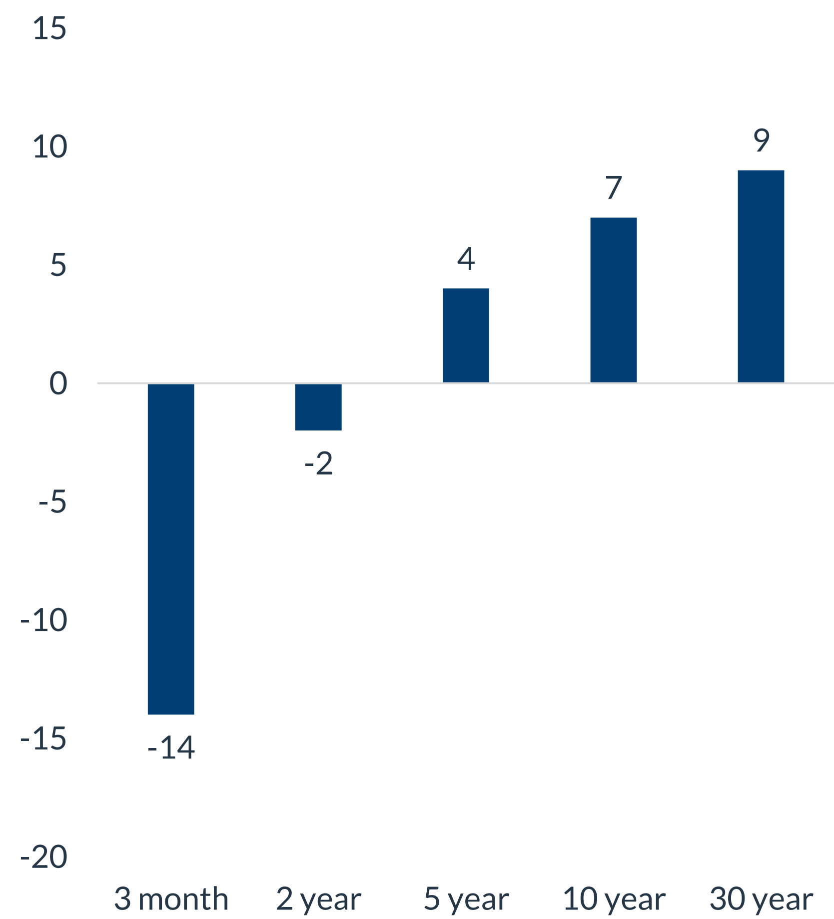
Short-Dated US Treasury Yields Influenced by Fed Policy

- Short-end yields have declined in anticipation of the Fed's decision to cut the overnight lending rate.

US Treasury Curve Shape Expected To Normalize



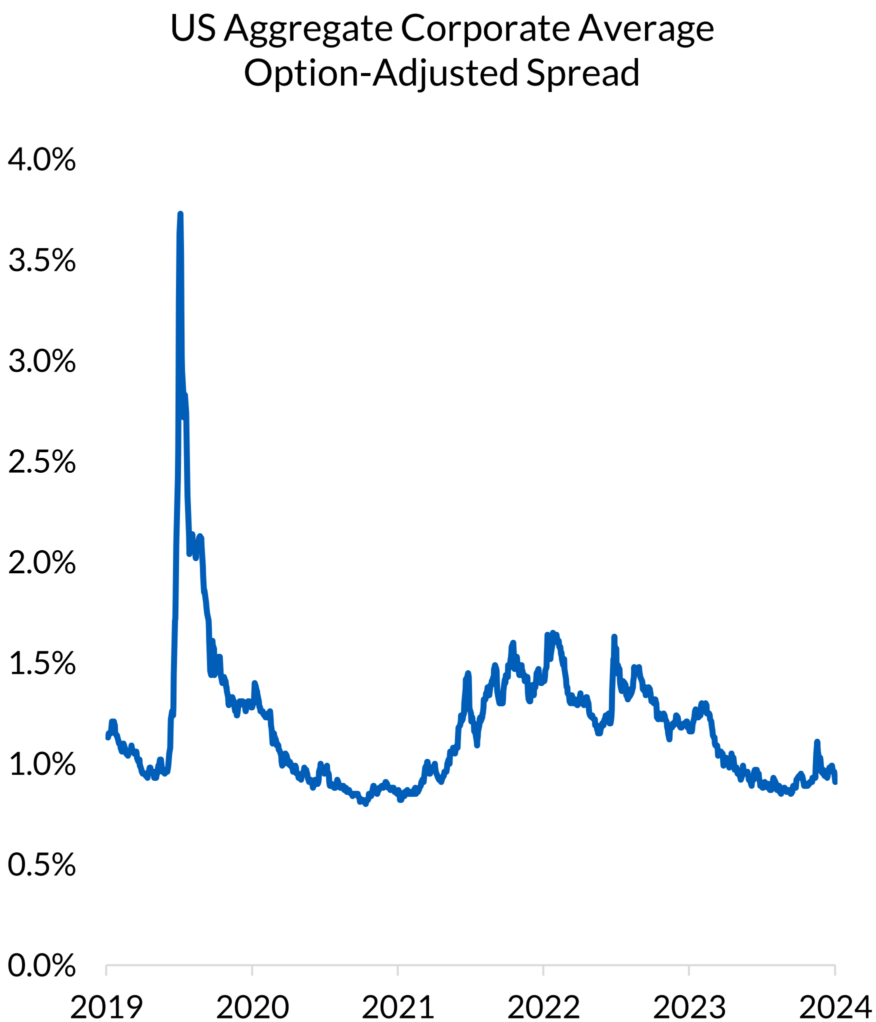
Basis Point Change Post-Fed Meeting

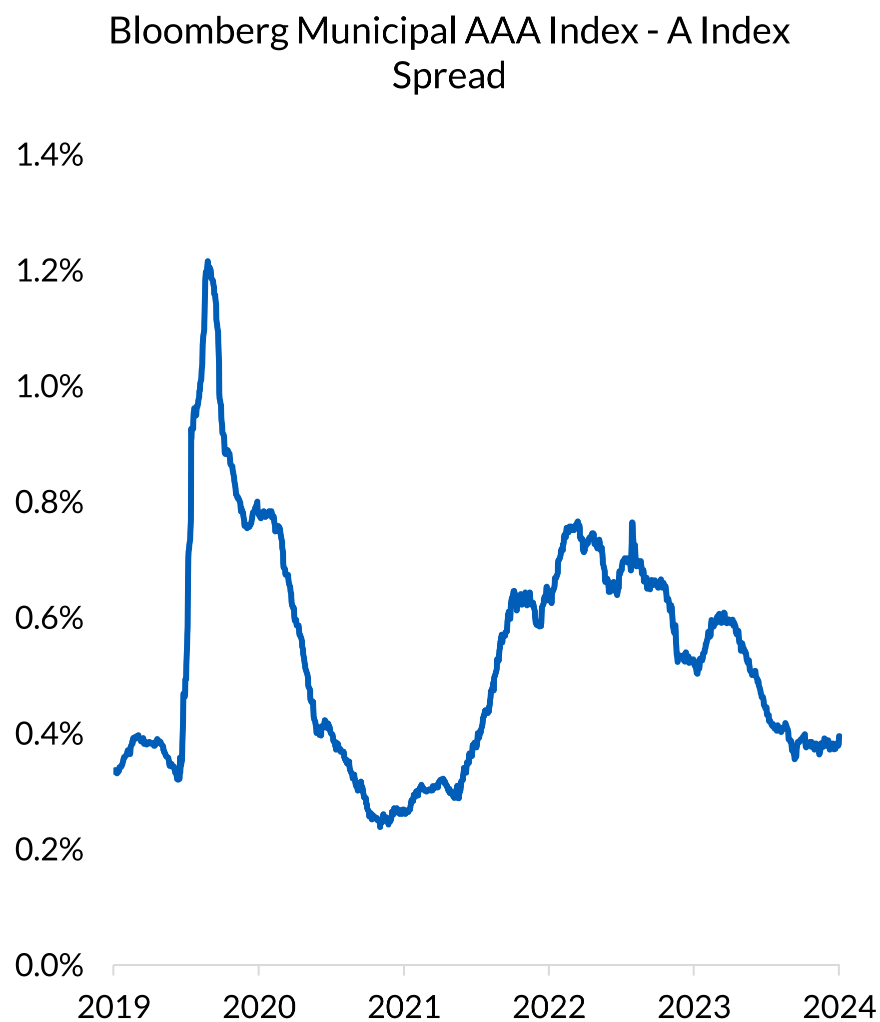


Source: Bloomberg US Treasury Curve as of 9/23/2024; the change in yields (in basis points) refers to Federal Open Market Committee meeting on September 18, 2024. Information is subject to change and is not a guarantee of future results.

Fixed Income Credit Spreads Underscore Issuer Stability

- Healthy credit metrics coupled with strong investor demand have pushed spreads near recent tights.

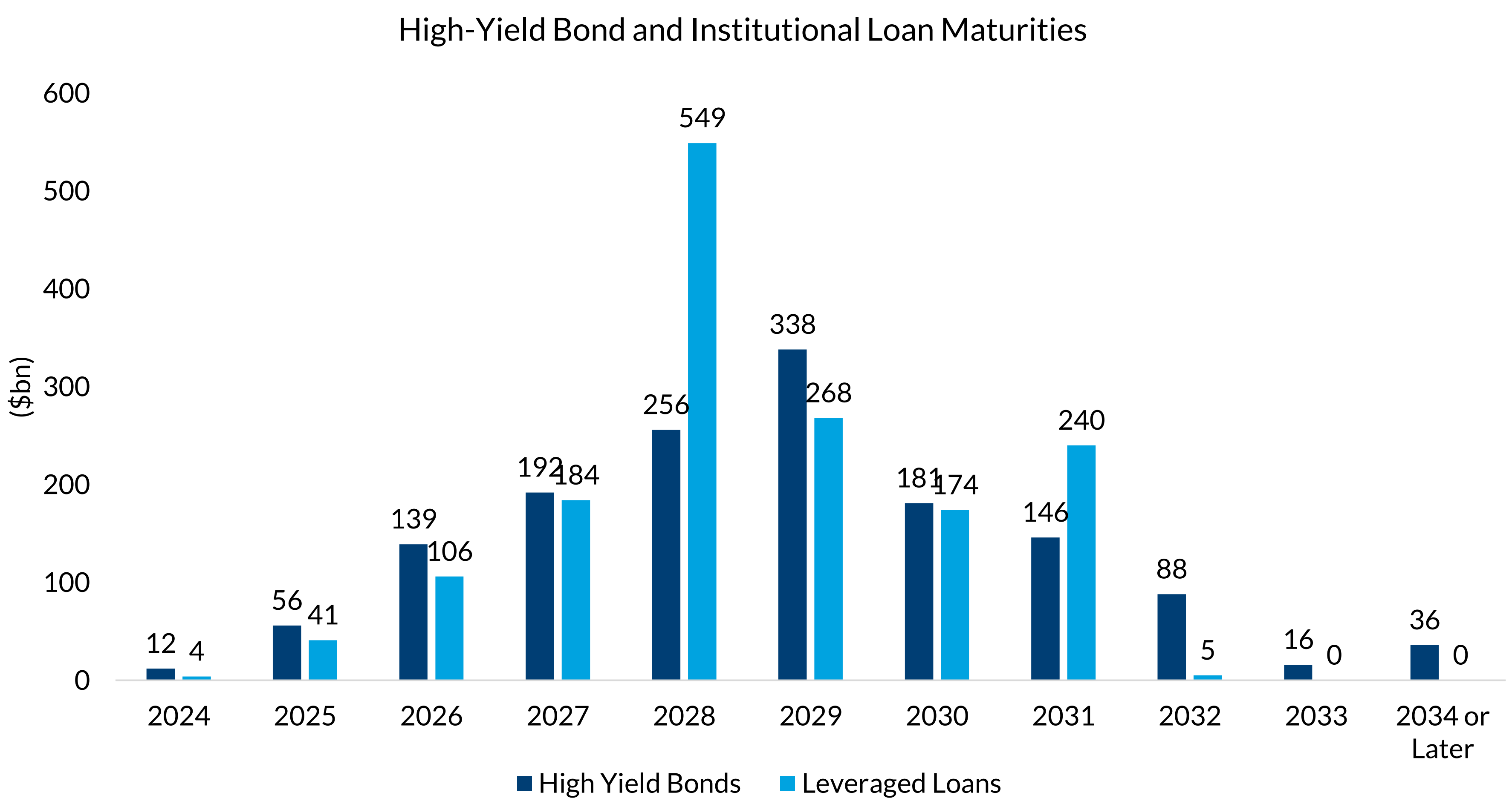




Source: Bloomberg US Aggregate Corporate Bond Index and the Bloomberg Municipal Bond Index as of 9/19/2024.

Corporate High-Yield Bond and Loan Maturity Schedule

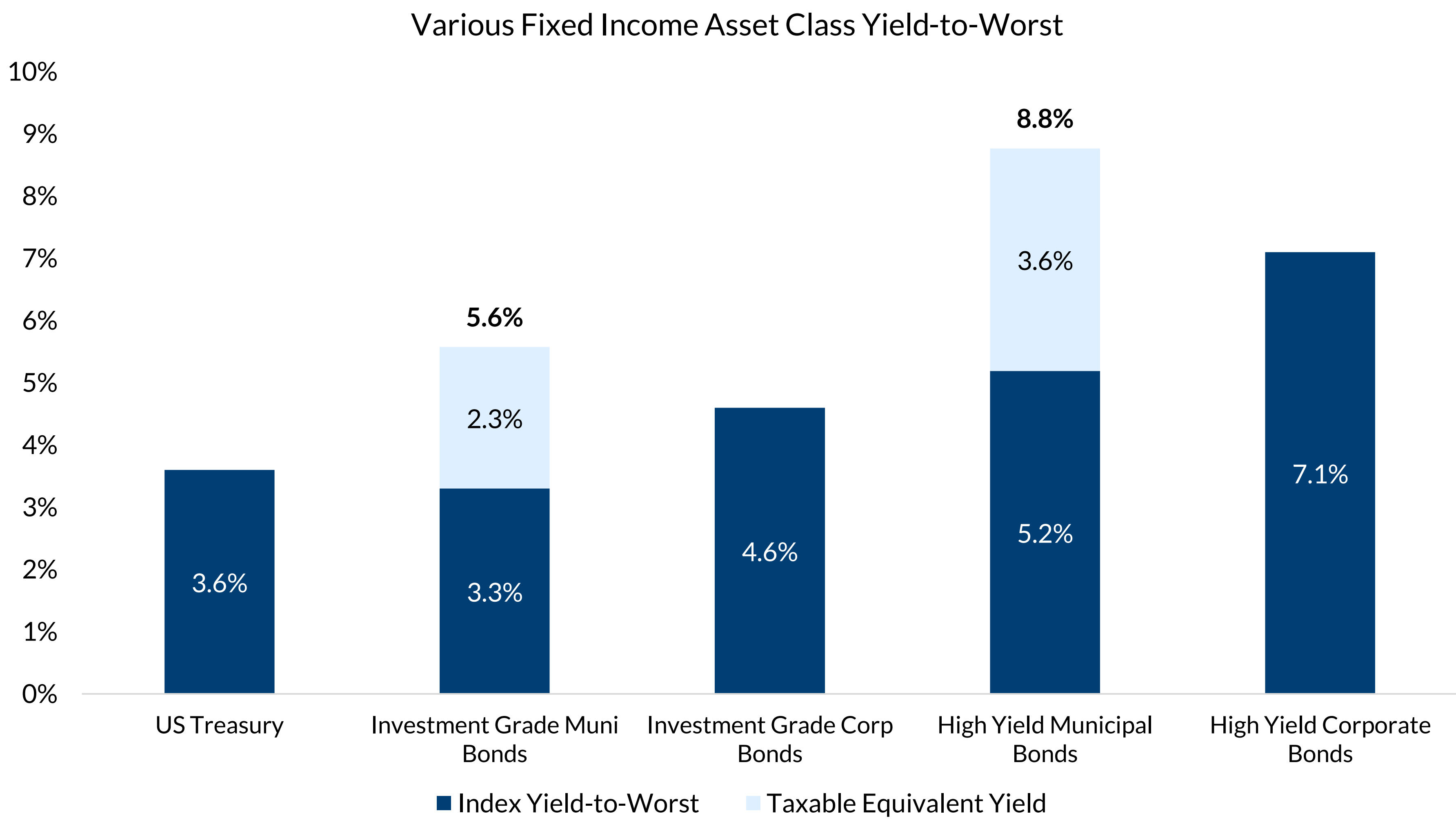
- Many speculative grade issuers have successfully refinanced and extended upcoming maturities.
- Favorable credit fundamentals bolster near-term flexibility, providing time to address outyear refinancing risk.



Source: JPM, CNR Research as of September 2024. Information is subject to change and is not a guarantee of future results.

Absolute Yields Across Fixed Income Remain Compelling

- Though down from their multi-year highs, broad fixed income yields may provide attractive yield opportunities.



Source: Bloomberg US Treasury Index, Bloomberg Municipal Bond Index, Bloomberg Investment Grade Corporate Bond Index, Bloomberg High Yield Municipal Bond Index and Bloomberg US Corporate High Yield Index; all data as of 9/18/2024. Taxable equivalent yield assumes 37% Federal and 3.8% Medicare Surcharge in the calculations.

Key Takeaways

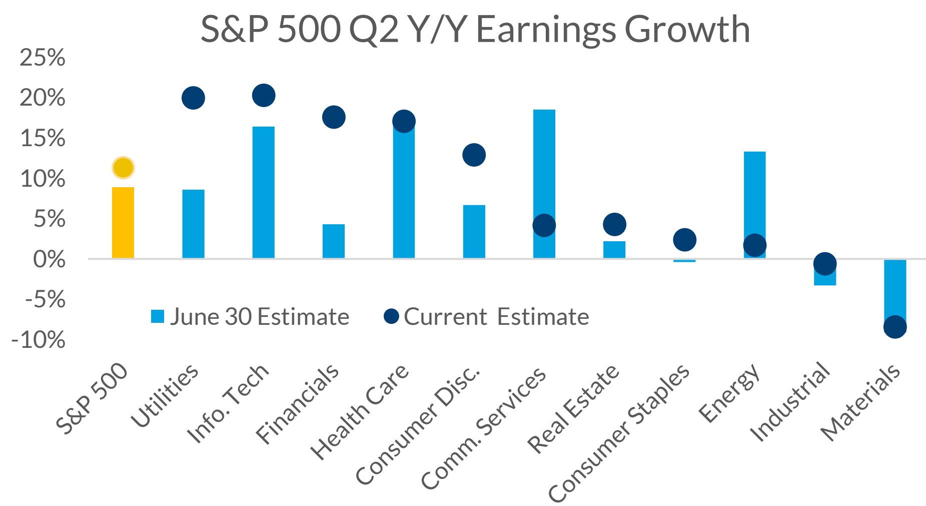
- The start of Fed easing will likely lead to a more normalized curve shape.
- Access to capital markets should remain solid as net investor demand continues to absorb supply.
- Broad credit quality is intact, which should give issuers flexibility to manage a potential moderation in economic growth.
- Attractive absolute yields could strengthen forward return potential.

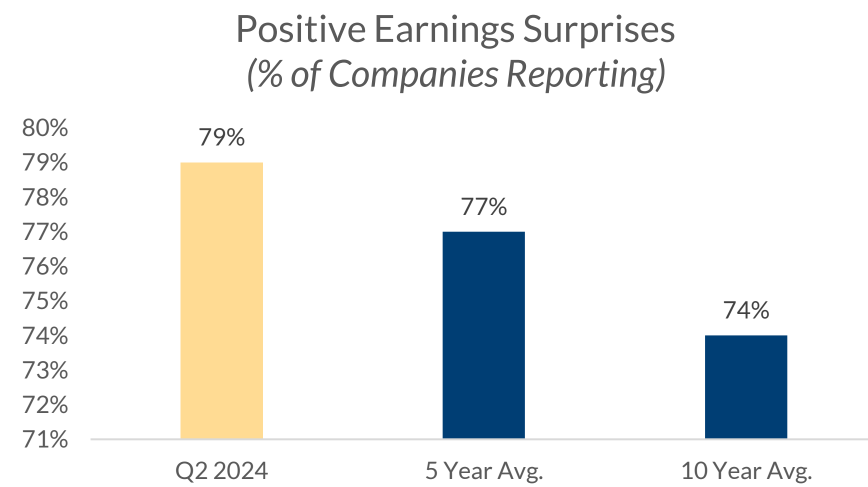
Source: CNR Research, as of September 2024.
Information is subject to change and is not a guarantee of future results.

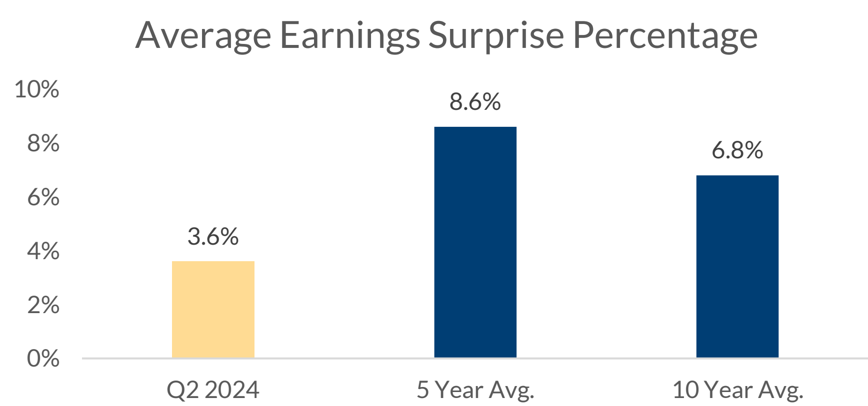
Equities

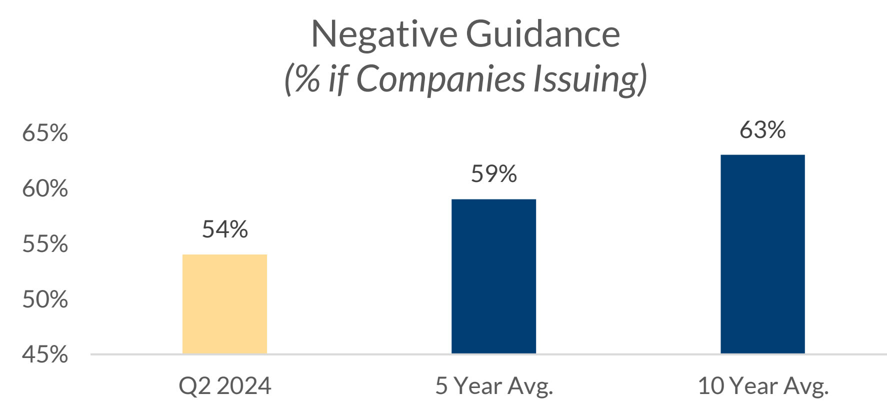
Q2 Earnings by the Numbers

- Earnings growth is broadening with 9 of 11 sectors reporting year over year gains.
- 79% of companies reported positive earnings surprises reflecting strong corporate performance.
- Although the size of earnings surprises was lower than historical averages, so was negative guidance.





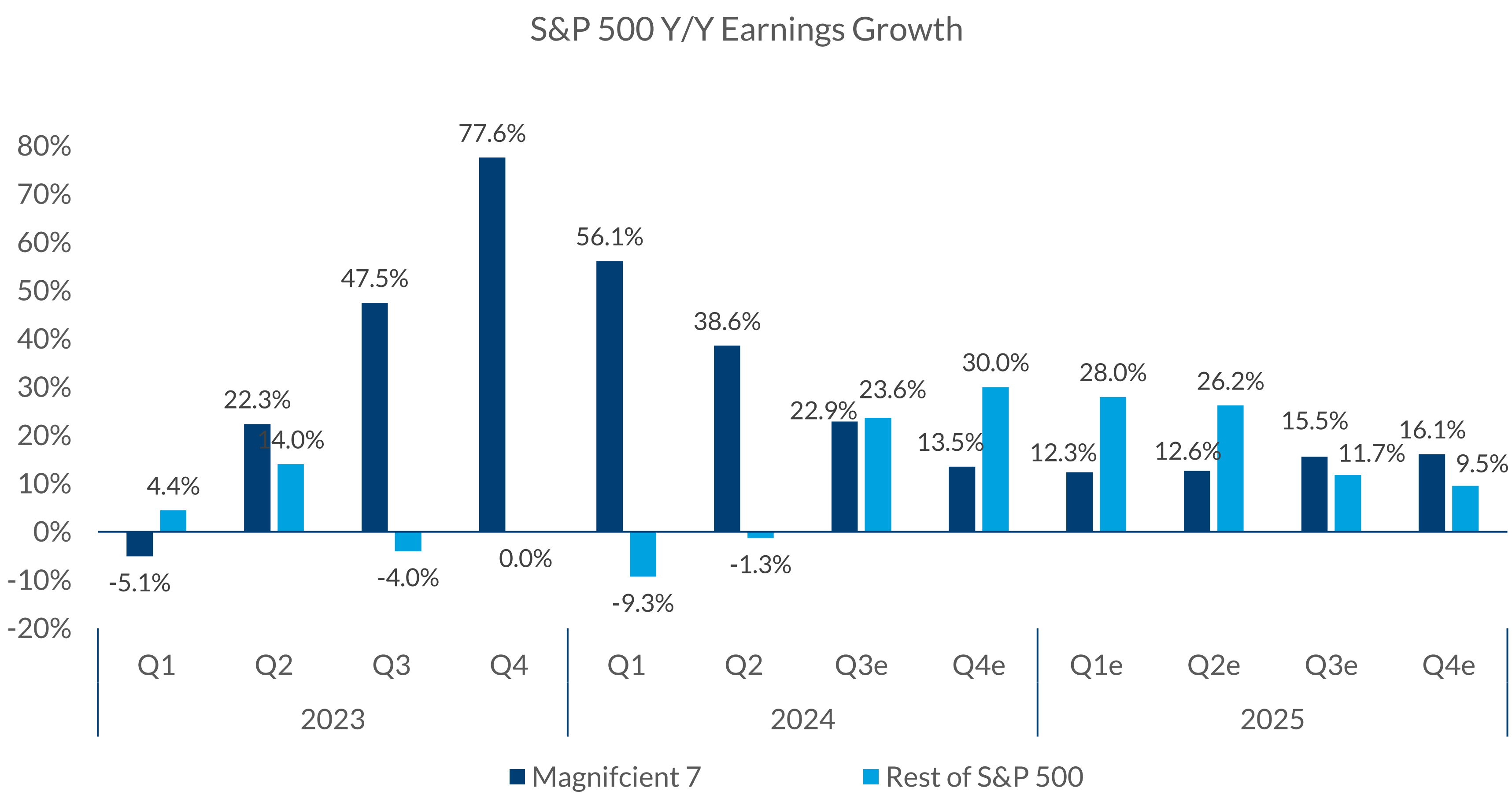




Source: FactSet, as of September 2024. Information is subject to change and is not a guarantee of future results.

Non-Tech Earnings Should Support Further Market Gains

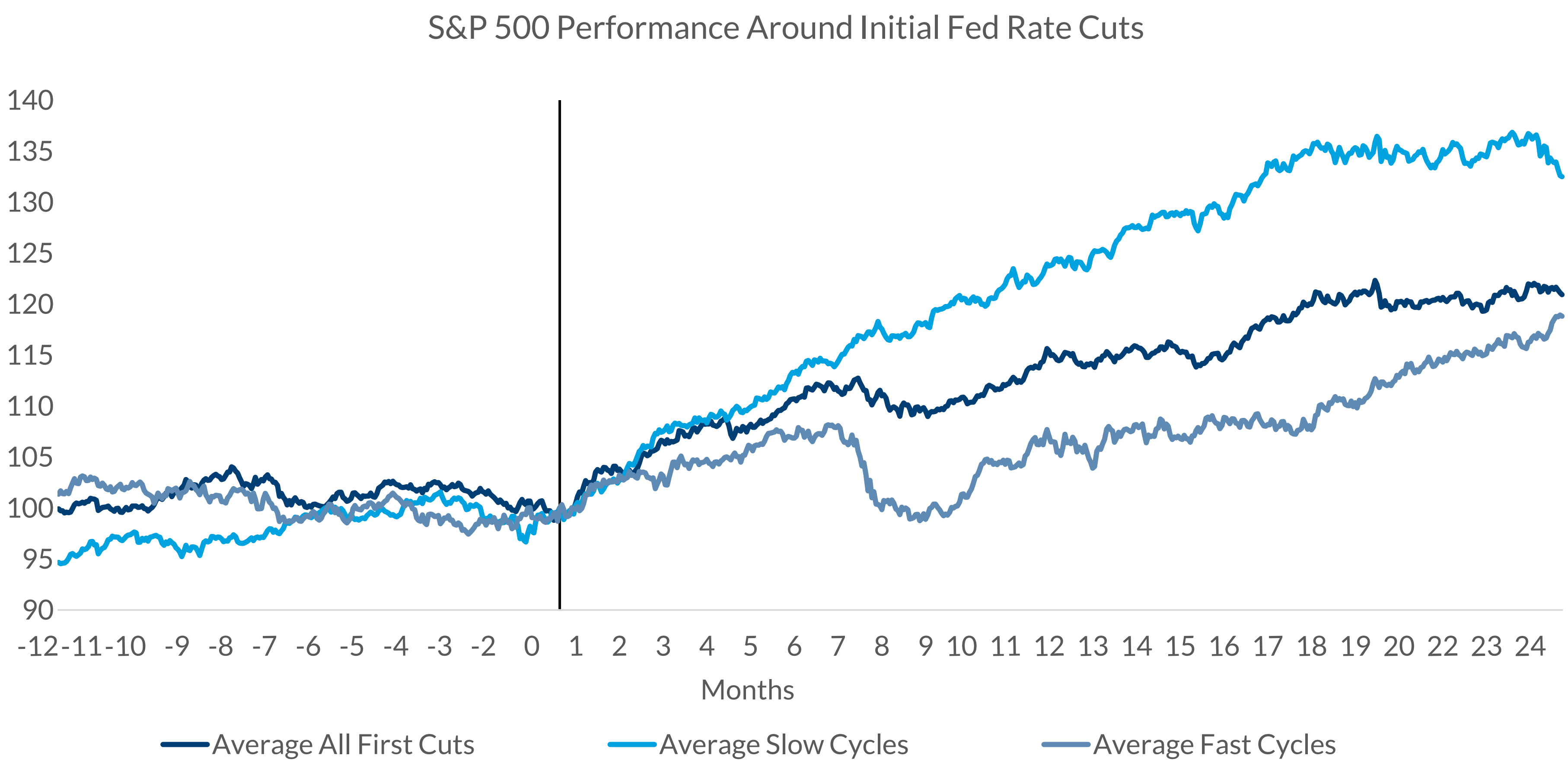
- Market performance was powered by blockbuster tech earnings over 2023.
- As high comparisons begin to impact tech stocks, broader market earnings estimates are accelerating.



Source: FactSet, as of September 2024. Information is subject to change and is not a guarantee of future results.

Fast vs. Slow Fed Easing Cycles

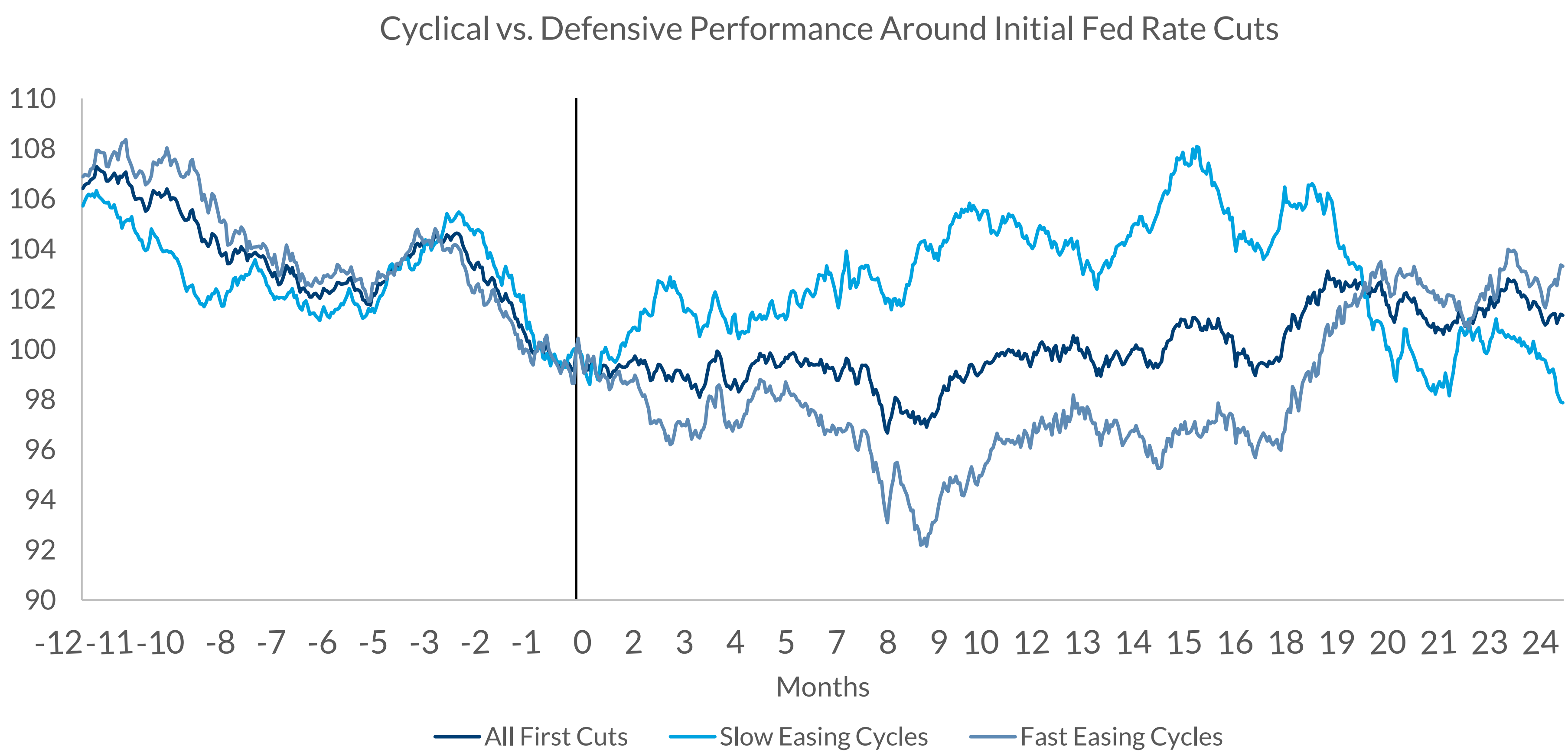
- Rate cuts are supportive over the long term, but historically stocks tend to do better when cuts are slow and steady.
- If the Fed is cutting aggressively, it's likely because of economic concerns or a reaction to a financial market shock.



Source: Bloomberg, NDR Research, as of September 2024. Information is subject to change and is not a guarantee of future results.
Slow Cycles: 02/05/1954, 11/15/1957, 06/10/1960, 11/19/1971, 05/30/1980, 11/21/1984, 07/06/1995, 09/29/1998
Fast Cycles: 11/13/1970, 12/09/1974, 11/02/1981, 06/06/1989, 01/03/2001, 09/18/2007, 07/31/2019

Defensives vs. Cyclicals

- Segments of the market react differently depending on the type of Fed easing cycle.
- Cyclical sectors historically outperform defensive sectors in slow easing cycles.
- Defensive sectors historically outperform cyclical sectors early in fast easing cycles.



Source: Bloomberg, NDR Research, as of September 2024. Information is subject to change and is not a guarantee of future results.
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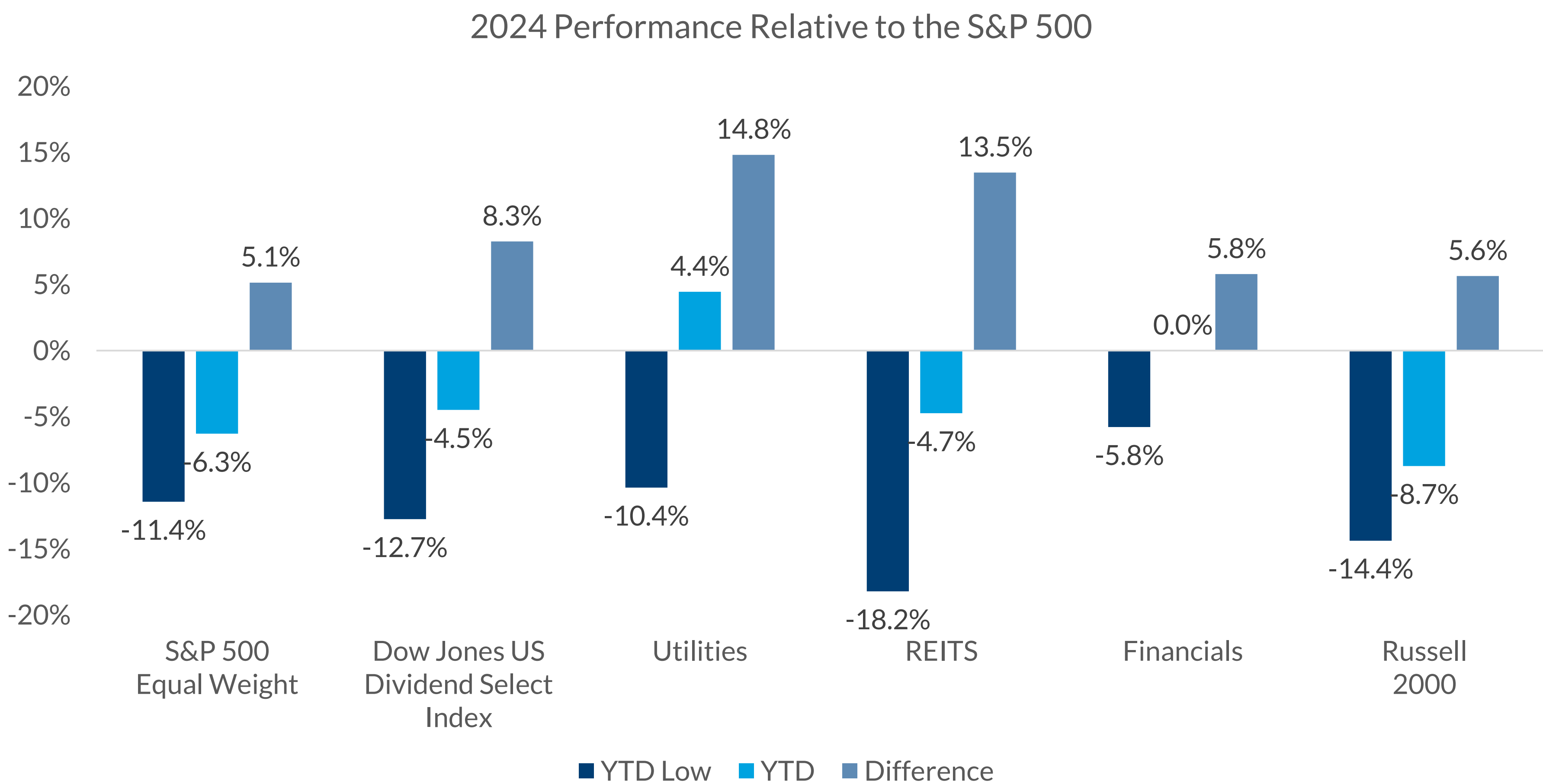
Fast Cycles: 11/13/1970, 12/09/1974, 11/02/1981, 06/06/1989, 01/03/2001, 09/18/2007, 07/31/2019

Market Rotation

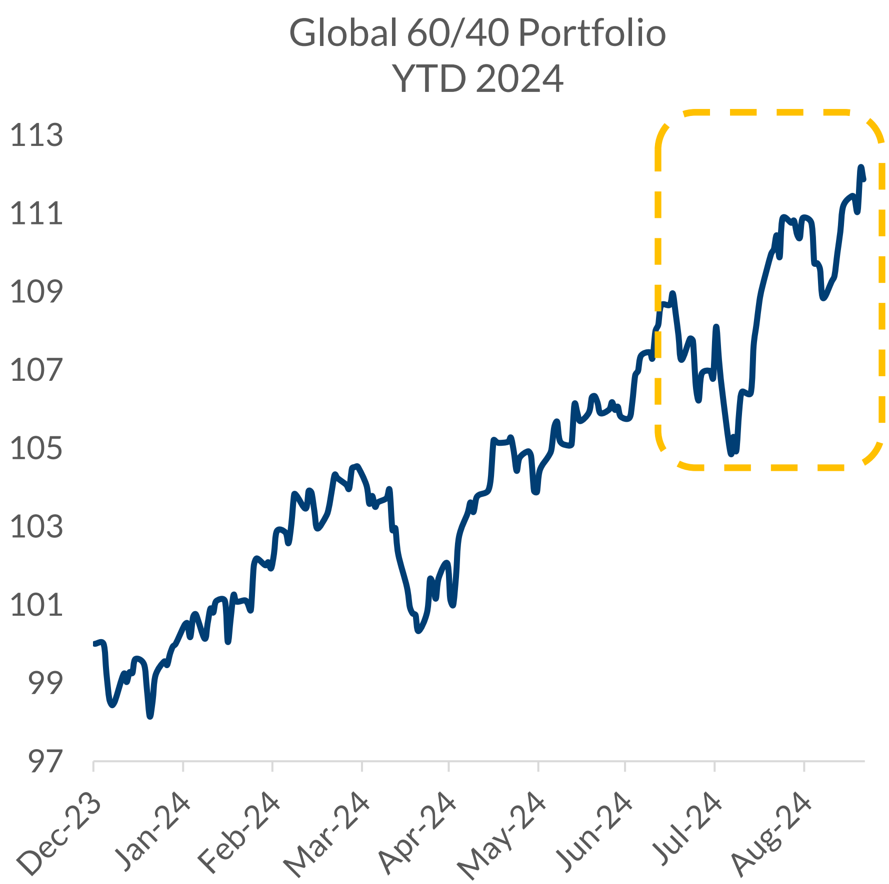
- Rising fed rate cut expectations and broadening earnings growth have supported a rotation in market leadership.
- Sectors that have gained the most include interest rate sensitive parts of the market.

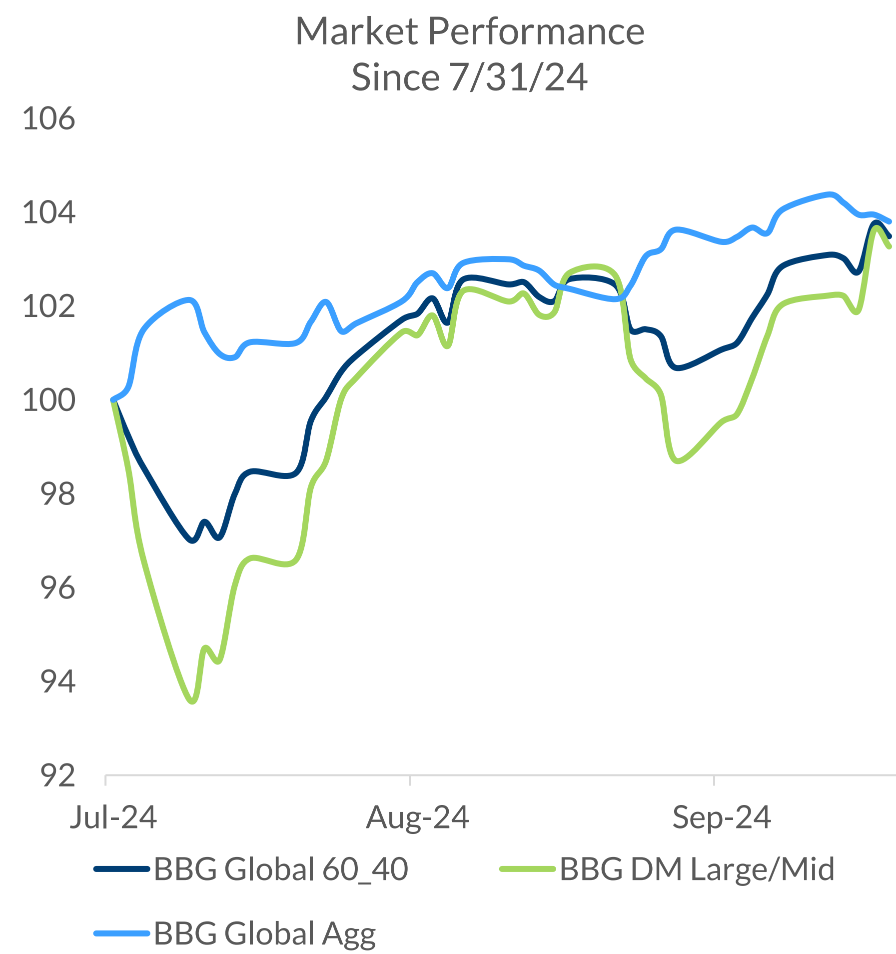


Source: Bloomberg, as of September 2024.
Utilities: S&P 500 Utilities Sector GICS Index. REITS: S&P 500 Real Estate Sector GICS Index. Financials: S&P 500 Financial Sector GICS Index.
See Index Definitions for more information. Information is subject to change and is not a guarantee of future results.

Bonds Acting Like Bonds Again

- The bond market has started acting "normal" again, rising when equities fall.
- While certainly impacted, a global 60/40 portfolio performed well through recent market volatility.





Source: Bloomberg, as of August 2024.
Global 60/40 Portfolio: Bloomberg Global EQ:FI 60:40 Index. Designed to measure cross-asset global market performance. The index rebalances monthly to 60% equities and 40% fixed income.
Information is subject to change and is not a guarantee of future results.

Key Takeaways

- Q2 earnings results show corporations remain healthy and profitable.
- Non-Tech earnings estimates are accelerating which is a positive signal for future equity returns.
- Fed rate cut expectations have supported a rotation in market leadership which has broadened YTD returns away from tech stocks.
- The pace of rate cuts may have an impact on the trajectory of market returns and on which segments of the market will outperform - Defensive vs. Cyclical.
- Recent volatility in the equity market was mitigated in 60/40 portfolios by investment grade bond allocations. This represents a potential return to a more normal market environment where bonds can act as a ballast for portfolios when stock prices decline.

Source: CNR Research, as of September 2024.
Information is subject to change and is not a guarantee of future results.

Summary

Key Takeaways

- We expect continued economic growth even with election uncertainty. Tailwinds of easing Fed policy, AI investment and improving financial conditions are positives.
- Key areas of the economy include consumer spending and the level of unemployment. There are some worrying trends, but falling inflation and Fed policy offset concerns for now.
- Credit quality is strong, bond issuance is healthy. Borrowing fundamentals in the corporate market do not suggest a credit downturn is on the horizon.
- Equity markets appear well positioned for Q4, supported by positive seasonality, growing earnings and reduced post-election uncertainty. The rally has also broadened – a key component to a continued advance.

Source: CNR Research, as of September 2024.
Information is subject to change and is not a guarantee of future results.

Q&A

Index Definitions

The Standard & Poor's 500 Index (S&P 500) is a market capitalization-weighted index of 500 common stocks chosen for market size, liquidity and industry group representation to represent U.S. equity performance.

The Bloomberg Barclays U.S. Corporate High Yield Index is an unmanaged, U.S.-dollar-denominated, nonconvertible, non-investment-grade debt index. The index consists of domestic and corporate bonds rated Ba and below with a minimum outstanding amount of $150 million.

The Dow Jones U.S. Select Dividend Index aims to represent the U.S.'s leading stocks by dividend yield.

Bloomberg 60% Tax-Exempt High Yield/40% Municipal Investment Grade TR Index Unhedged 1% issuer cap: A custom index comprised 60% of the Bloomberg Municipal Bond High Yield Index TR Unhedged and 40% of the Bloomberg Municipal Bond Index TR Unhedged. The issuer cap is 1%.

The Bloomberg Aggregate Bond Index, or "the Agg," is a broad-based fixed-income index used by bond traders and managers of mutual funds and exchange-traded funds (ETFs) as a benchmark to measure their relative performance.

The Bloomberg 1-3 Month U.S. Treasury Bill Index (the "Index") is designed to measure the performance of public obligations of the U.S. Treasury that have a remaining maturity of greater than or equal to 1 month and less than 3 months.

The Russell 2000 Index is a stock market index that measures the performance of the 2,000 smaller companies included in the Russell 3000 Index.

The World Uncertainty Index is a measure that tracks uncertainty across the globe by text mining the country reports of the Economist Intelligence Unit.

S&P 500 Utilities Sector GICS Index: The Global Industry Classification Standard was developed by and is the exclusive property and a service mark of MSCI, Inc. and Standard & Poor's. The S&P 500 ® Utilities Index is an unmanaged index considered representative of the utilities market.

S&P 500 Real Estate Sector GICS Index: The S&P 500® Real Estate comprises those companies included in the S&P 500 that are classified as members of the GICS® Real Estate sector.

S&P 500 Financial Sector GICS Index: The S&P 500® Financials comprises those companies included in the S&P 500 that are classified as members of the GICS® financials sector.

MSCI Europe Index: The MSCI Europe Index captures large and mid cap representation across Developed Markets (DM) countries in Europe. The index covers approximately 85% of the free float-adjusted market capitalization across the European Developed Markets equity universe.

The MSCI Emerging Markets Index is a selection of stocks that is designed to track the financial performance of key companies in fast-growing nations.

The Bloomberg Aggregate Bond Index, or "the Agg," is a broad-based fixed-income index used by bond traders and managers of mutual funds and exchange-traded funds (ETFs) as a benchmark to measure their relative performance.

The S&P U.S. Aggregate Bond Index is designed to measure the performance of publicly issued U.S. dollar denominated investment-grade debt.

The Bloomberg Barclays Global Aggregate Index is a flagship measure of global investment grade debt from 25 local currency markets.

Bloomberg Municipal AAA Index: The Bloomberg Municipal AAA Index is a rules based, unmanaged market-value-weighted index that tracks the performance of the long-term US tax-exempt bond market with AAA/Aaa credit ratings by at least two of the following rating agencies: Moody's, S&P, and Fitch. The index includes the following types of bonds: general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds.

Bloomberg Municipal A Index: The Bloomberg Municipal A Index is a rules based, unmanaged market-value-weighted index that tracks the performance of the long-term US tax-exempt bond market with minimum A3/A-credit ratings by at least two of the following rating agencies: Moody's, S&P, and Fitch. The index includes the following types of bonds: general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds.

U.S. High Yield Municipal Bond Index: US dollar-denominated, fixed-rate tax exempt bond market. The index includes state and local general obligation, revenue, insured and pre-refunded bonds.

Index Definitions

The S&P U.S. High Yield Corporate Bond Index is designed to track the performance of U.S. dollar-denominated, high-yield corporate bonds issued by companies whose country of risk use official G-10 currencies, excluding those countries that are members of the United Nations Eastern European Group (EEG).

The Bloomberg US Treasury Index measures US dollar-denominated, fixed-rate, nominal debt issued by the US Treasury.

Definitions

6M T-Bills: The 6 Month Treasury Bill Rate is the yield received for investing in a US government issued treasury bill that has a maturity of 6 months.

Employment Index: U.S. jobs with the exception of farmwork; unincorporated self-employment; and employment by private households, the military, and intelligence agencies.

A collateralized loan obligation (CLO) is a single security backed by a pool of debt.

A consumer price index (CPI) measures changes in the price level of a market basket of consumer goods and services purchased by households. The CPI is a statistical estimate constructed using the prices of a sample of representative items whose prices are collected periodically.

A leveraged loan is a type of loan that is extended to companies or individuals that already have considerable amounts of debt or poor credit history.

A high-yield bond, or junk bond, is a corporate bond that represents debt issued by a firm with the promise to pay interest and return the principal at maturity. Junk bonds are issued by companies with poorer credit quality.

Muni Bond: A municipal bond is a debt security issued by a state, municipality or county to finance its capital expenditures, including the construction of highways, bridges or schools. These bonds can be thought of as loans that investors make to local governments.

Liquidity Management: The liquidity index calculates the days required to convert a company's trade receivables and inventory into cash.

Investment Grade Municipal Bonds: Investment-grade municipal bonds are debt securities, issued by state and local governments carrying the lowest credit risk that a bond issuer may default. Investment Grade Municipal Bonds: Bloomberg Municipal Bond Inter-Short 1-10 Year Total Return Index.

Investment Grade Corporate Bonds: Investment grade corporate bonds are low-risk bonds. Because they are bonds, they are not tied to equity. Instead, they are like debt notes issued by a corporation. Investment Grade Corporate Bonds: Bloomberg Intermediate Corporate Bond Index.

The "core" Personal Consumption Expenditures (PCE) price index is defined as prices excluding food and energy prices. The core PCE price index measures the prices paid by consumers for goods and services without the volatility caused by movements in food and energy prices to reveal underlying inflation.

The Producer Price Index (PPI) is a family of indexes that measures the average change over time in selling prices received by domestic producers of goods and services.

Municipal bonds (or "munis") are a fixture among income-investing portfolios. Investors who want higher returns can invest in high yield municipal bonds.

Gross Domestic Product (GDP) is the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period.

Yield to Worst (YTW) is the lower of the yield to maturity or the yield to call. It is essentially the lowest potential rate of return for a bond, excluding delinquency or default.

Magnificent Seven: The Magnificent Seven stocks are a group of high-performing and influential companies in the U.S. stock market: Alphabet, Amazon, Apple, Meta Platforms, Microsoft, NVIDIA, and Tesla.

CNR Speedometers® are indicators that reflect forecasts of a 6 to 9 month time horizon. The colors of each indicator, as well as the direction of the arrows represent our positive/negative/neutral view for each indicator. Thus, arrows directed towards the (+) sign represents a positive view which in turn makes it green. Arrows directed towards the (-) sign represents a negative view which in turn makes it red. Arrows that land in the middle of the indicator, in line with the (0), represents a neutral view which in turn makes it yellow. All of these indicators combined affect City National Rochdale's overall outlook of the economy.

Important Information

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All investing is subject to risk, including the possible loss of the money you invest. As with any investment strategy, there is no guarantee that investment objectives will be met, and investors may lose money. Diversification may not protect against market risk or loss. Past performance is no guarantee of future performance.

Indices are unmanaged, and one cannot invest directly in an index. Index returns do not reflect a deduction for fees or expenses.

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Equity investing strategies & products. There are inherent risks with equity investing. These risks include, but are not limited to stock market, manager or investment style. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices.

Fixed Income investing strategies & products. There are inherent risks with fixed income investing. These risks include, but are not limited to, interest rate, call, credit, market, inflation, government policy, liquidity or junk bond risks. When interest rates rise, bond prices fall. This risk is heightened with investments in longer-duration fixed income securities and during periods when prevailing interest rates are low or negative.

High yield securities. Investments in below-investment-grade debt securities, which are usually called “high yield” or “junk bonds,” are typically in weaker financial health. Such securities can be harder to value and sell, and their prices can be more volatile than more highly rated securities. While these securities generally have higher rates of interest, they also involve greater risk of default than do securities of a higher-quality rating.

Municipal securities. The yields and market values of municipal securities may be more affected by changes in tax rates and policies than similar income-bearing taxable securities. Certain investors' incomes may be subject to the Federal Alternative Minimum Tax (AMT), and taxable gains are also possible. Investments in the municipal securities of a particular state or territory may be subject to the risk that changes in the economic conditions of that state or territory will negatively impact performance. These events may include severe financial difficulties and continued budget deficits, economic or political policy changes, tax base erosion, state constitutional limits on tax increases and changes in the credit ratings.

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