



2024

# 10 Market Themes for 1Q 2024

As of January 1, 2024

2023

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# 10 Market Themes for 1Q 2024

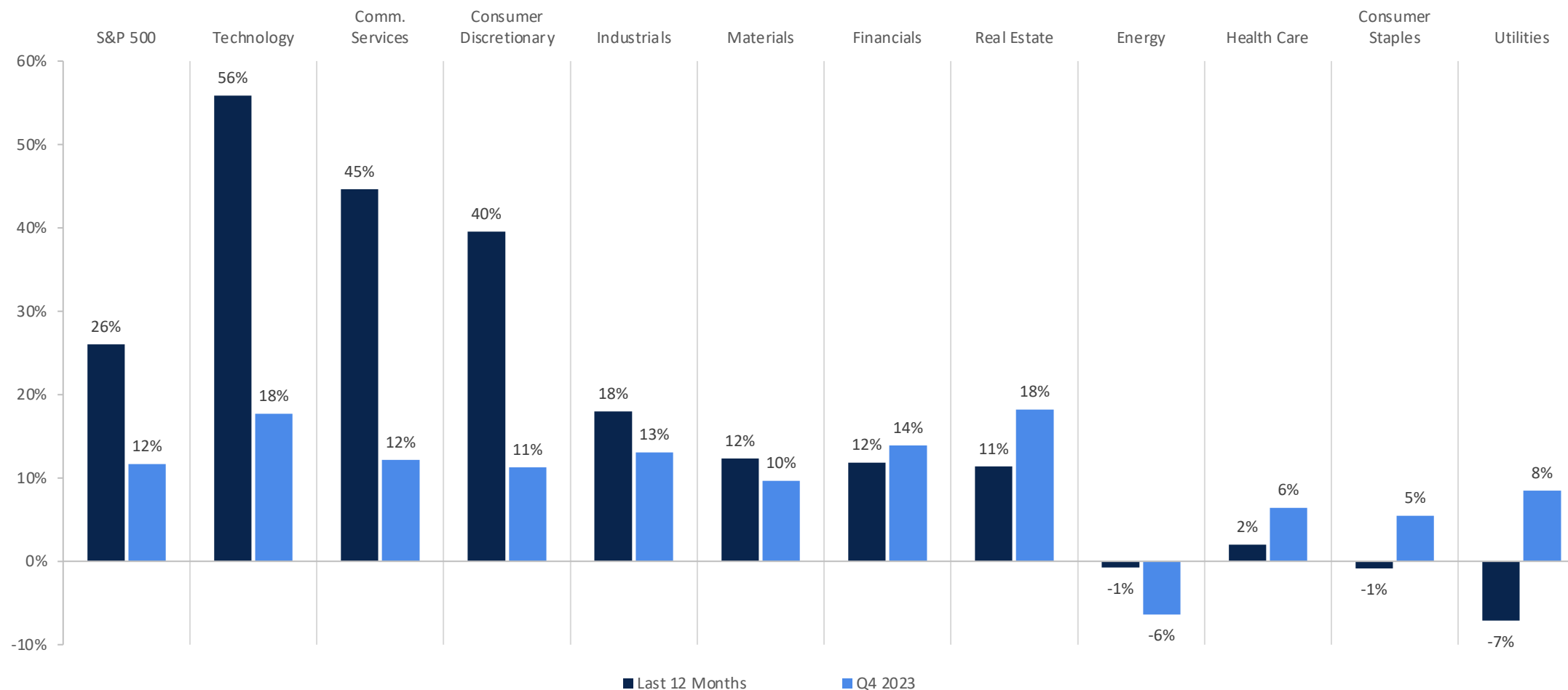
This collection of market insights highlights 10 themes we believe are most likely to shape the investment environment this quarter.

1Q 2024

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# Market Returns – 2023 Sector Performance Recap

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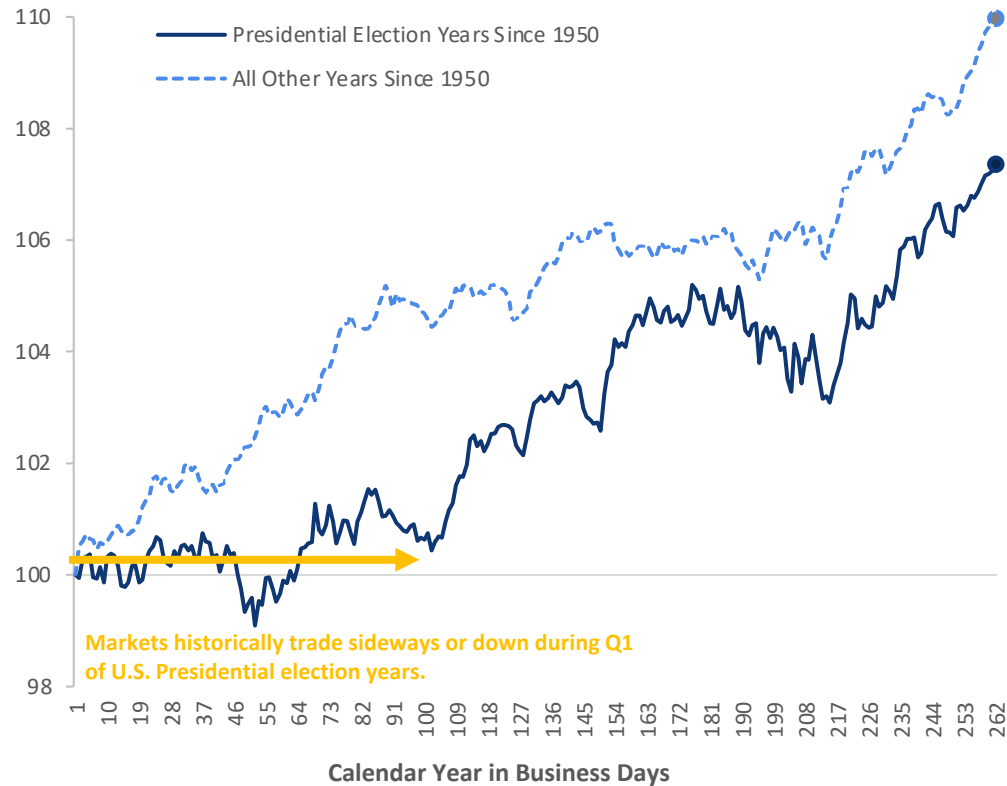


Disclosures: Past performance is no guarantee of future results. All performance data represents price returns. S&P 500 represented by the S&P 500 ETF (SPY). Sectors are represented by the following ETFs: SPDR Consumer Discretionary Sector ETF (XLY), SPDR Consumer Staples Sector ETF (XLP), SPDR Financial Sector ETF (XLF), SPDR Health Care Sector ETF (XLV), SPDR Industrial Sector ETF (XLI), SPDR Materials Sector ETF (XLB), SPDR Technology Sector ETF (XLK), Vanguard Real Estate ETF (VNQ), SPDR Utilities Sector ETF (XLU), SPDR Energy Sector ETF (XLE), Vanguard Communication Services ETF (VOX). Latest available data as of 12/31/2023.

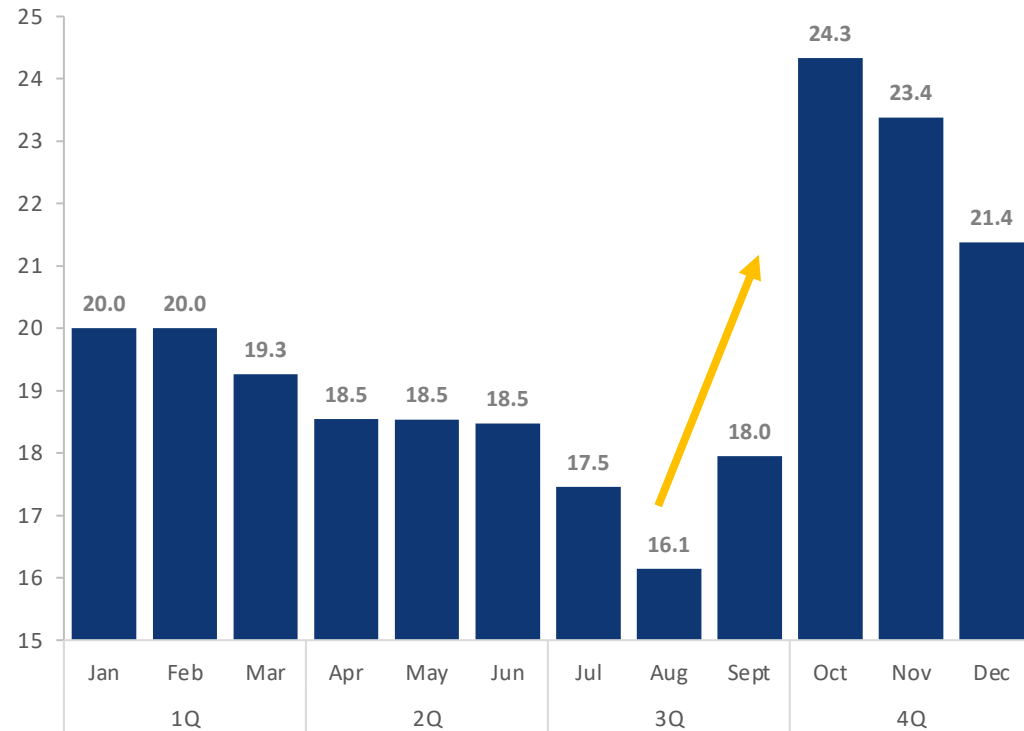
# Market Themes – Historical Seasonality During U.S. Election Years

**S&P 500 Return During Election and Non-Election Years**  
Indexed to 100 on January 1st

1Q 2024



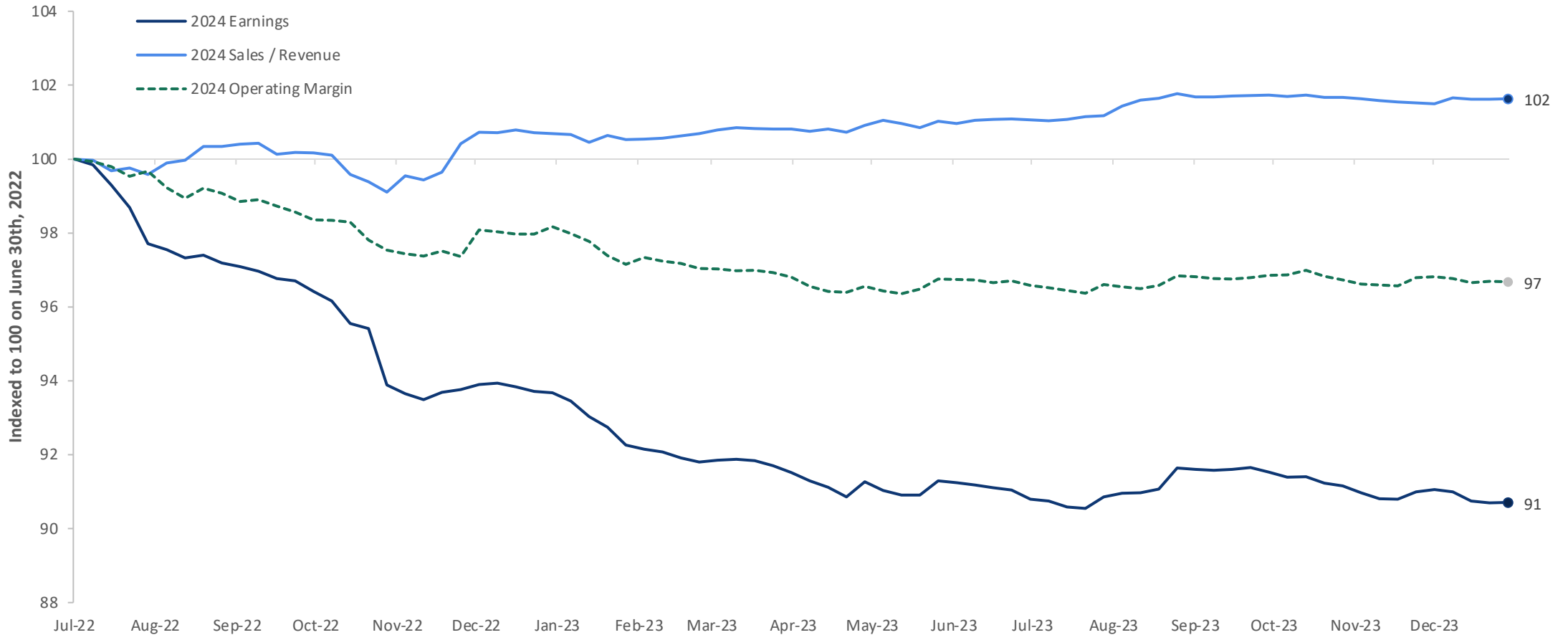
**Volatility Historically Increases As Election Nears**  
Average Price of CBOE Volatility Index in Election Years Since 1990



Disclosures: Past performance is no guarantee of future results. All performance data represents price returns. Data is sourced from Federal Reserve and CBOE. Latest available data as of 12/31/2023.

# Earnings Monitor – Sales Growth Forecasted to Drive 2024 Earnings Growth

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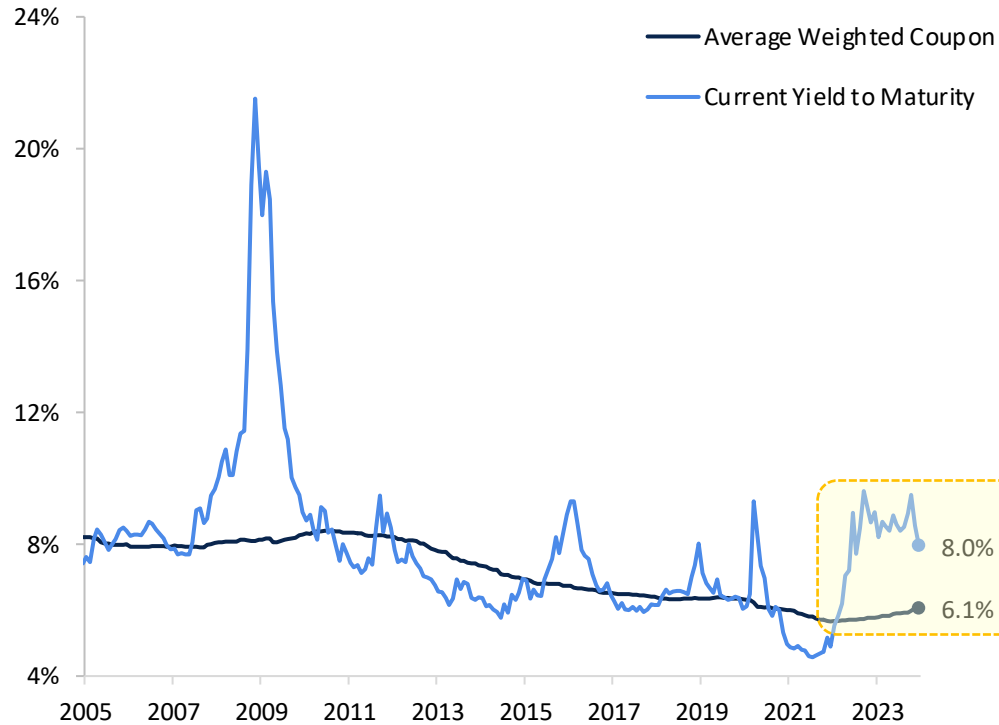
Disclosures: Data is sourced from MarketDesk. Latest available data as of 12/31/2023.

# Credit Market – Update on the High Yield Bond Market

## Existing Coupons Below Current Yield

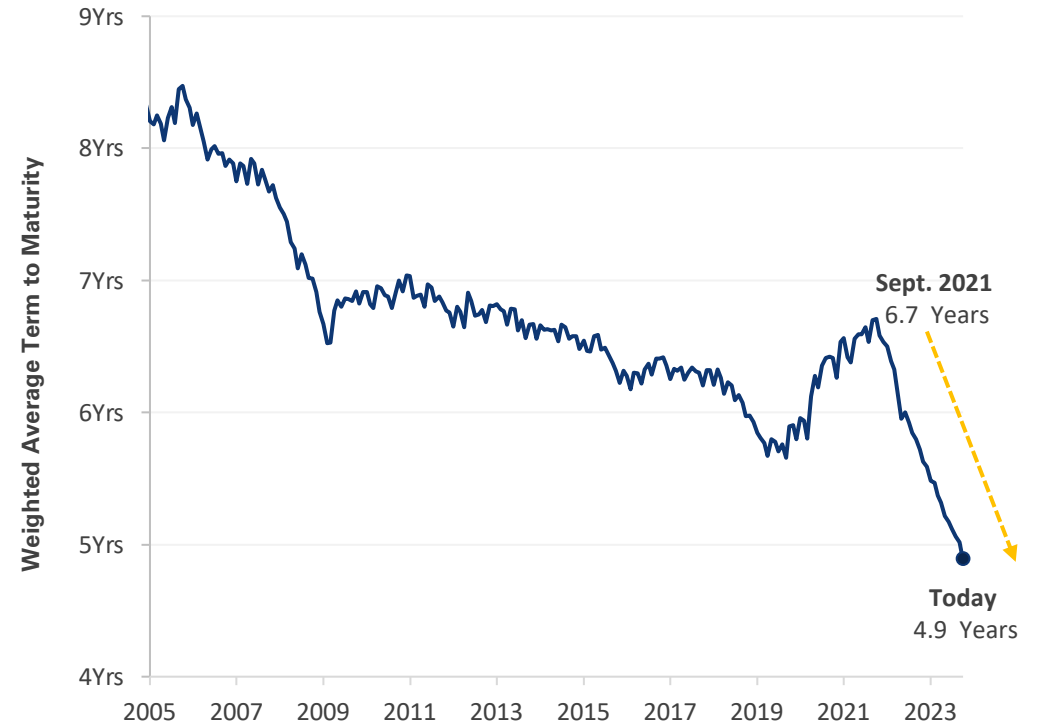
Weighted Average Coupon vs Index Yield

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## High Yield Bond Maturities are Declining

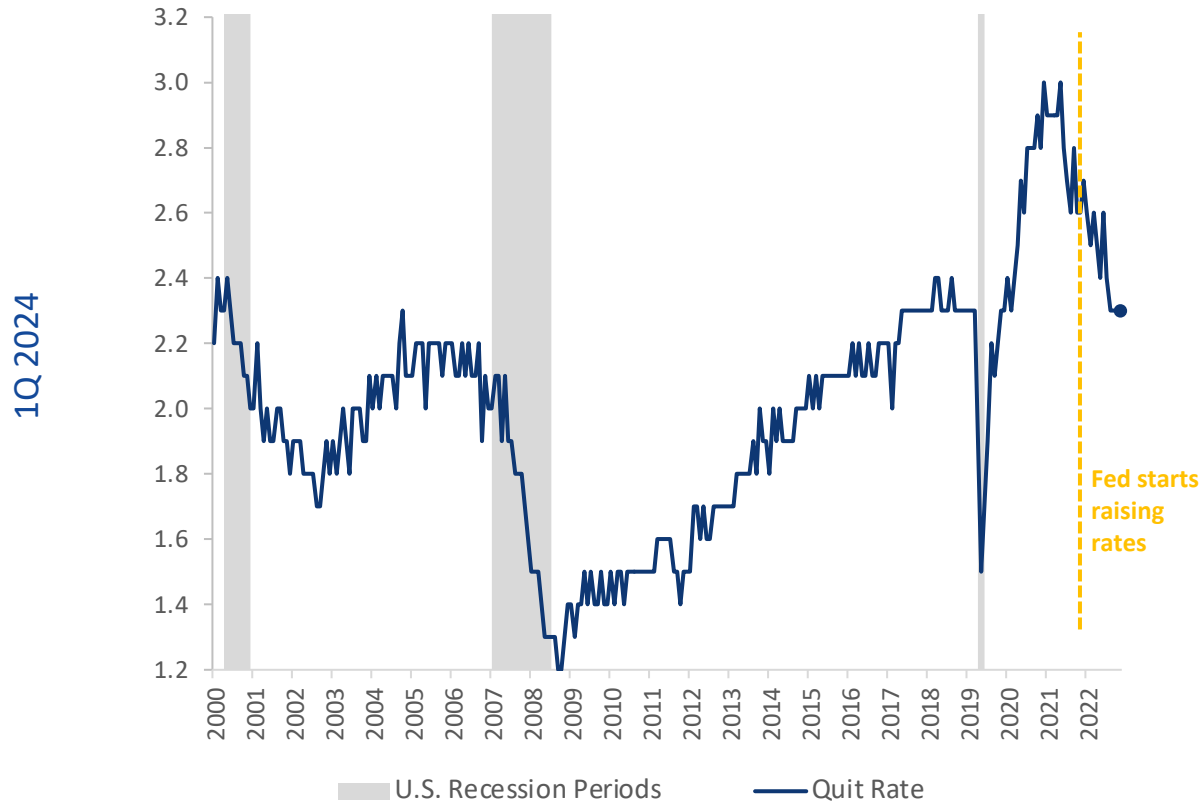
Weighted Average Term to Maturity



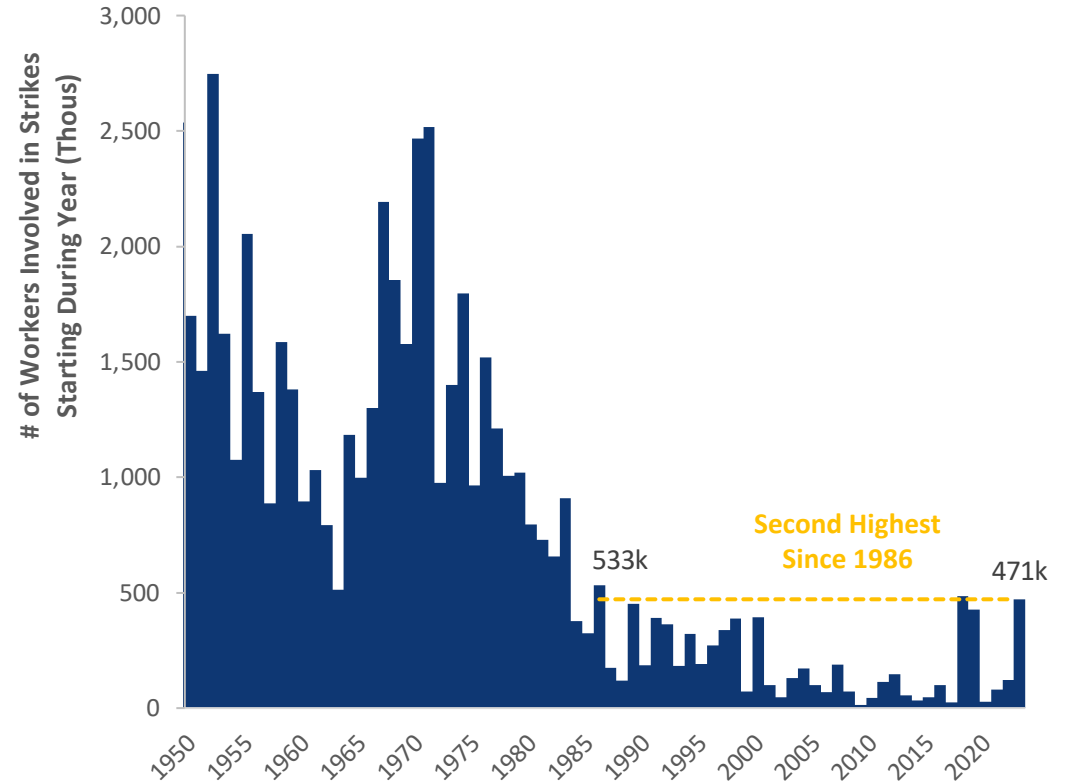
Disclosures: Data is sourced from Federal Reserve. Latest available data as of 12/31/2023.

# Labor Market – Quit Rate Falling but Work Stoppages Increasing

**Fewer Employees are Voluntarily Quitting**  
Monthly Total Nonfarm Quit Rate Since 2000



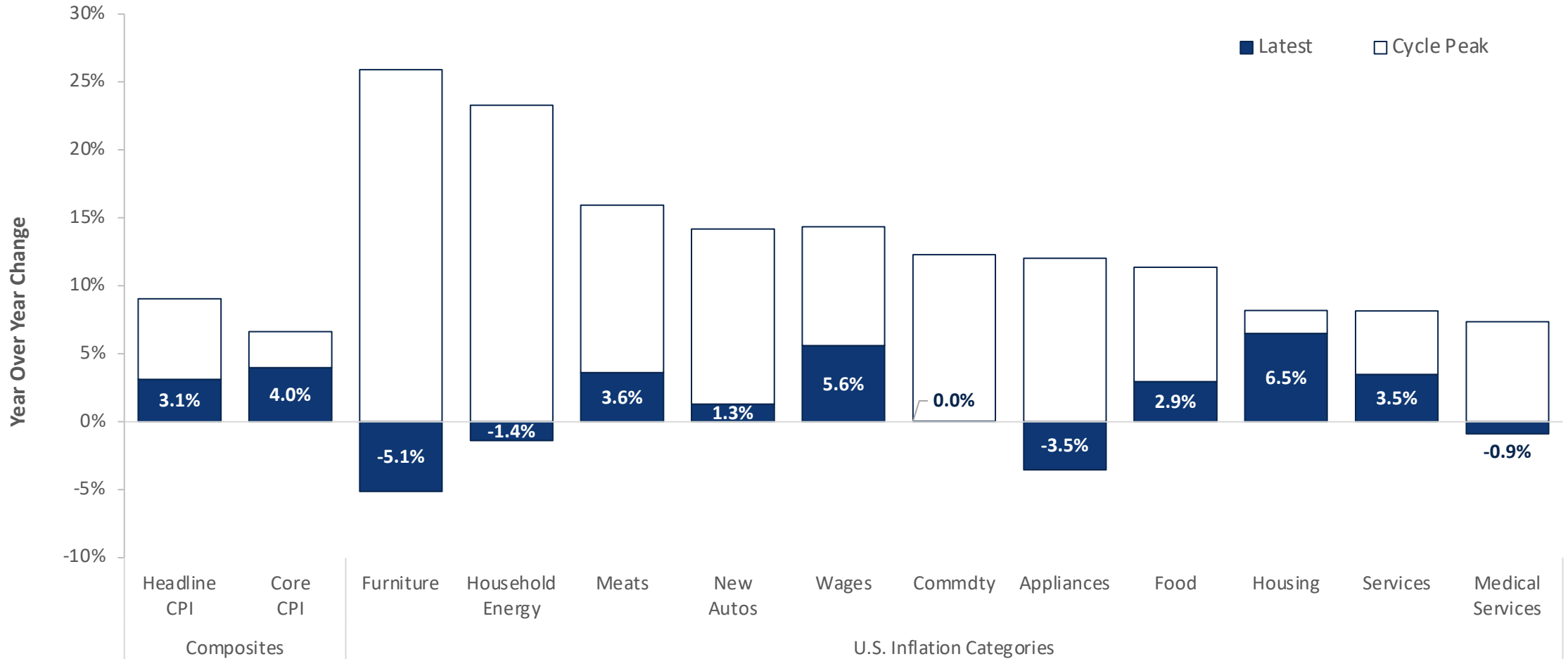
**More Work Stoppages as Employees Strike**  
Number of Workers Involved in Strikes Starting in Calendar Year



Disclosures: Data is sourced from U.S. Bureau of Labor Statistics (BLS), National Bureau of Economic Research (NBER). Latest available data as of 12/31/2023.

# Inflation – Price Pressures Decline from Cycle Peaks

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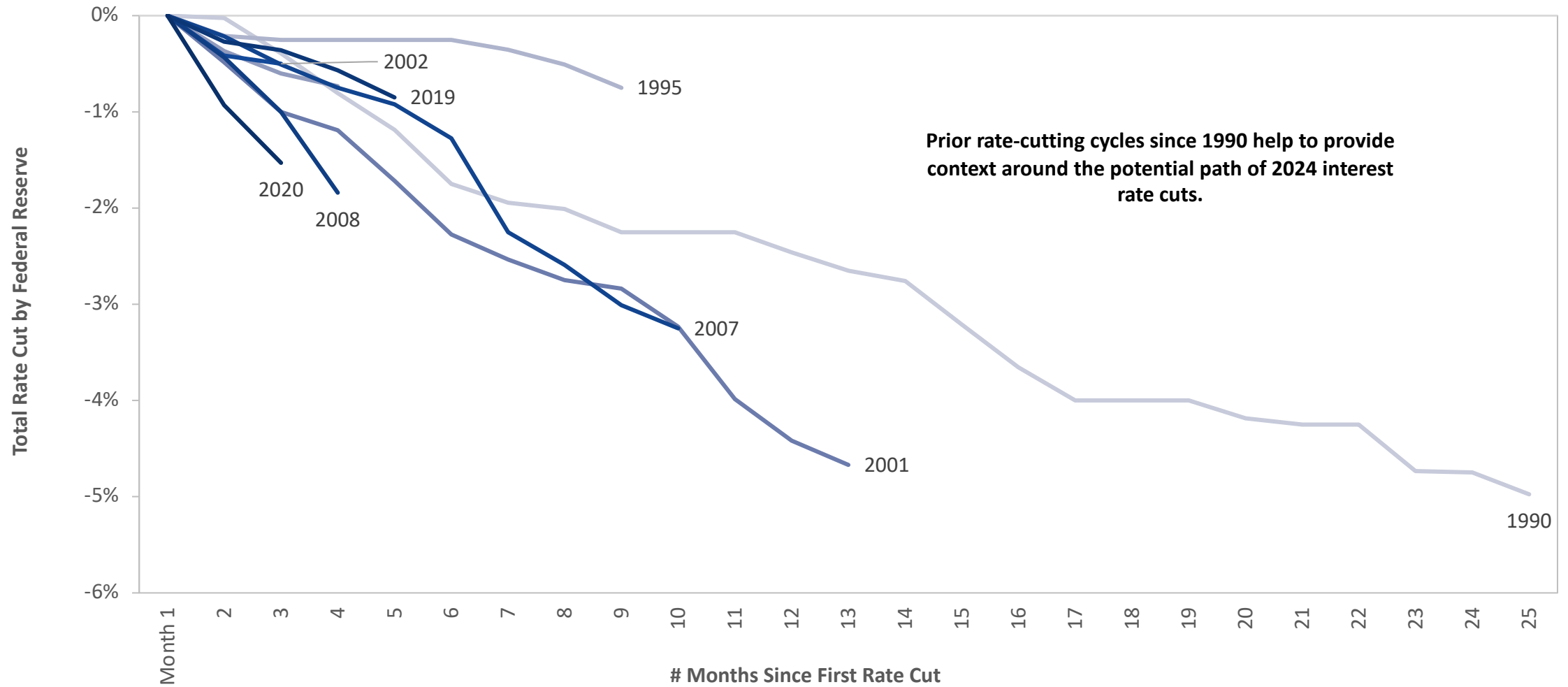


Disclosures: Data is sourced from U.S. Department of Labor (DOL). Latest available data as of 12/31/2023.



# Federal Reserve Policy – Historical Path of Interest Rate Cuts

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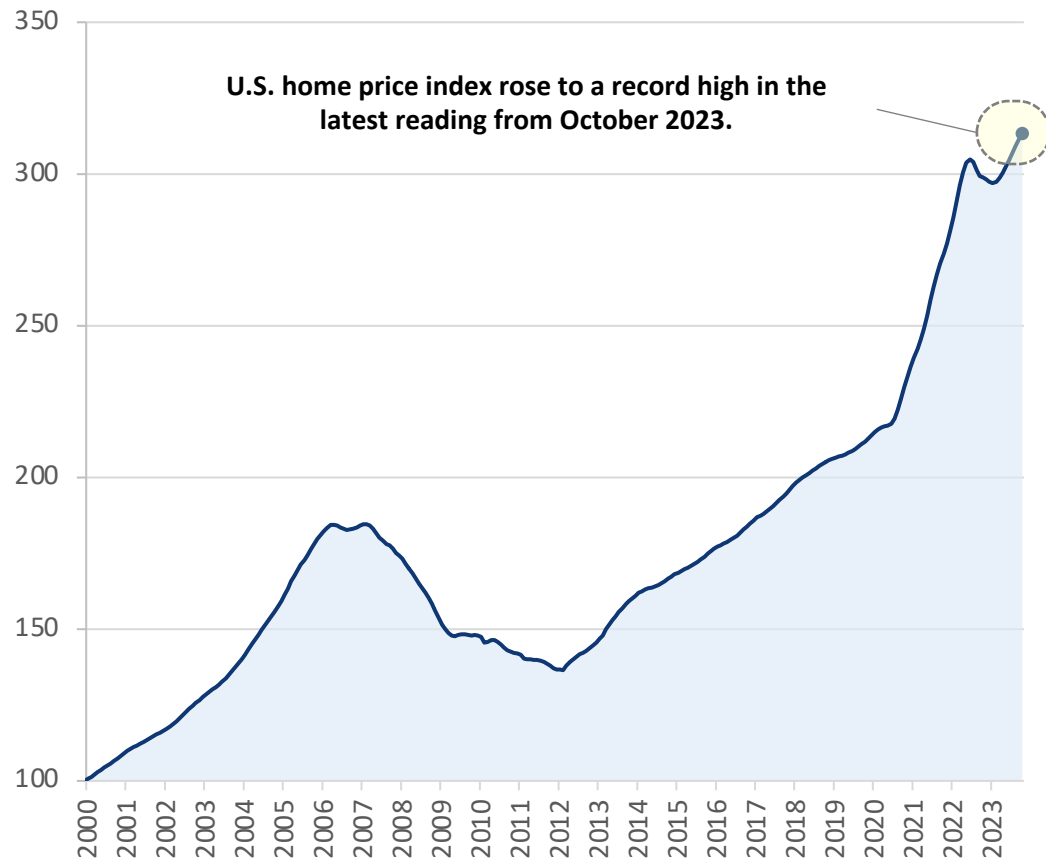
Disclosures: Data is sourced from Federal Reserve. Latest available data as of 12/31/2023.

# Housing Update – Latest Trends in Home Prices & Construction Costs

## U.S. National Home Price Index

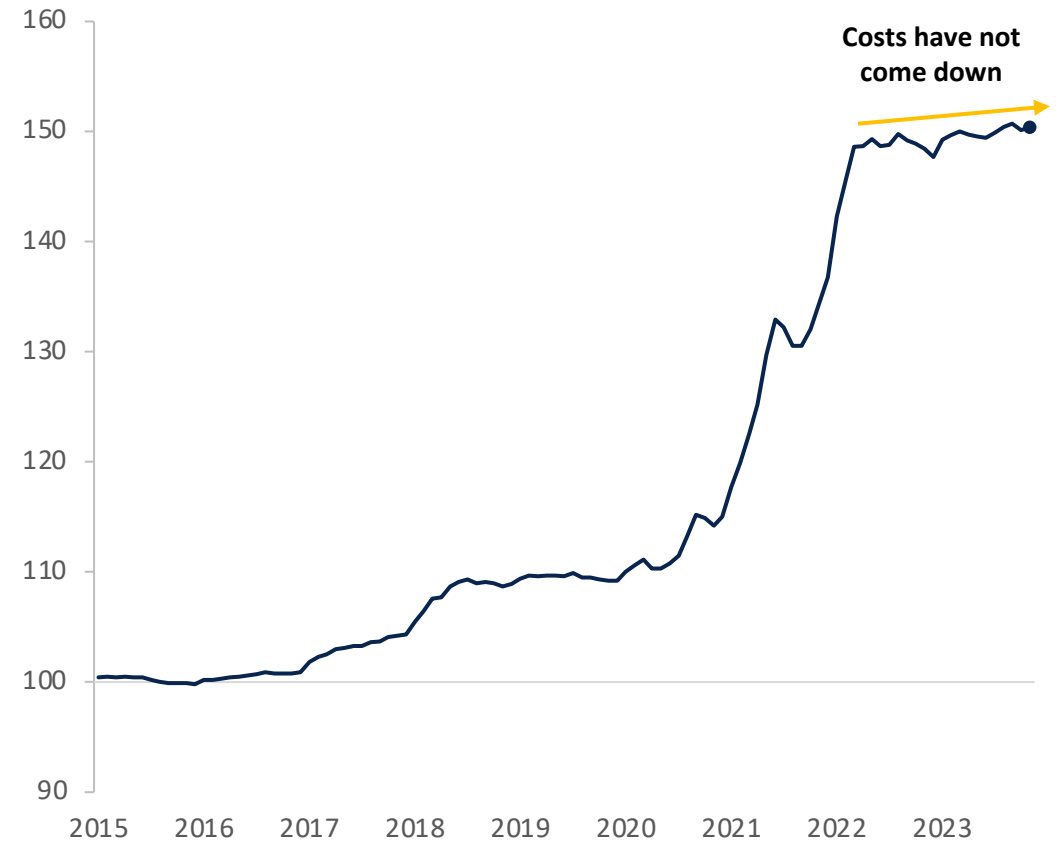
Home prices indexed to 100 in January 2000

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## Housing Construction Costs Remain High

PPI Residential Construction (Goods less Foods and Energy)

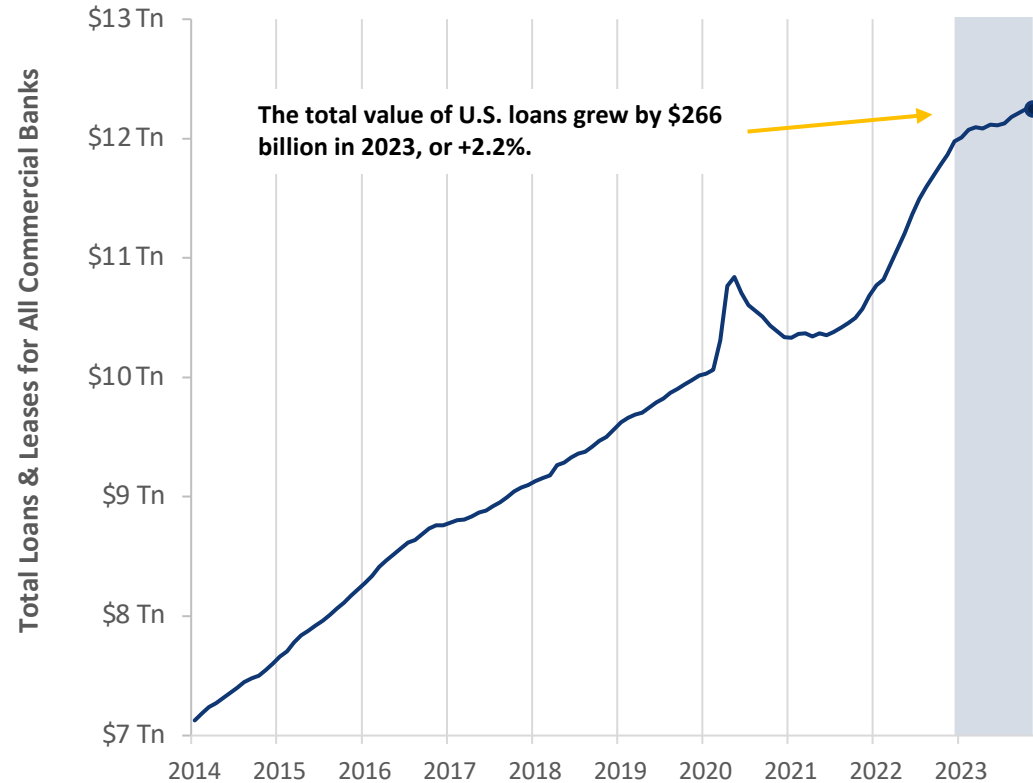


Disclosures: Data is sourced from U.S. Department of Labor (DOL) and Federal Reserve. Latest available data as of 12/31/2023.

# What We're Monitoring – Bank Lending Could Slow in 2024

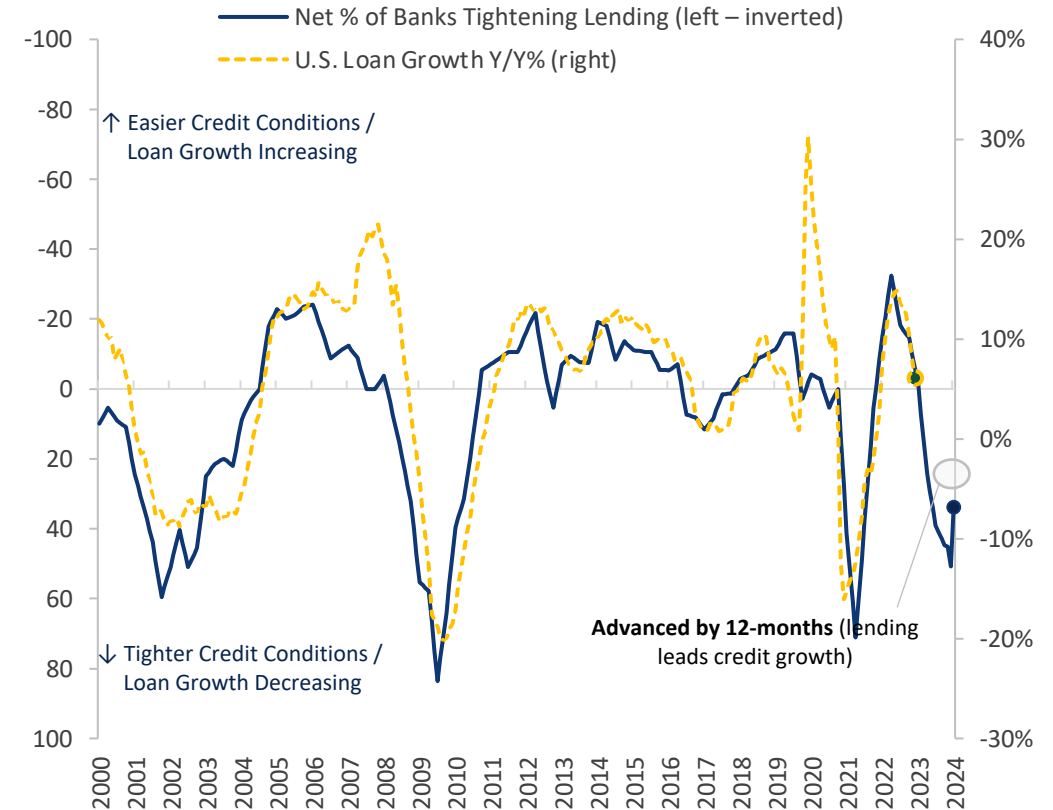
## U.S. Banks Continued to Lend in 2023

Total Loans & Leases in Bank Credit, All Commercial Banks



## Tighter Lending Standards Suggest Lending Could Slow

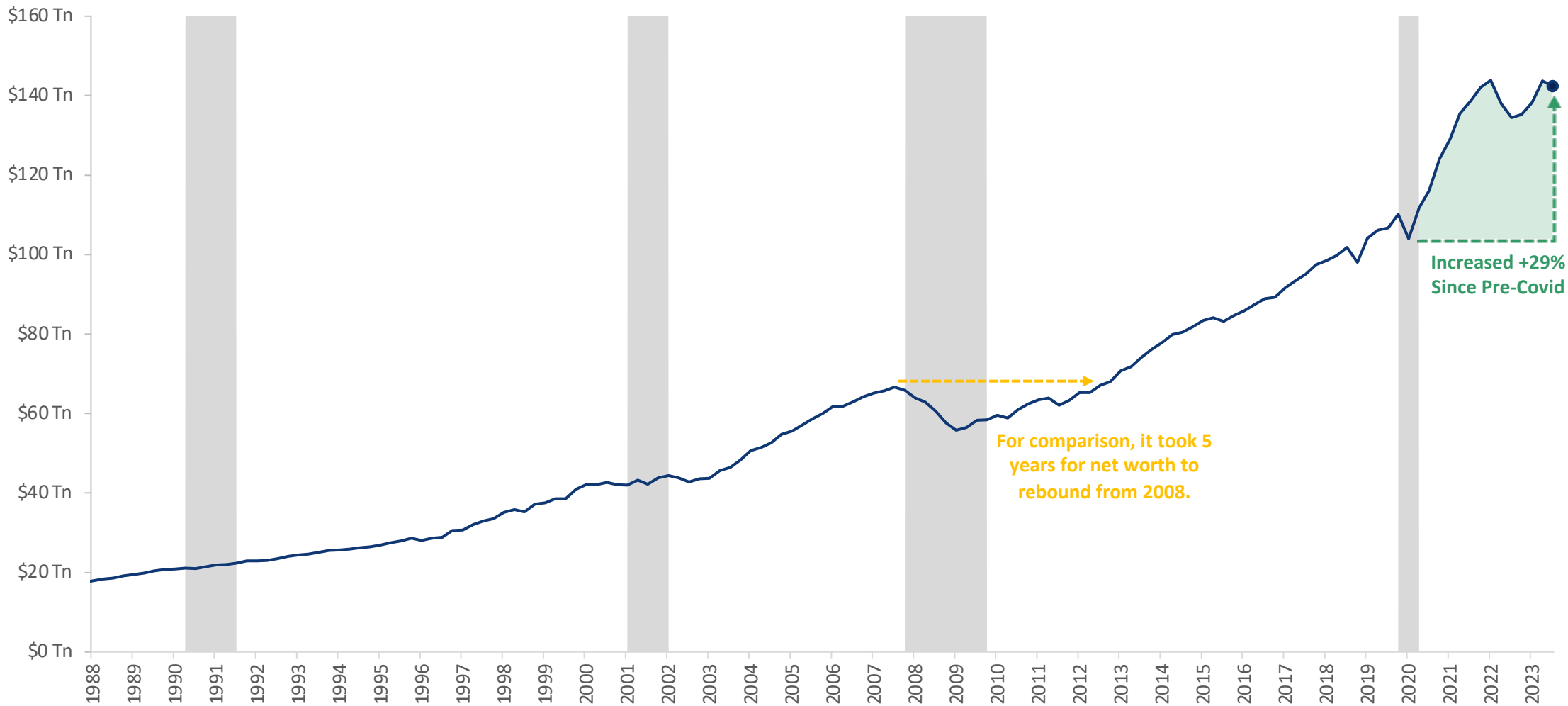
Historical Correlation of Lending Standards & Credit Growth



Disclosures: Data is sourced from Federal Reserve. Latest available data as of 12/31/2023.

# New Opportunities – U.S. Consumer Net Worth Near Record Highs

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Disclosures: Data is sourced from Federal Reserve. Latest available data as of 12/31/2023.

# Questions?

# Definitions

<b>2Y / 10Y / 30-Year Treasury Bonds</b>	Treasuries are debt obligations issued and backed by the full faith and credit of the U.S. government.
<b>Consumer Price Index (CPI)</b>	Measures the changes in the price level of a basket of consumer goods and services purchased by households.
<b>Federal Fund's Rate</b>	The target interest rate set by the Federal Reserve at which commercial banks borrow and lend excess reserves overnight.
<b>Federal Reserve</b>	The Federal Reserve System is the central bank of the United States. It was founded by Congress in 1913 to provide the nation with a safer, more flexible, and more stable monetary and financial system
<b>Forward Price to Earnings Ratio</b>	The forward P/E ratio (or forward price-to-earnings ratio) divides the current share price of a company by the estimated future ("forward") earnings per share (EPS) of that company.
<b>Growth Stocks</b>	Growth stocks are companies expected to grow sales and earnings at a faster rate than the market average.
<b>Inflation</b>	A general rise in price level relative to available goods and services.
<b>ISM Purchasing Managers Index (PMI)</b>	The ISM manufacturing index, also known as the purchasing managers' index (PMI), is a monthly indicator of U.S. economic activity based on a survey of purchasing managers at more than 300 manufacturing firms. It is considered to be a key indicator of the state of the U.S. economy.
<b>Price Return</b>	The rate of return on an investment portfolio, where the return measure takes into account only the capital appreciation of the portfolio, not including income generated in the form of interest or dividends.
<b>Real Yield</b>	The interest rate earned on a fixed income investment after factoring in the impact of inflation as measured by the Consumer Price Index (CPI).
<b>Total Return</b>	Return on a portfolio of investments including capital appreciation and income received on the portfolio.
<b>Unemployment Rate</b>	A lagging economic indicator which is calculated as the percent of the labor force that is jobless.
<b>Value Stocks</b>	Stocks that are inexpensive relative to the broad market based on measures of fundamental value (e.g., price to earnings or price to book).

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# Disclosures and Legal Notice

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