



**First Citizens**  
WEALTH MANAGEMENT

# Making Sense



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# What are we going to cover?

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- 1 Economic Update
- 2 Market Update





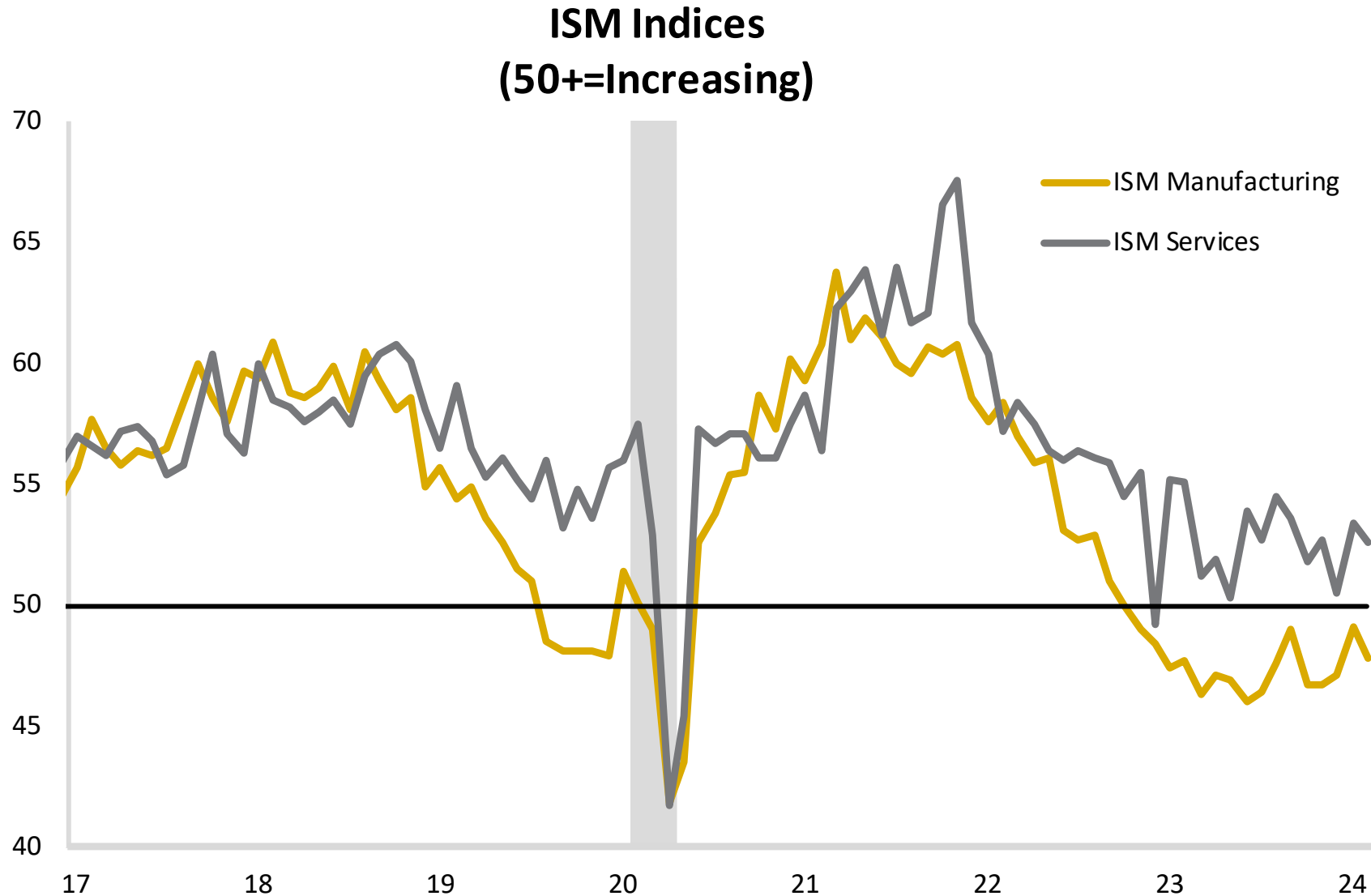
# Economic Update

# Global Growth Outlook

## World Economic Outlook Consensus Real Economic Growth Estimates

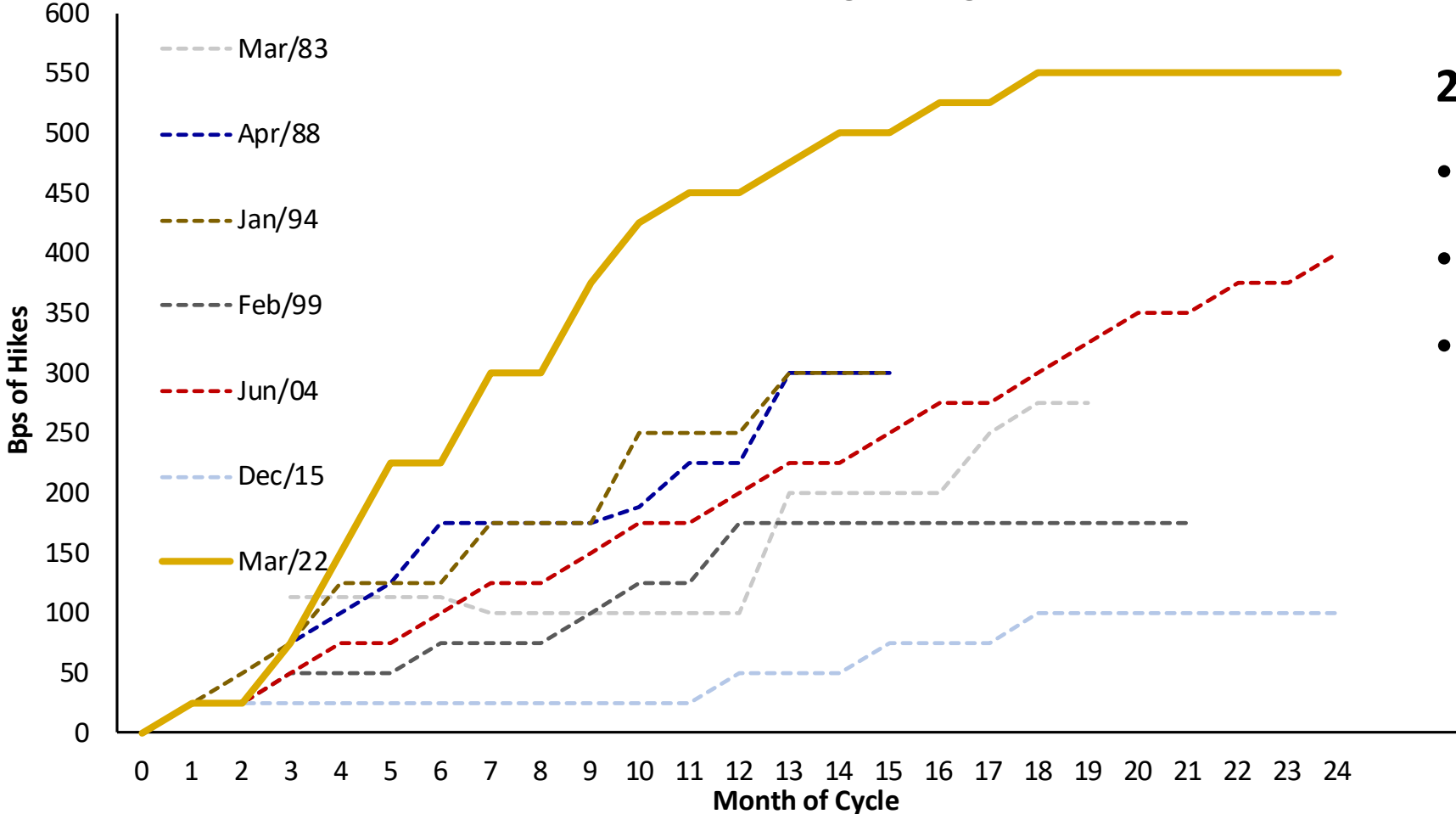
	2022	2023 Estimate as of:		2024
	Actual Growth	Dec-22	Mar-24	Est. Growth
<b>World</b>	<b>3.5%</b>	<b>2.1%</b>	<b>3.1%</b>	<b>2.8%</b>
United States	1.9%	0.4%	2.5%	2.2%
Euro Area	3.4%	-0.1%	0.4%	0.5%
United Kingdom	4.5%	-0.9%	0.1%	0.3%
Japan	1.0%	1.3%	1.9%	0.7%
China	3.0%	4.8%	5.2%	4.6%

# Is the Pace of Economic Activity Improving?



# Federal Reserve Has Hiked Aggressively

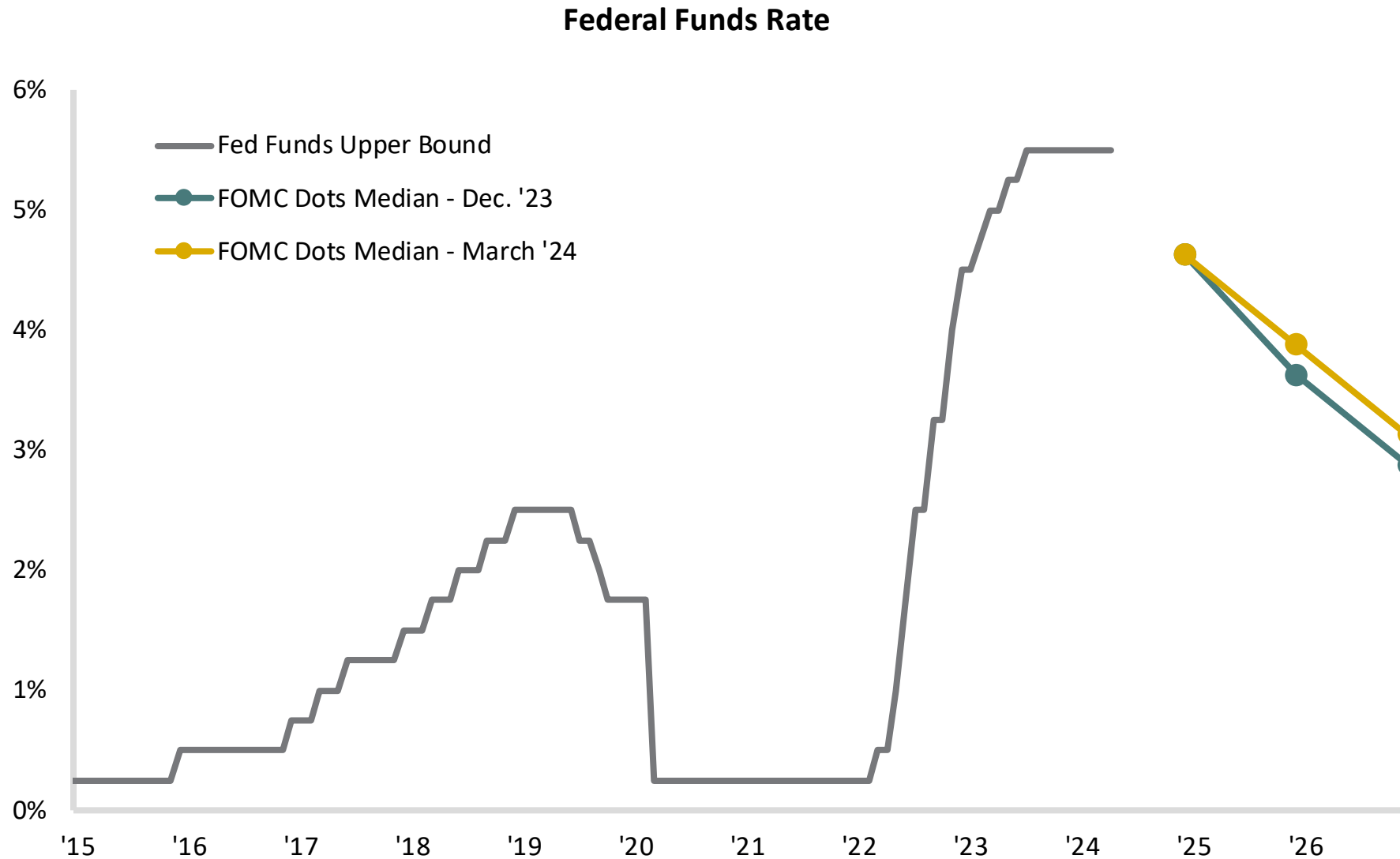
Federal Reserve Historical Tightening Paths



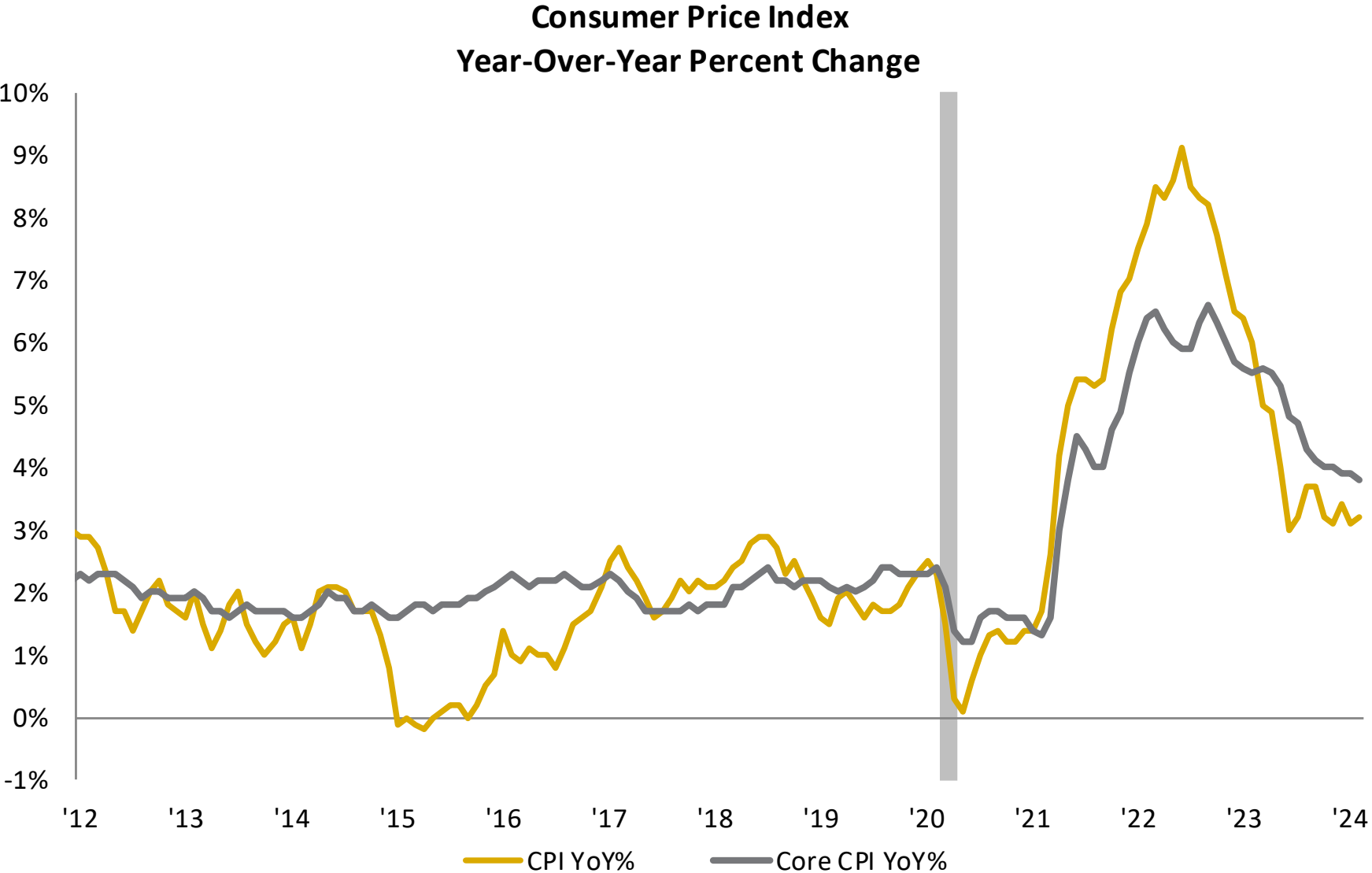
## 2024 Fed Funds Futures Pricing\*:

- First Cut: June (70%)
- Total 2024 25 bps Cuts: 3-4
- 2024 Year-End Rate: 4.54%

# The FOMC's Rate Expectations



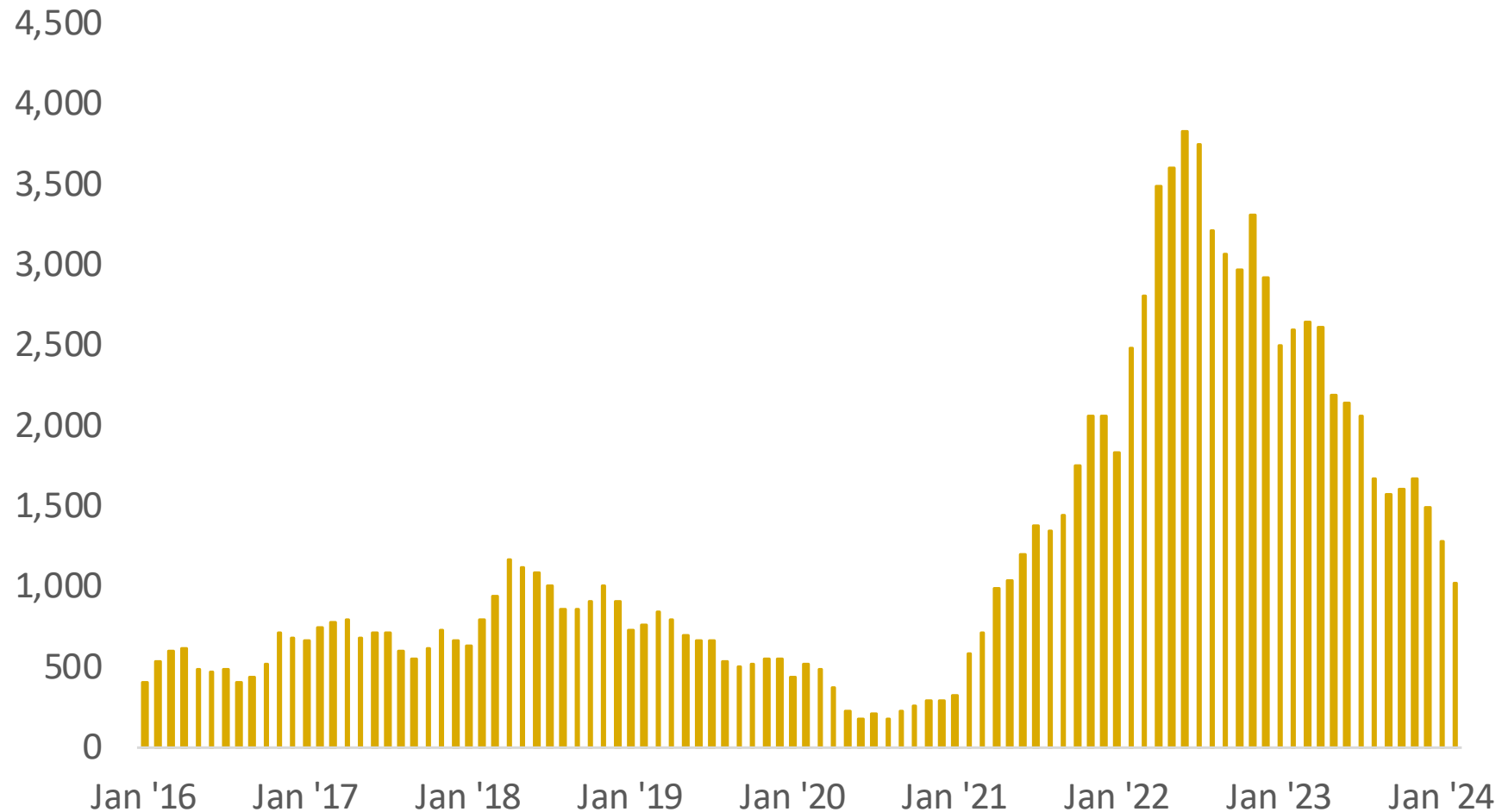
# Inflation Is Moderating at a Slower Pace





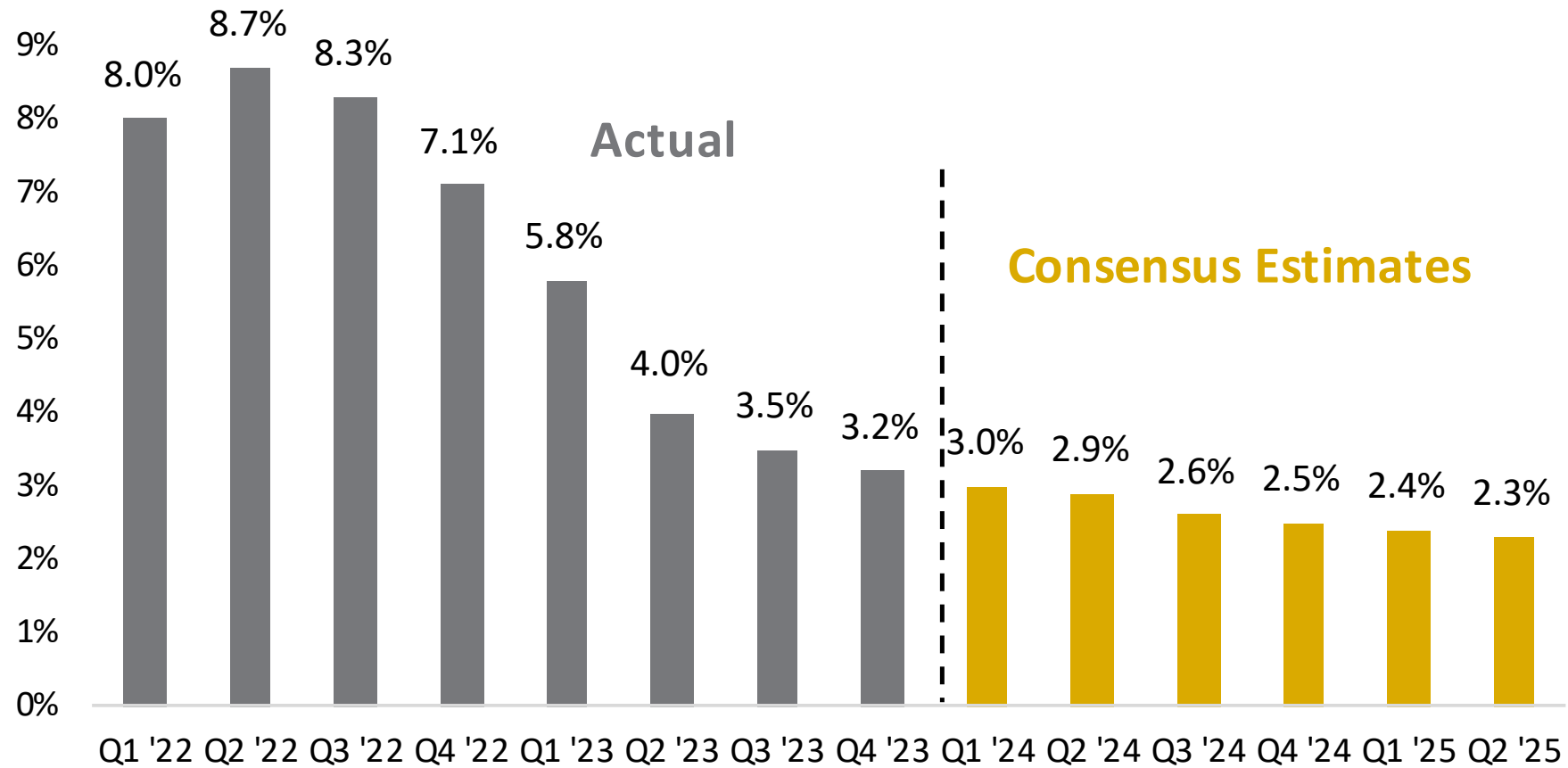
# Inflation Still Important but Less of a Talking Point

S&P 500 Transcript Analyzer: "Inflation"  
Rolling 3-Month Sum

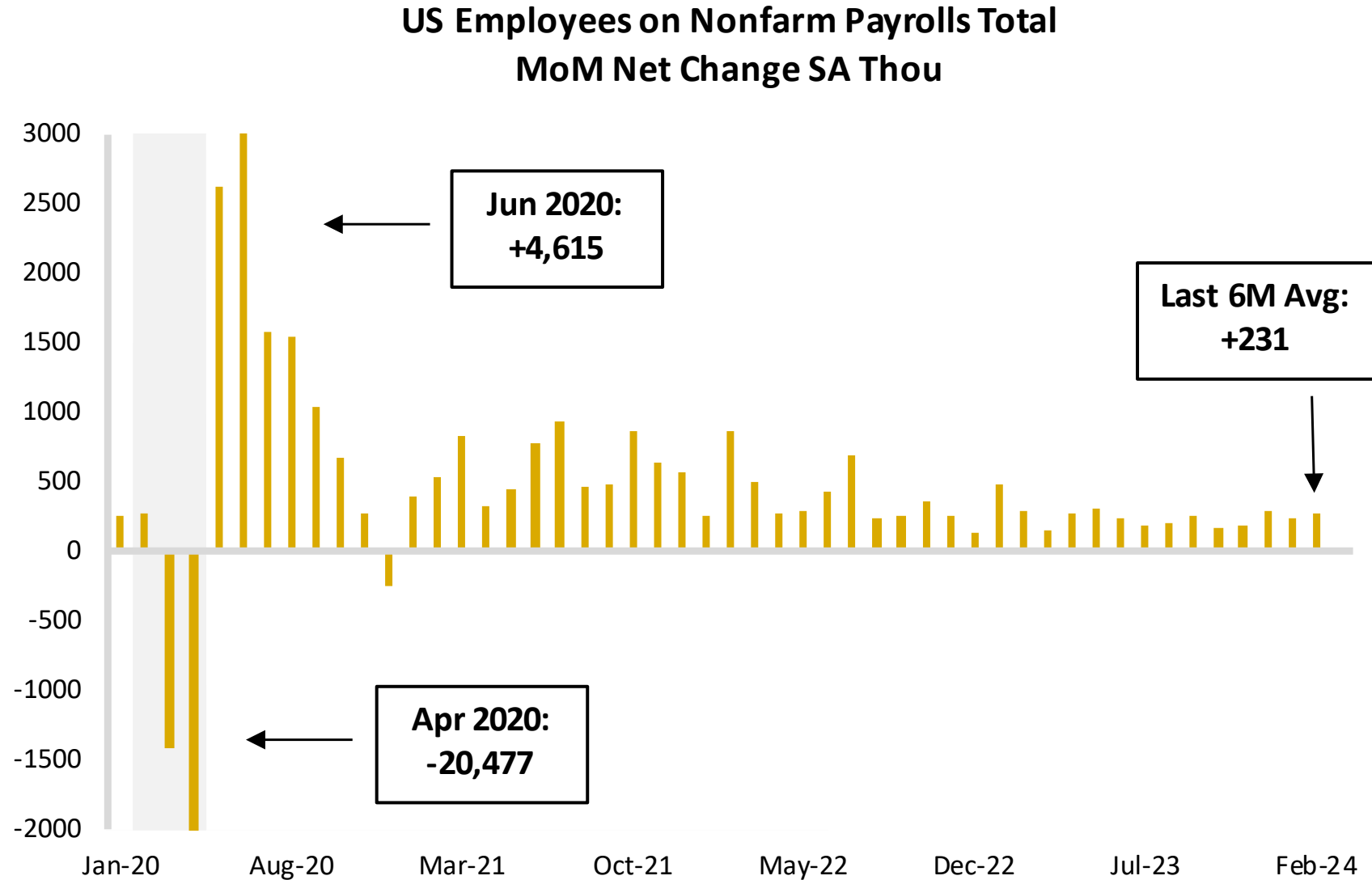


# Path of Inflation

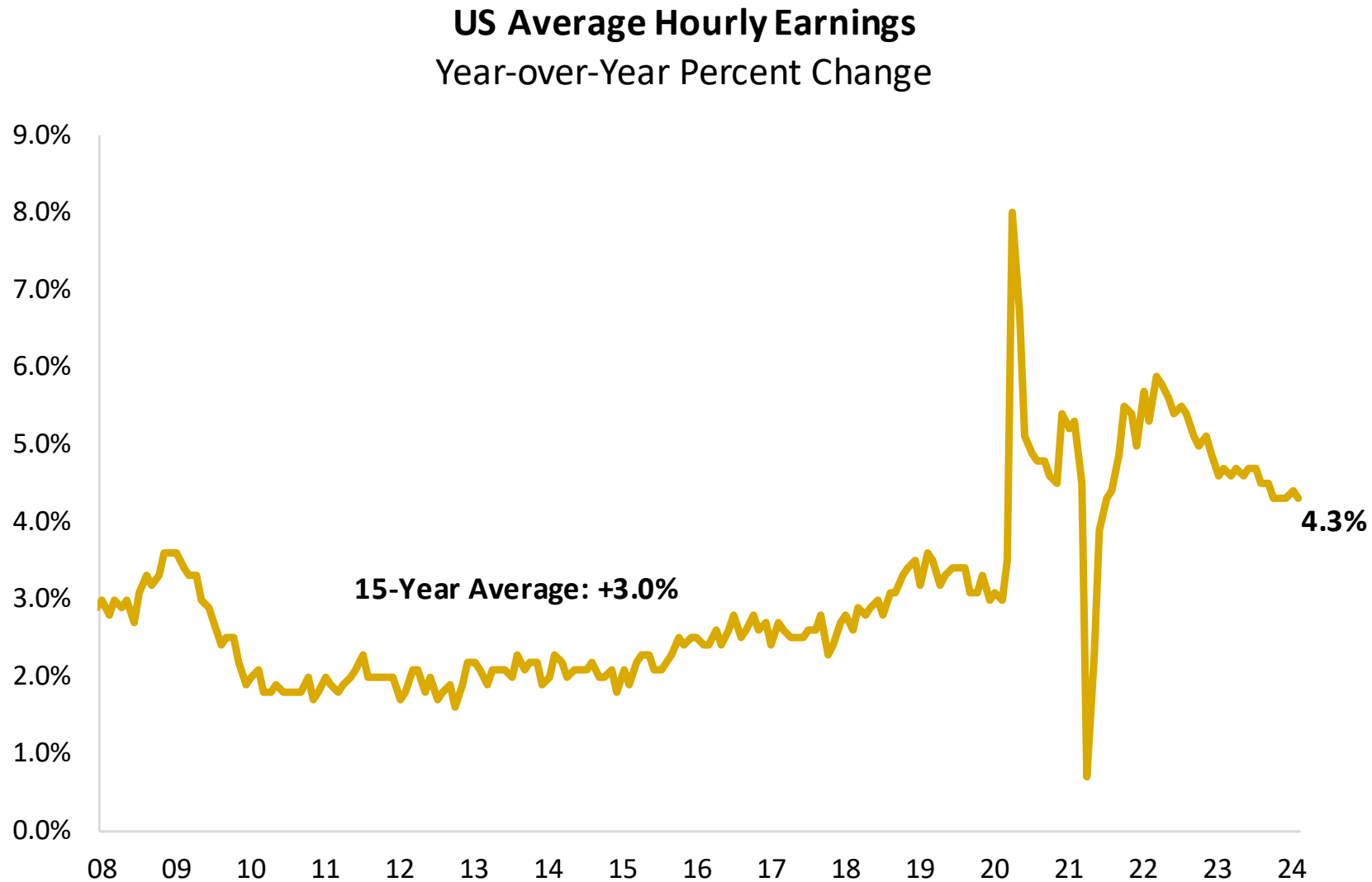
## Consumer Price Index Year-over-Year Percent Change



# The Labor Market Is Resilient

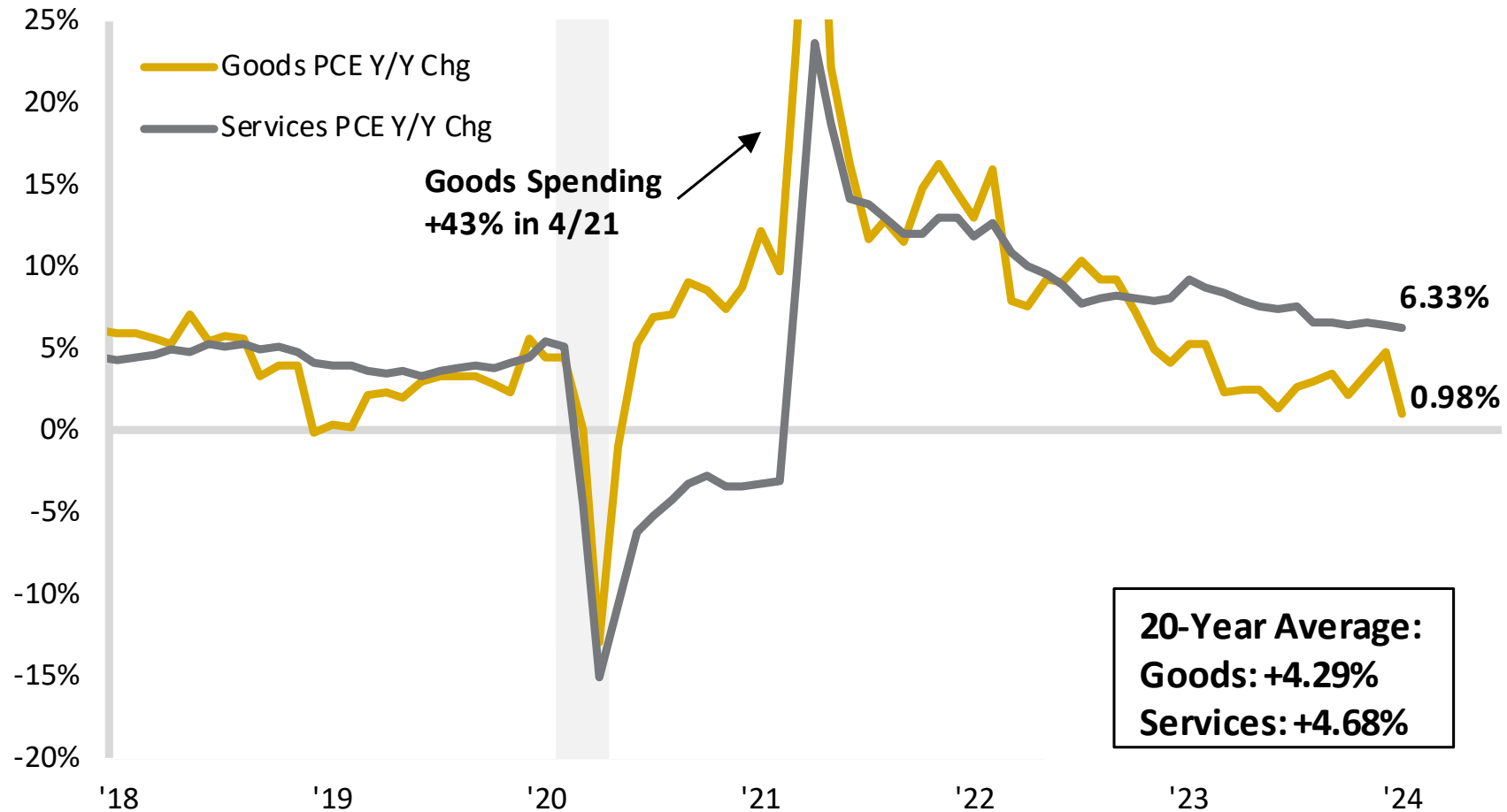


# Wage Growth Has Moderated but Remains Robust



# Consumer Expenditures

**Personal Consumption Expenditures  
(SAAR, \$) % Change - Year to Year**

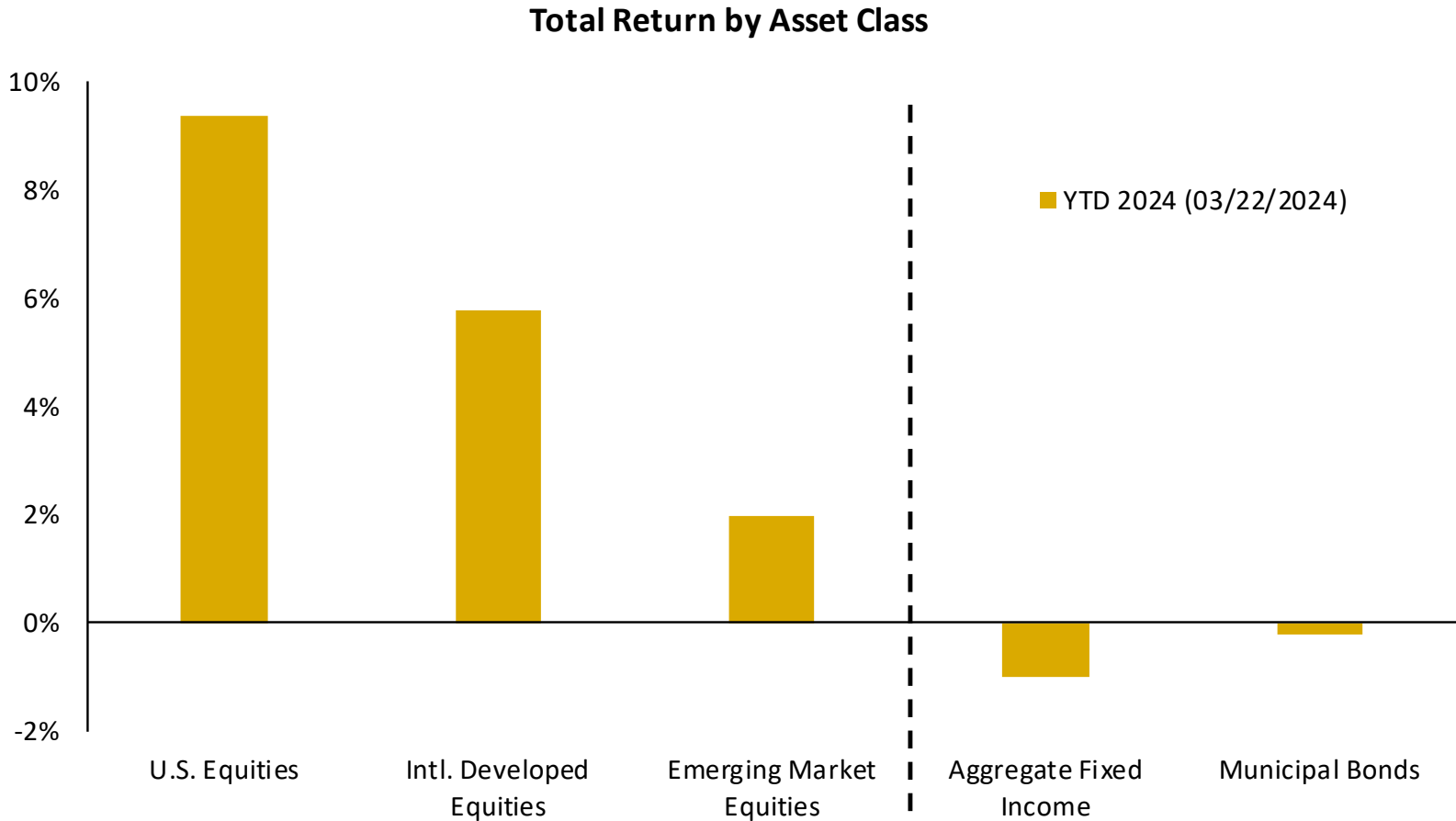






# Market Update

# Global Markets Year-to-Date



**YTD US Equity Returns  
As of 03/22/2024**

	Value	Blend	Growth
Large	7.6%	10.7%	12.6%
Mid	6.1%	6.8%	8.6%
Small	-0.1%	2.5%	5.2%

# Stocks Have Rallied Sharply; Rally Broadening Recently

S&P 500 Index



## S&P 500: Year-to-Date Through 3/22/24

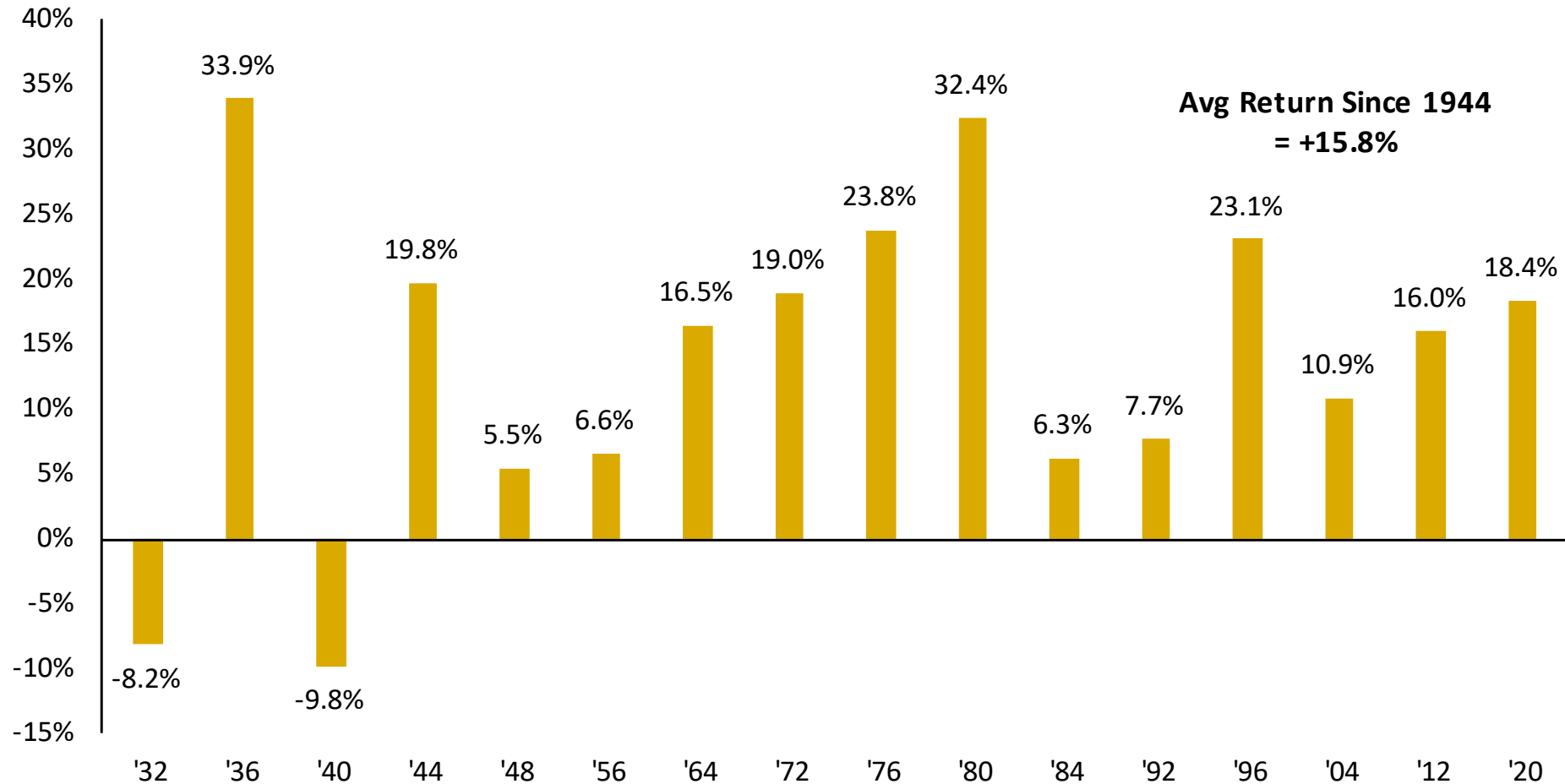
Index:	Total Return
S&P 500	10.1%
S&P 500 Equal Weighted	6.1%
<b>Difference</b>	<b>4.0%</b>

## S&P 500: 2/2/24 Through 3/22/24

Index:	Total Return
S&P 500	5.82%
S&P 500 Equal Weighted	5.83%
<b>Difference</b>	<b>-0.01%</b>

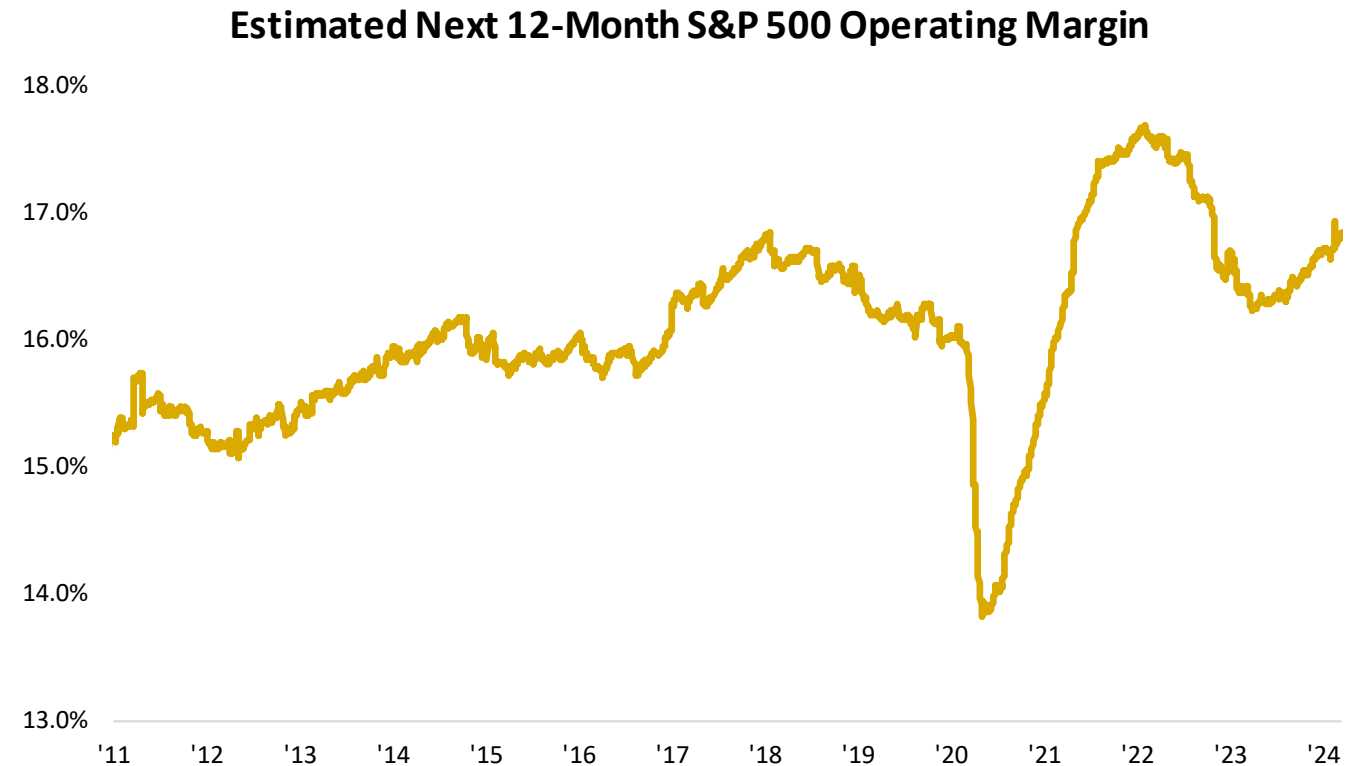
# Presidential Cycle: S&P 500 Returns

## S&P 500 Total Return In Election Years With Incumbent President Running For Re-Election



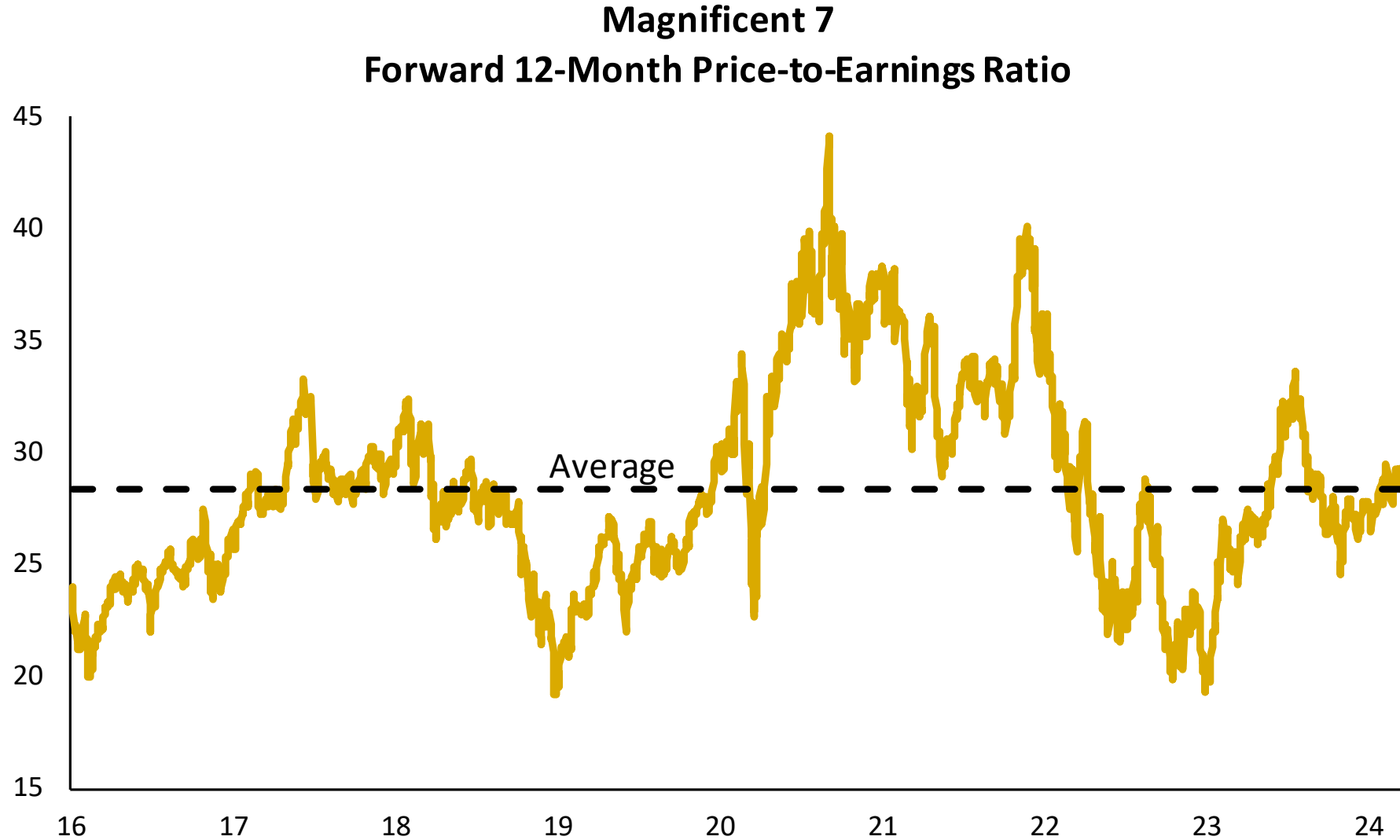
# Corporate Earnings

- 2024 estimated growth is **10.9%** or \$244 per share
- 2025 estimated growth is **13.3%** or \$276 per share
- Average growth since 1950 is **7.6%**



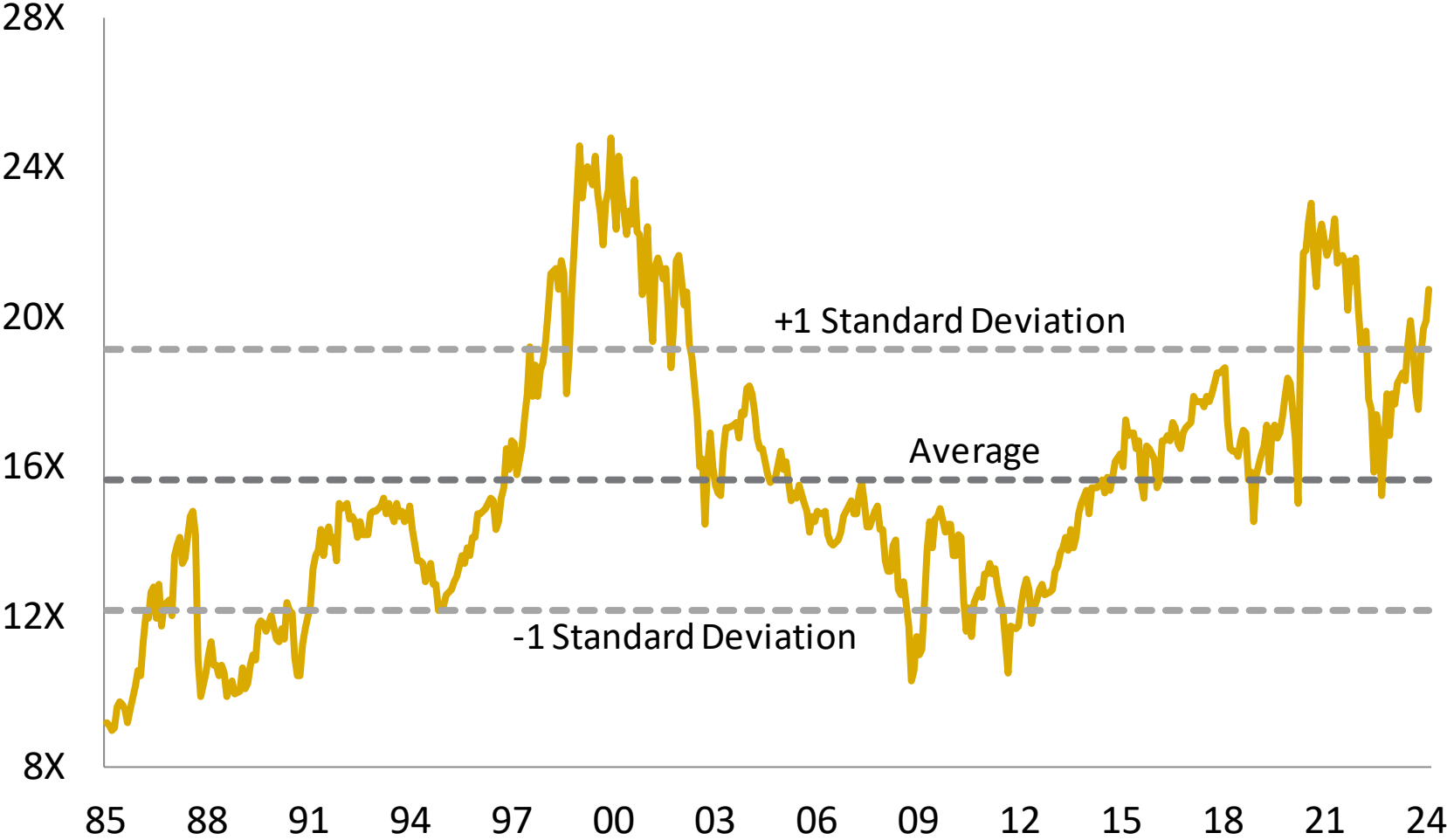


# Magnificent 7 Valuation Is Well Below Prior Peaks



# Market Valuation Below Extremes but Above Average

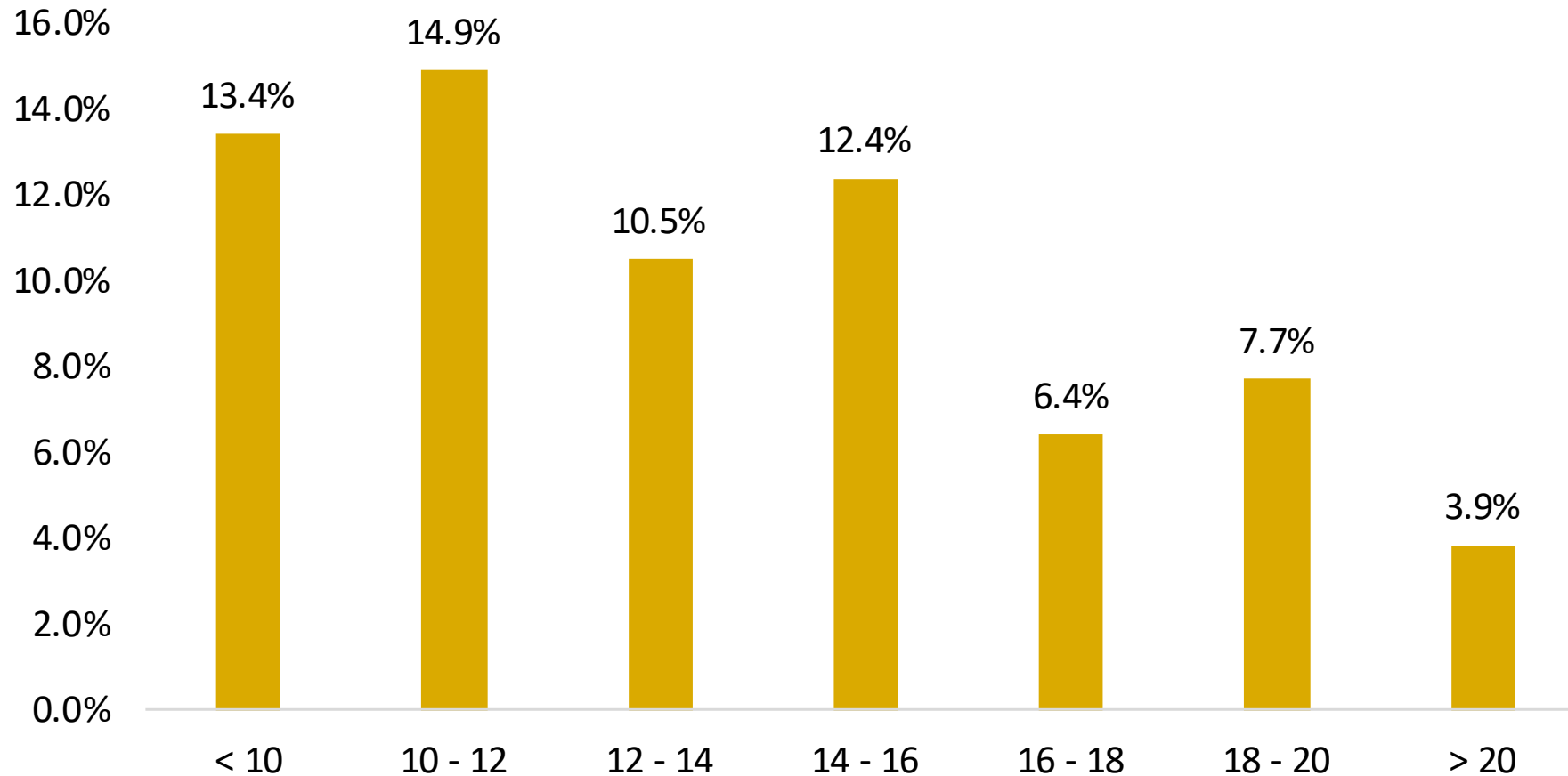
## S&P 500 Next Twelve Months Price-to-Earnings Ratio



# Market Valuation and Forward Market Return

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**Average Forward 12 Month Return by ERP Tranche  
(1950 - Current, Quarterly)**



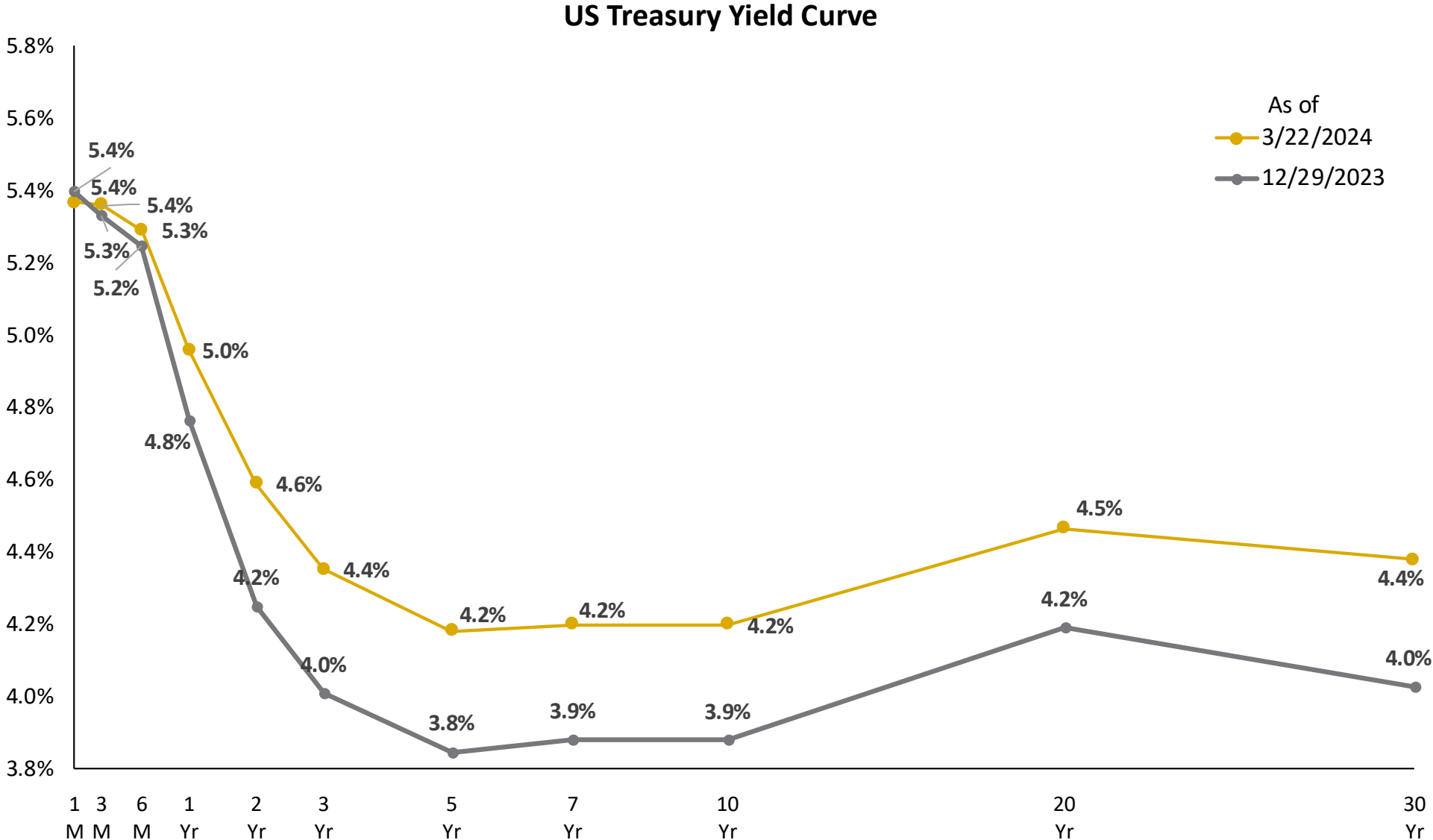
# S&P 500 Price Target

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## Next Twelve-Month S&P 500 Price Target

	<b>NTM Price Level</b>	<b>Percent Change from 3/26/24</b>
Bear	4,000	-23.1%
Base	5,500	5.7%
Bull	6,000	15.3%

# US Treasury Yield Curve Remains Inverted



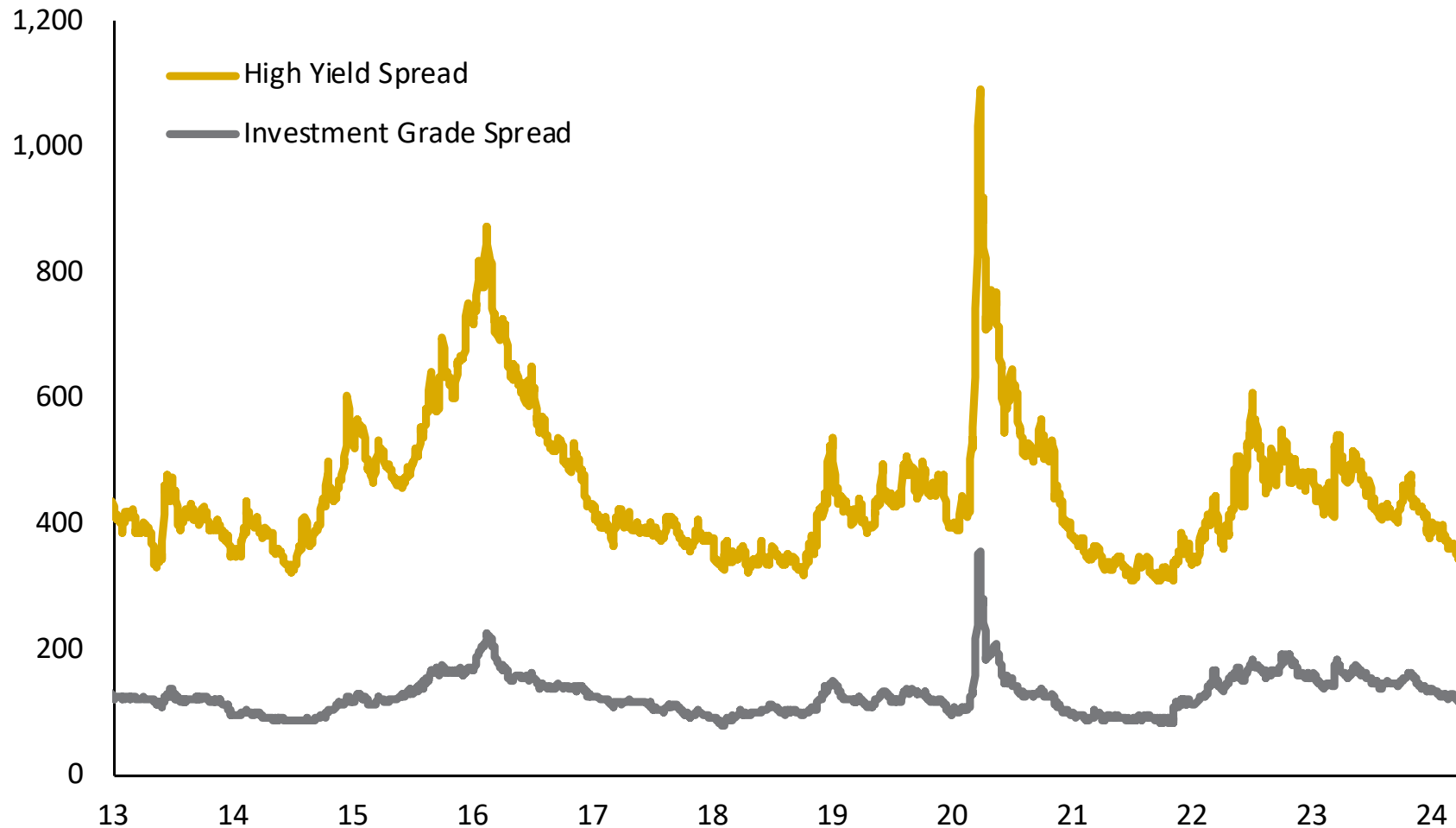


# Bond Yields Remain Elevated versus Recent History

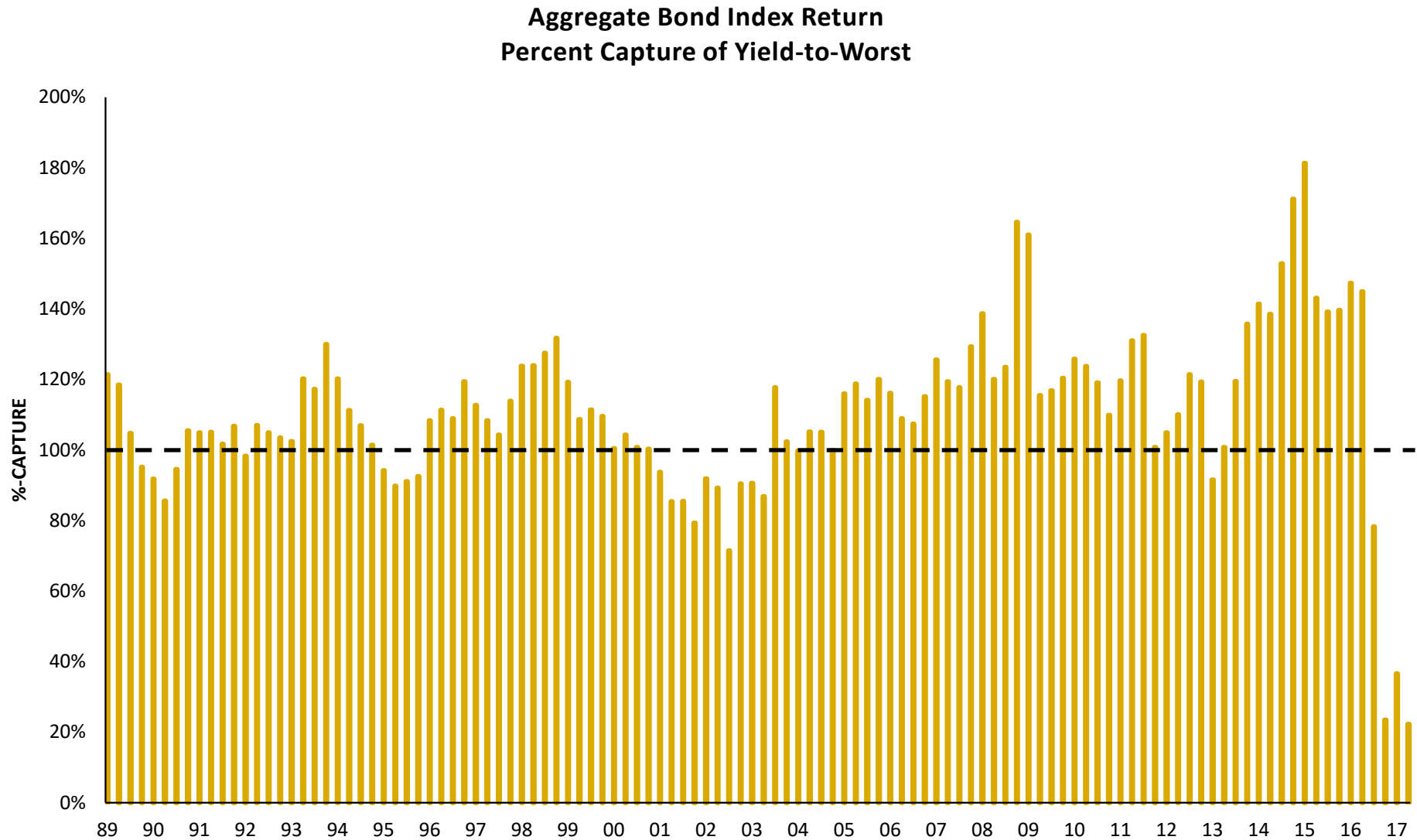
US Fixed Income Indices		
Yield-to-Worst		
Index	12/31/2021	3/22/2024
2-Year Treasury	0.73%	4.59%
10-Year Treasury	1.51%	4.20%
Aggregate Bond	1.75%	4.84%
Intermediate Government/Credit	1.30%	4.67%
Municipal Bond	1.11%	3.44%
Investment Grade Corporate Bond	2.33%	5.29%
High Yield Corporate Bond	4.21%	7.64%

# Corporate Bond Spreads Remain Tight

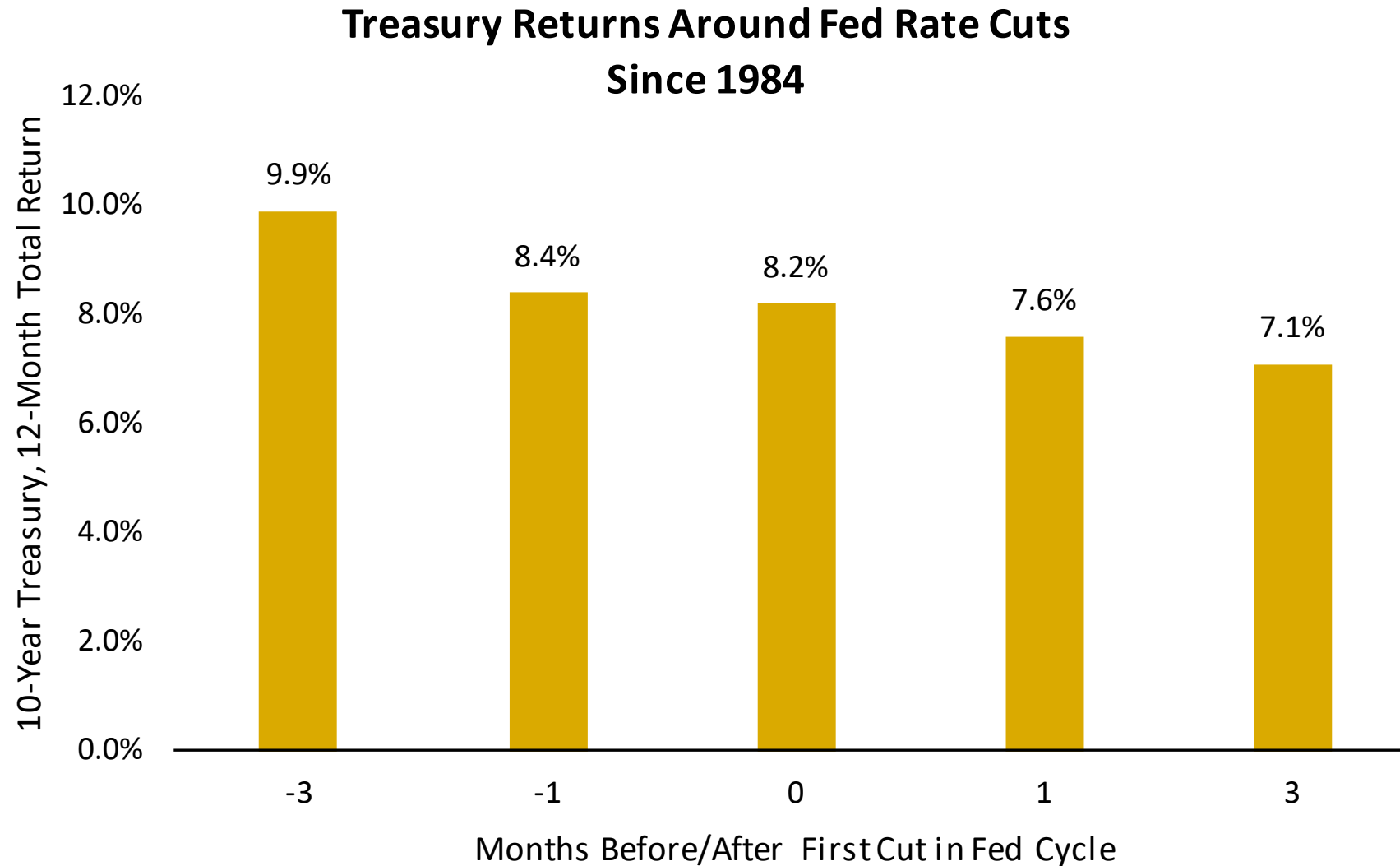
US Fixed Income  
Option Adjusted Spreads in Basis Points



# Bonds' Future Total Returns Tend to Capture Current YTW



# Treasury Returns and the Fed



# Stay Informed with Our Latest Releases

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## Making **Sense**

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**Q&A Videos** – Monthly conversations covering 2-3 of the top questions we're hearing from clients

**Market updates** – Monthly interactive discussions with in-depth analysis of markets and the economy

**Articles** – Often coinciding with market or economic events



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