SILVERCREST
ASSET MANAGEMENT GROUP

MARKET COMMENTARY CALL TRANSCRIPT
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Corporate Speakers:

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Operator: Welcome to the Silvercrest Asset Management Group Market Commentary Call.

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I would now like to introduce your host for today's call, Patrick Chovanec, managing director and chief strategist; and Mr. Robert Teeter, managing director and chairman of investment policy and strategy group. Gentlemen, please begin.

Robert Teeter: Patrick, you wrote a very interesting letter that you put up this quarter and I'm eager to dive into some of the topics there. But first, I thought we'd start, first and foremost, to get your latest views on the economy and especially to see how you think the unwind of the Fed's quantitative easing policy might impact the economy going forward. So it's a broad question, but I think it's helpful to start with that fundamental base of where we are in the economy and where might be going forward.

Patrick Chovanec: So the big theme, if there was a theme of the quarterly notes, was steadiness. And that's—it runs the risk of sounding like an evergreen message, "Don't worry, everything's fine."

But, really, it's a much more considered opinion that's specific to this time. We are late in the cycle. Clearly, we're on the eighth year of a recovery. There's no time limit to a recovery or how long you can go. Bull markets do not die as of old age. They die because something has happened to change the picture and change expectation.

And yet, while we can imagine all kinds of potential threats to the fundamentals underlying this bull market, none of them seem imminent, and the numbers that we keep getting are relatively positive. And this, in a month, after some pretty severe weather events in the United States, put a dent in economic activity. But nevertheless, despite that, both the New York Fed and the Atlanta Fed, which are the ones that put out the most reliable projections, are saying that we'll see positive economic growth in the third quarter, somewhere between 1.7% and 2.7% is their estimate.

And the other numbers that we're getting are by and large, fairly positive. So, in particular, the ISM Manufacturing survey, which is a survey of purchasing managers, both in the—well, there's a manufacturing one and there's a nonmanufacturing one. And both of them hit cycle highs, multiyear highs, in September, not just on the basis of current production and activity, but also on the basis of future orders and, of new orders, which suggested that momentum should continue for, at least, the next several months.

And a number of other numbers seem to correspond to that. Consumer confidence just came out in the last week, University of Michigan survey, that rose to its highest level in, I believe, 13 years. Now, consumer confidence is not necessarily that reliable of a future indicator, but it does indicate what people feel like right now and their willingness to spend their money, and it is a reflection of the general momentum that exists in the economy.

And you can look through a number of other numbers, which we do every month in a monthly note, that suggests that there's a lot of momentum in the economy.

So with that in mind, we know that we're probably later in the business cycle than we are early. We keep our eyes out for the various things that could derail, but for the moment, we don't see where that would come from.

Robert Teeter: OK, great. Well, one of the things that, I think, we both observed and you noted this, at least, a year ago, if not more, is that there have been a number of sort of waxing and waning influences beneath the surface in the economy. And I think one that's caught people's attention as I referenced this is what will the impact of the Fed's Q.E. unwind be? I'm curious to get your thoughts on how you think the Fed might proceed and what impact that may or may not have.

Patrick Chovanec: Well, so this is a tricky issue, partly because we've never been here before. The Fed's never had a balance sheet like this before, and so we're in uncharted territory.

And also people disagree about what impact quantitative easing had. So if they disagree about what impact it had on the economy and on markets, they're going to disagree about what the impact of unwinding it will be. But that said, there is a view. Maybe I should take a step back and explain what we mean by unwinding.

Robert Teeter: Good idea.

Patrick Chovanec: So the Fed, in response to the financial crisis in 2008, embarked upon three different rounds of what they call quantitative easing. And what they did was they purchased securities in particular, treasury bonds and treasury bills. And to the tune of, eventually, $4.5 trillion worth, they injected that money into the economy, with the goal of keeping interest rates down and also providing liquidity for lending.

And not so secretly, with the goal of trying to boost asset prices, with the idea that would correspond to make people have an income—have a wealth effect— and make people feel like they had recovered some of their wealth and be more willing to spend it. And then this translated to economic growth. A few years ago, the Fed stopped making additional bond purchases, gradually, and it was called the "taper", and then halted Q.E.

But ever since then, it has continued to maintain its balance sheet, so that as the bonds mature, as those treasury notes mature, they have replaced them with lot new ones. So while they may not be driving the market and driving yields for treasury mark down, they had basically been supportive of the market.

And so the question—and so now, they're going to stop doing that gradually. And it's at their discretion, but they're going to start drawing down their balance sheet by not replacing the bonds that mature. So the question is what effect that has?

There is a view out there that Q.E. drove the bull market. It was the main driver of the bull market and that unwinding Q.E. will undercut the bull market or, perhaps, end it. I don't share that view. I'm not saying that Q.E. didn't have impact, but I think it was only one of many factors that contributed to this bull market.

First of all, a lot of the money that was injected into the banking system, when the Fed purchased these securities, did not end up circulating it. It went into excess reserves, huge excess reserves in the banks. And draining some of that excess liquidity won't really create a liquidity constraint on lending or the availability of dollars, even internationally, because it's basically taking out something from the fact—the banking system that wasn't really put to use.

The second thing is that when we look at the P/E ratios, when we look evaluations the market, U.S. equity market, they have followed through this cycle, a fairly typical path from being lower at the beginning to getting into the 20s, which is usually where they get in a maturable market. And it may well be that that Q.E. gave valuations a bit of a boost early on, maybe earlier than might have been the case. But this rise in valuations also reflected the natural recovery of earnings expectations, and those earning expectations have been validated in many ways by actual earnings gains. And so it’s not unusual where we are in a maturable market with valuations in low 20s.

And in fact any boost that the—that Q.E. might have given to valuations was, in many ways, at least partly offset by a wider, equity risk premium, then we would have normally seen, which means the people were tended to be inclined to hold safe assets as opposed to being riskier stocks. And so that—if it hadn't been for that, you probably would have seen valuations go much further or much higher on the back Q.E.—but didn't. And so we're not in an unusual place.

And then last, I would say, are interest rates. While the Fed certainly influences interest rates, it doesn't set long-term interest rates. So there are a lot of other factors that go into that equation, including economic expectations. And the proof of that is that when the Fed tapered and had ended its tapering of Q.E., that pushed interest rates, the 10-year treasury rate, to about 3%. And everybody, at that point, expected that, "Well, it will be, at least that, if not higher." And in fact, because of economic expectations, last year, the 10-year treasury yield went to its lowest point ever, which was just about 1%. So what was driving that wasn't Fed intervention of Fed buying, it was economic expectations.

So while, certainly, on its own, the Fed unwinding and not being in the market to buy these treasuries, tens of it—on its own to boost interest rates. There are a lot of factors that have to be taken into consideration.

So what I would say is this and then because—the reason I spend a lot of time talking about this is we don't think it's a game changer, but there are a lot of other people out there speculating that it might be a big game changer, and it's important that we explain why we thought it through and why we don't think it is.

Because it's not as though there was this one factor driving the bull market, and now that it's gone, so long bull market. It's—there were many factors. You have to look at those other factors and how they have changed, maybe how the change in those factors has influenced the Fed to think that it can unwind, without creating a disruption. And, remember, that is always at the discretion of the Fed so it's going to go at its own pace. We do not have inflation at levels that—and we're going to pressure the Fed to do—to try to tighten faster than it wants to.

So while it is an experiment and it is something that nobody's done before, it's, at least, taking place in an environment where you, the Fed, can control the pace of this. And if it does start to have disruptive effects, it can reconsider its actions.

Robert Teeter: Great. Well, thanks, Patrick. I think maybe we'll take a change in topic here and go from one issue that might seem complex, or seem simple but is complex like Q.E. to another. It also seems simple, but maybe complex, which I'm referencing here, some of your comments in the quarterly on tax.

And what I'd like to focus on here is not so much speculating on outcomes because, I think, given where we are in the process that would, perhaps, be premature and you can shed some more light on that.

But what might be more interesting is the focus on process. And I know you referenced the tax reform in the 80s in your letter, it would be interesting to me to get a recap of that and think of what ingredients were in place at that point in time that converge to make meaningful tax reform possible at that point out and how does that compare to today?

Patrick Chovanec: Yes, it's interesting to look back. Anytime that we face a policy issue you look back and say, "Well, when was the last time that they did this. And what was it like?" And what's interesting to look back at 1986 is that you see a lot of the same issues that are now on the table, propping up. One of them is whether tax reform should be revenue neutral or not. It had to be revenue neutral in the 1980s because the Democrats control the House.

And so you had—if you wanted to pass—if the Reagan White House wanted to pass tax reform, it was going to be by bipartisan tax reform. And the parties, at that point, didn't agree any more than you today about the size of government, the scope of government, what cutting—the benefits of cutting taxes or not, what spending priority should be in.

So it's only by taking those things off the table and saying, "Look, given we want to raise a certain amount of revenue, what is better way of doing that and a fair way of doing and isolating that issue so could they come to an agreement?"

This time around, of course, Republicans control the House, the Senate and the White House. They don't necessarily have to do that, although it's been a priority among Republicans over the past several years to not increase the budget deficit.

And so you have some in a Republican party in Congress who don't do—who want to have tax cuts and really how it's paid for is not—is really a secondary issue. And then you have others who say no. We can change the tax structure, we can reduce tax rates, but it all has to be paid for one way or another. And this especially becomes an issue in the Senate, where you need—you can only lose two Republican votes before you don't have a majority anymore. So they're going to have to work through that.

One of the challenges if you do try to either make it revenue neutral or, at least, mitigate the effect on the budget deficit is that you have to have offsets then. So you have to look at—if you're going to cut rates, whether it be corporate races or whether it be personal rates, how are you going to pay that?

And there's been a lot of talk over the past several years that something like this should be done, that you want to reduce the rates and broaden the base. And in particularly in corporate taxes, you wanted—most companies be paying around the same effective tax rate. You don't want some to be paying high rates and some to be paying zero because of the way that certain tax incentives are structured. So it's a good thing to think about and there are arguments for getting rid of some deductions. But, politically, that's always a challenge.

So one topic that's come up early is eliminating the state and—the deductibility of state and local income taxes for personal—as a personal deduction. That was actually brought up in 1986 very early on because it's actually a big-money item.

So if you do that, you can actually lower rates, significantly. It got immediately thrown out and immediately killed because the congressional delegations and governors from the top—from the high-tax states of New York, California, and New Jersey, which also happen to be very high population states, said, "No." They benefit greatly from that. It was represented as a significant tax, by either give back or actual tax increase on their population and so they weren't going to have any of it, and it went out of the picture very early in '86.

It's back, potentially, as a political dynamics of change because these are all states that didn't vote for Trump and maybe their objections don't matter this time around, but, in fact if they don't matter, then it becomes even more of a partisan issue. And it would be desirable to some Democratic votes, but they could ram it through without. So the flavor of tax reform and what kind of part—how partisan of an issue it is, depends a lot on how they tackle some of these issues and what kind of offsets they're going to embrace.

One more thing I'll mention is that in '86, the Reagan White House realized very early on that if they wanted to lower personal rates, which they wanted to do, that they would have to accept an increase in the overall tax burden on corporations. And that probably didn't go down well, in terms of what they like to do. But they accepted that. And when Republicans accepted that, the Democrats were very happy to embrace that. And so it smoothed the path to passage.

This time around, one of the top priorities of the Republicans, is to cut the corporate tax rate. And some of the offsets that they're looking at are offsets that would involve the personal taxes.

So we don't know, at this point, but it is quite possible that you actually see the burden shifting in the opposite direction away from corporations towards the individual taxpayers, which is—you can make economic arguments or policy arguments like maybe that's the right thing to do. But, politically, it doesn't go down—it's not the same spoonful of sugar, right, that you would get by shifting it on to corporations, and so that is probably going to get, once the numbers are run, maybe some pushback.

There a lot issues here, right? I mean that's a—even just this kind of very simple comparison of what happened in '86. In '86, it was a two-year we've worked through all these issues, so the point where the White House put together a concrete plan and then it went to the House, the Senate, and they figured out what exactly they were going to do and came up with an actual bill.

A lot of these topics like reducing the corporate tax rate sounds simple, but then a lot of details crop up. Let me just give an example, OK, without delving into it but just the example to show how complex this simply gets.

If you reduce the corporate tax rate to 20%, what happens to people who have passed through entities, like partnership or paying personal rates on their business income? Are they going to tie at 35% or something like that? Well, OK, that's a problem. So they announced they've been talking about having the corporate rate passed through the individuals.

Not only is that costly but it also raises a whole host of complexities of how you do that and how you do that without creating all kinds of tax arbitrage and tax shelters that people could use in ways that aren't intended. I don't think they have come to an answer about how they're going to do that, and it's typically the sort of thing that takes some negotiating and some thinking and figuring out in both of the House and the Senate. This is why it took two years.

Their goal is to push through tax reform by the end of the year. I know there is a lot of political pressure to do that because they didn't pass healthcare reform, repeal and replace. So of all Republicans in there, there is a lot of political pressure to come up with a deliverable.

But this is a very complex deliverable, right? And there's about two and half months left in the year and we have not seen the bill. We probably won't not see a bill until mid next month.

Robert Teeter: Would that be the first milestone you're looking for then?

Patrick Chovanec: Well, you got to see a bill because we can talk all about the principles and ideas behind tax reform, but at the end, you got to get a bill and you got a have at least some scoring of it to say, "What impact would it have on different constituencies," and what have you, even from clients.

If clients have a question, "Well what—I hear all these things being discussed, what will the impact be on me?" There are a lot of moving pieces here that have not fallen into place.

Robert Teeter: Right.

Patrick Chovanec: And you can't even look at them in isolation and say this is what the impact would be. For instance, getting rid of state and local income tax deduction can't be separated out from getting rid of the alternative minimum tax, right? How that would impact you, depends on bulk, yes, from a bulk.

So it's hard for anyone to get an idea about what the impact of these would be, as long as there are so many kind of pieces flying around. And it's hard for Congress to have a meaningful debate about it until you've got these pieces nailed down.

So while waiting, we're listening to the ideas, we're aware of the ideas that are out there. We're aware of the conflict potentially that some of these ideas present both policy wise and, politically. But we have to wait for a bill, which may look different from the House and from the Senate. But we have to wait for a bill to actually say something concrete about this.

And there is growing skepticism, I will say, from Washington. And this is not just coming from opponents of the administrations, it's coming from Republicans, who were saying we don't really know. We're not going to say we can't but we're not really sure how all this is going to fall into place by December to have next year.

But the goal that they have set for themselves was to do it this year and, of course, any impact on this year's taxes would have to be done this year. So it may be something that may be a bridge too far, but we're just going to have to watch the profit.

Robert Teeter: Great. Well, thank you. It's another good example of things are never quite as simple as they seemed.

I want to be mindful of the time of the audience and allow for questions from the line. So I've received a few questions as well, but maybe first we'll turn it over to the moderator and see if there are any questions on the line.

We'll turn it back over to the moderator now for questions.

QUESTIONS AND ANSWERS

Operator: (Operator Instructions) Caller 1, your line is now open.

Caller 1: One issue, which was discussed was the matter of estate tax. Would you comment on that?

Patrick Chovanec: So, again, it's one of the moving pieces and it's certainly a priority of the administration and it's a priority of the Republican majority to eliminate it.

Without getting into the policy debate about whether it's a good or bad thing, eliminating it has an impact on the overall revenue balance of the package. It either has an impact on the deficit or it has an impact on offsets that need to be put in the place.

Again, until we see a bill, we know that they aspire to put it in but until we see a bill, we don't know whether it's in and how much it's hedged, what kind of offsets are put in or what kind of limitations are put into it that what influence it.

So I wish that we—look, it's not that I wish—there are a lot of members of Congress that wish that they had a clear idea about what the bill will be, and we don't so far and that's one of the reasons why we may not see a bill passed this year. Any other questions?

Operator: Our next question comes from Caller 2, your line is now open.

Caller 2: I was curious if there is no tax legislation that gets passed, how do you think the markets will react to that?

Patrick Chovanec: So I think that for much of the year, markets have—early on, there was the Trump rally, and it could also be described as the reflation rally.

The idea is that the Trump administration would come in, it would cut taxes, it would increase spending on things like infrastructure and defense, and it would all be very stimulative for the economy and, potentially, inflationary. And that it might actually cause the Fed to push back.

And in December of last year, we actually saw some concrete impact—concrete effects of, first of all, the rally in shares but also the strongest dollar in, I believe, 13 years I want to say. And so, the dollar spiked. And since then, what we have seen is a gradual—those expectations have gradually receded.

And they haven't gone away entirely, but they've receded so nobody thinks that this is going to be a big infrastructure package this year. There may be some modest increase in defense spending, but it won't be a giant game changer.

There may be a tax package, maybe not. We had—we did see actually—the dollar slide throughout the year, as a result of that, and also the inflation expectations remain fairly low.

We did see actually last month, the dollar per couple of it on expectation of—well, maybe they are going to pass something. But the rebound has been modest and I think you see the same thing with interest rates, 10 year interest rates, is that you get a little bit of a bump up but not—there are still a lot of skepticism.

And so, if Congress doesn't pass tax reform or a tax cut by the end of the year, it may be a modest letdown but I don't think it's like a huge letdown in the premise that has supported stocks throughout the year goes away.

Because what actually has happened throughout the year—and this is kind interesting—is that as the initial premise behind the Trump rally receded, earnings came back and earnings recovered and then you actually add, particularly in the energy sector, a rebound in earnings and earnings, overall, for the S&P 500 were up like 20% year on year.

So what policy didn't deliver, economic momentum did, and that is what has put some firm ground beneath the market and its kept valuations from rising because we've seen it—we saw a big rally but, the past year, the P/E ratio, the 12-month trailing P/E ratio has been stable at about 21 times.

And what that means is that it's not like valuations just left sky high, earnings have moved. Earnings have gained ground with the market. So as long as that continues to be the case, I don't think that the policy reversal, which in many ways people kind of half expect, will undercut the market.

I think the things that could undercut the market are more earnings disappointments. If you have—inflation begins to pick up. And we've seen inflation perk up a little bit, although it's hard to tell how much is simply from the hurricanes and the weather affects and bottlenecks that were created.

But if we start to see inflation momentum pick up, that might undermine the market momentum, if we saw trade war. If United States actually—instead of just negotiating hard decided, "OK, we're done, we're leaving NAFTA," that could be something that the market didn't expect that could have a disruptive effect. But not passing tax reform, I don't think would really shock anyone at this point or undermine the market's valuations.

Operator: And our next question comes from Caller 3, your line is now open.

Caller 3: Thanks so much. And thank you, Patrick, for your extensive analysis. I'm putting everything in a bigger picture. Thank you.

Patrick Chovanec: Welcome.

Caller 3: My question is related—anytime. My question is maybe a bit of a mush. It's related to municipal and corporate bond issuance.

Do you think that issuers, based on their own needs, and their sense of increase rates increasing maybe even faster than we've seen over the year, could that possibly step up supply into the market—supply of municipal and corporate bonds?

Patrick Chovanec: So this is getting a little bit into the weeds of an area where I'm not—I wouldn't pretend to be the expert in this office, OK?

And I think that the better person to address this would be somebody from our municipal bond team, who I've heard them talk about this at length and I know they have some very good thoughts on it. Either we can schedule a time for them to elaborate on this or they could follow up with you directly.

When it comes to tax reform, and I, again, I'm drawing on what they've said. There's—and the impact on that, again, there are lots of moving pieces about how tax reform might impact both the demand and supply for municipal bond.

I think there is a strong desire to minimize any kind of disruptive effect that it would have. But there's a lot of details that go into it. And so you what they've said internally—and I've heard them say and I think, Rob, you probably heard them say it as well, is that it's a little too early to figure out how those moving pieces come together and how they will impact both the demand and supply for municipal bonds.

As far as a rising interest rate environment, let's put that in perspective. Every year, the Fed says we expect to raise interest rates three or four times and every year they do it once. So we have seen a very, very modest increase in interest rates. And I think, actually, if we look at 10-year rates, they're pretty much where they started the year at.

So we're not necessarily in a rising interest rate environment. We thought several years ago when we were at 3% for the 10 year, that we would be in a rising interest rate environment.

Caller 3: Yes.

Patrick Chovanec: So, I wouldn't want to look too far ahead and say, "Well, we're definitely in a rising interest rate environment and therefore conclusion X, Y, and Z."

Caller 3: Thank you.

Patrick Chovanec: But to get into the details on it, perhaps, we could follow up and have somebody who really understands the supply, particularly the supply dynamics that you asked about, address your question.

Caller 3: Yes. You know that would be great for a future conference call. I think a lot of us would be interested in hearing about that.

Patrick Chovanec: Well, maybe we can do that on the next call.

Caller 3: Oh that'd be cool. Thank you.

Patrick Chovanec: OK.

Operator: And our next question comes from Caller 4, your line is now open.

Caller 4: Hey, guys. Thanks. These calls are very, very informative and very helpful so thank you for setting them up.

My question, Patrick, goes back to the tax bill. I—where I hear you say, perhaps, incorrectly but I hear you say is that it's unlikely we're going to get a comprehensive tax bill this year.

If that's the case, then they're not going—surely, not going to make it retroactive for 2017. So we're going to have to live with this for this year, with the tax code that we have. Is that correct in your opinion?

Patrick Chovanec: I would say that, right now, that would be my base case but that's not certain. I mean they—again, I don't want to understate the political pressure that the Republicans feel under to put—to come up with a deliverable.

It would be seen. In fact, I think Senator Lindsey Graham just yesterday or the day before, said that—and I'm going to paraphrase him that if they didn't pass the tax reform bill by the end of the year, Mitch McConnell would be in a world of hurt. And that…

Caller 4: Yes it would lose, it would lose their life.

Patrick Chovanec: …all right. And that is—so there's a lot of political…

Caller 4: Pressure.

Patrick Chovanec: …pressure on them. So maybe they come up with—I'm trying to think of like the half measures that they could come up with. They could—I mean one thing that would get widespread support perhaps…

Caller 4: It's state taxes…

Patrick Chovanec: Well, no. Like—if you ram it through with only Republican votes, possibly. But one thing that could get a lot of bipartisan support, potentially, would be a tax holiday on bringing revenue back to the U.S.

Caller 4: On the repatriation.

Patrick Chovanec: Yes, repatriation. Now the question—because that's a fairly easy one-off thing but that's…

Caller 4: That's certainly a boost to the economy.

Patrick Chovanec: It might be. I don't think lack of funds is really the only thing that has held back companies from investing. I mean, a lot of companies have a lot cash balances all ready in the United States that they haven't deployed for investing.

It's quite possible that some of the money that could—we've come back through repatriation would go to buybacks of shares or dividends, which are good for investors but it wouldn't necessarily give you…

Caller 4: Get you want you want.

Patrick Chovanec: …the economic boost. And there are provisions that they will try to put in that say, "Well, you have to use it for investments. You have to hire or you have to spend it on a new factory or whatever," but your money is fungible. And so they could earmark the money that's coming back and then just not spend the money that they were going to spend down on buybacks.

Caller 4: OK.

Patrick Chovanec: But it's politically doable. The important thing is it adds money to the ledger. OK? So it brings in revenue. So it's an offset and you can use it to do something else that you want to do.

Now, unless, you've got a very clear idea about the tax reforms that you want to do, you might not be able to do it again. Instead, you could do it again as an infrastructure program.

I mean that was an early idea in this administration to basically take all the money from repatriation that was raised—revenue that was raised from repatriation and put it to use in an infrastructure project.

But if they start talking about that now, that's one thing. If they start talking about it in mid-December, I don't know whether there's time to do something like that, pull that kind of package together.

So it's hard to have a tax package. A comprehensive tax reform might be intimidating, but it's hard to sort of pair it down and accomplish anything that you want to accomplish.

So but there aren't a lot of—they're under a lot of pressure. I don't want to say there's zero chance that they're going to do it. They might just do it. It might be a package, therefore, that has a lot of unanticipated effects because they've rammed it through in a month.

Caller 4: And that's dangerous.

Patrick Chovanec: And that's one of the things that we might have to grapple with too is analyzing a bill that—it hasn't gone through its normal gestation, all right?

So we're just going to keep our eyes on it, and I think the base case would be that maybe they don't pass something, but they're sure going to face political consequences if they don't, which is one of the reasons why—but they already said the same thing about passing, repealing a form of

Obamacare that they would face a lot—disastrous political global consequences from their base for not doing that and you had it over like two or three times that it went up and in it fell. So actually there are no—the urgency is no guarantee that the deliverable is met.

Caller 4: OK, thanks.

Robert Teeter: Thank you.

Operator: And at this time, I'm showing no further questions.

Robert Teeter: Thank you very much, moderator. Thanks, Patrick, and thanks to everyone who dialed in today, and especially those who asked some questions. We look forward to joining again next quarter. Thank you.

Operator: Ladies and gentlemen, thank you for your participation in today's conference. This does conclude the program and you may all disconnect. Everyone, have a great day.