

# Making Sense

Monthly Market Update

Recorded on October 29, 2024



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# What are we going to cover?

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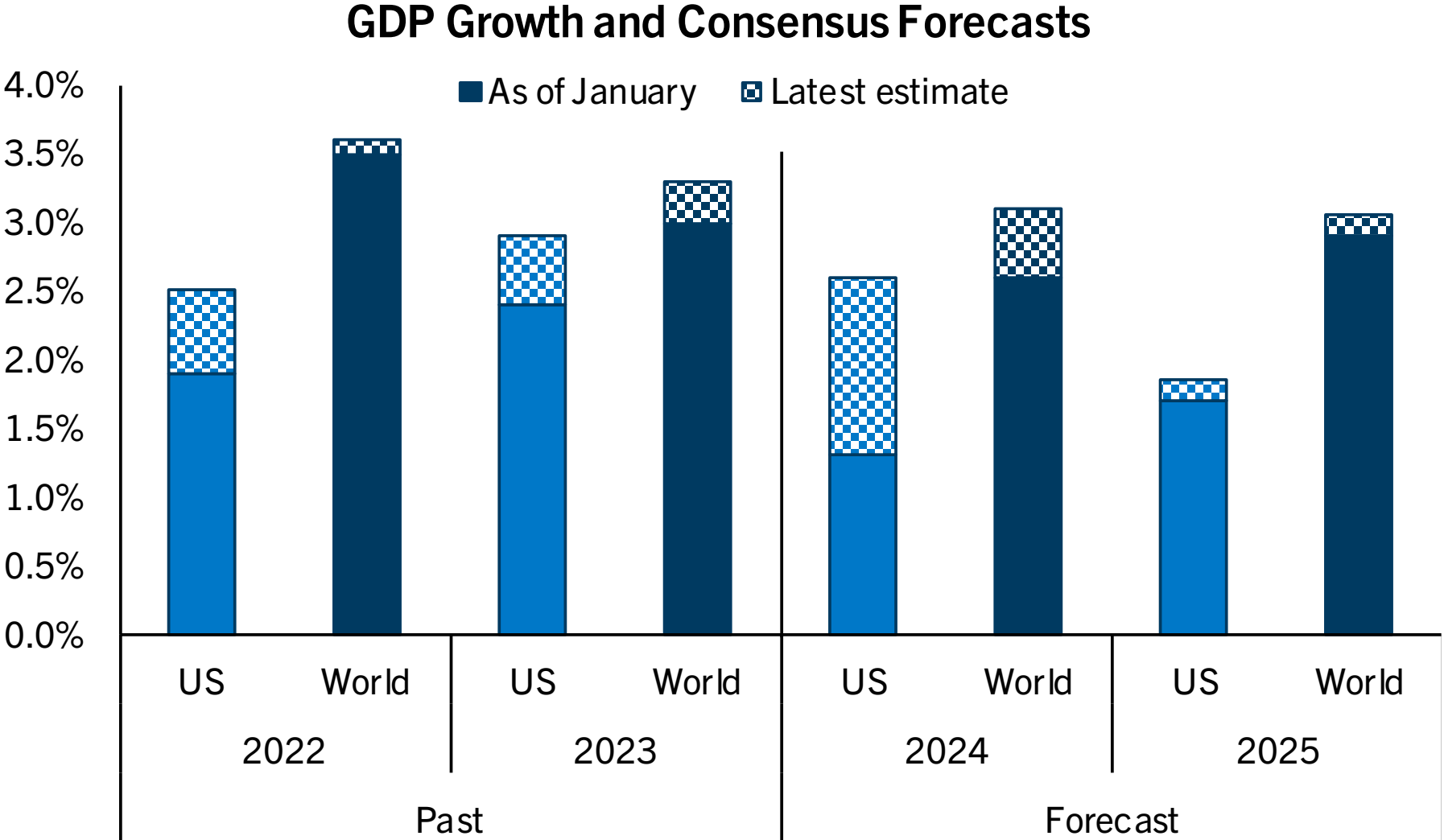
- 1. Economic Update:**  
Interest Rates | Inflation | Labor Market
- 2. Market Update:**  
Equity Markets | Fixed Income | Potential Headwinds

# Economic Update

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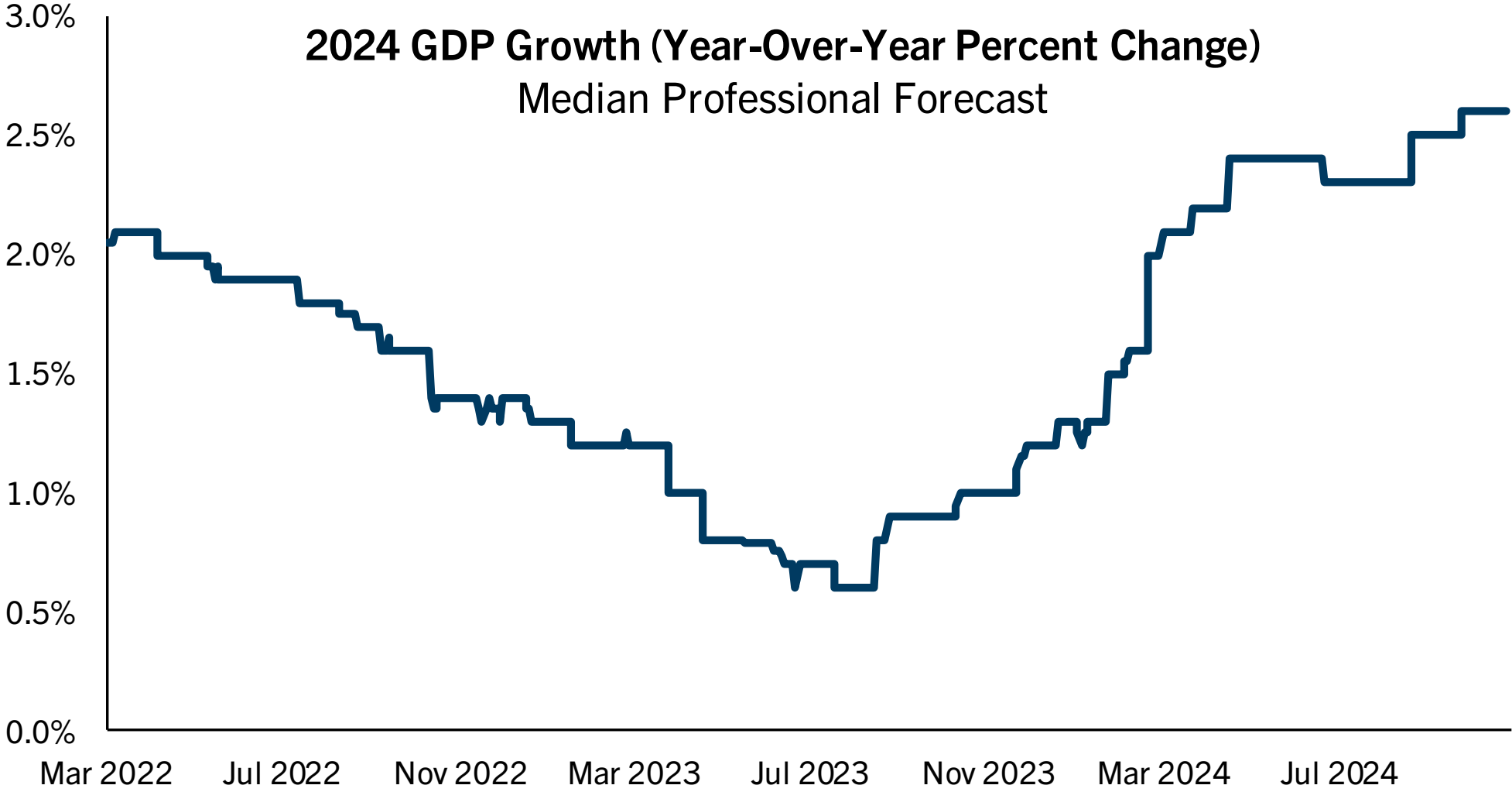
Interest Rates | Inflation | Labor Market

# US and Global Economic Growth Have Been Revised Up Considerably



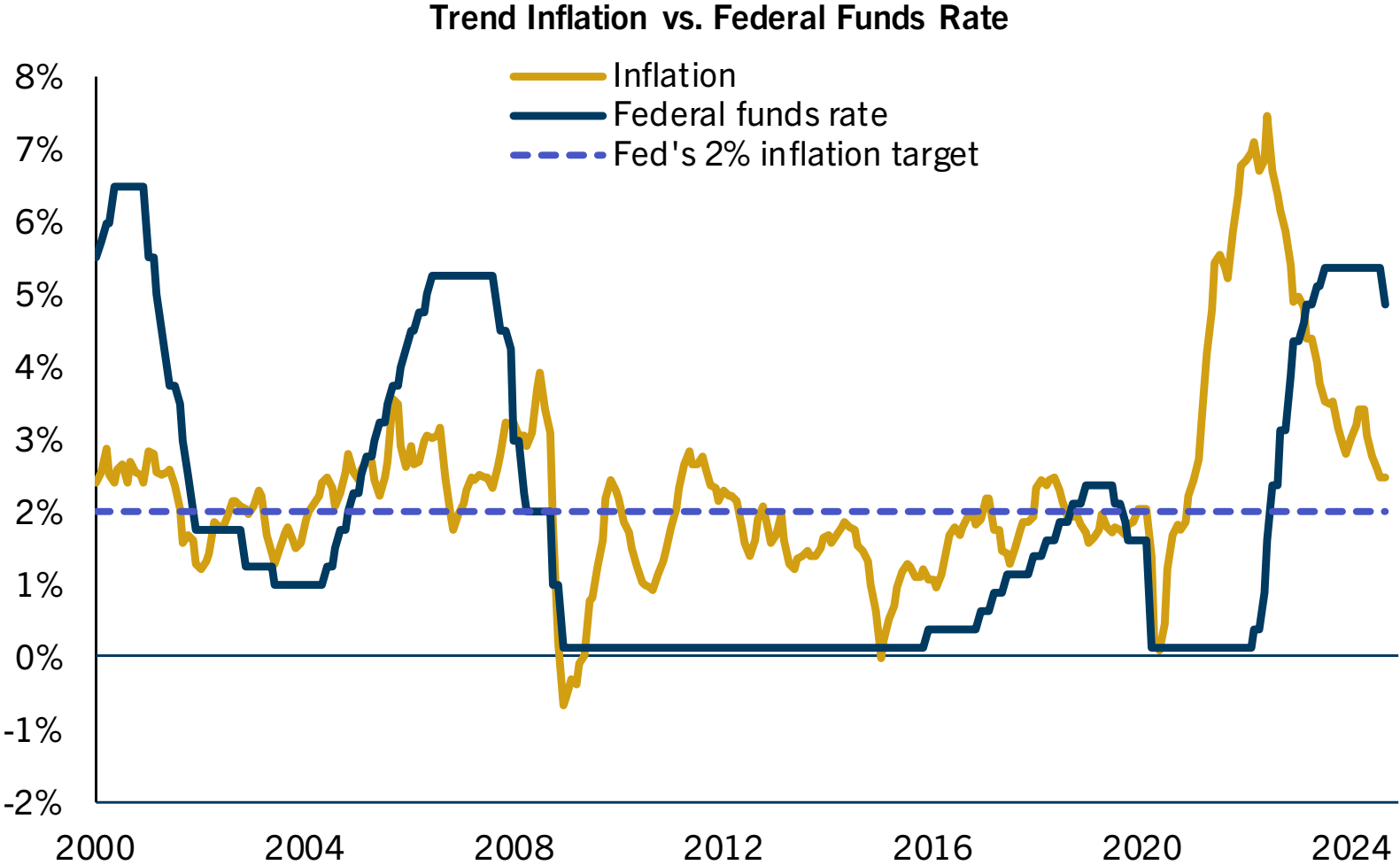
Source: Bloomberg. Data as of 10/28/2024.

# Expectations for US Growth This Year Became Rosier Over the Second Half



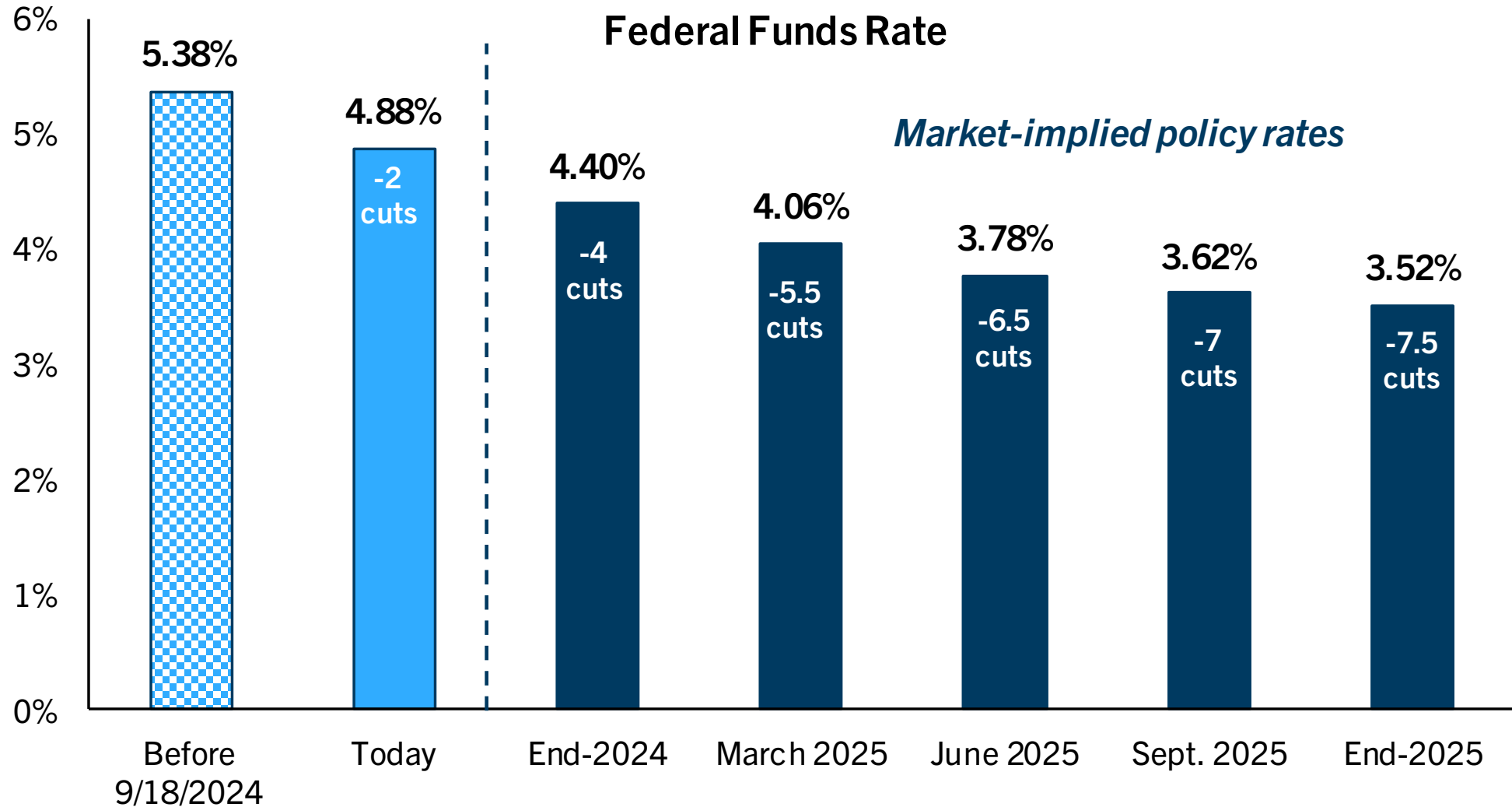
Source: Bloomberg. Data as of 10/28/2024.

# Monetary Policy Appears Increasingly Restrictive as Inflation Falls



Source: Bloomberg, First Citizens Wealth. Data through Sept. 2024.

# Markets Expect The Fed Will Cut Rates by About 2.0% in Total by Dec. 2025



# Many Consumers Expect Inflation Will Settle at 3% or Higher

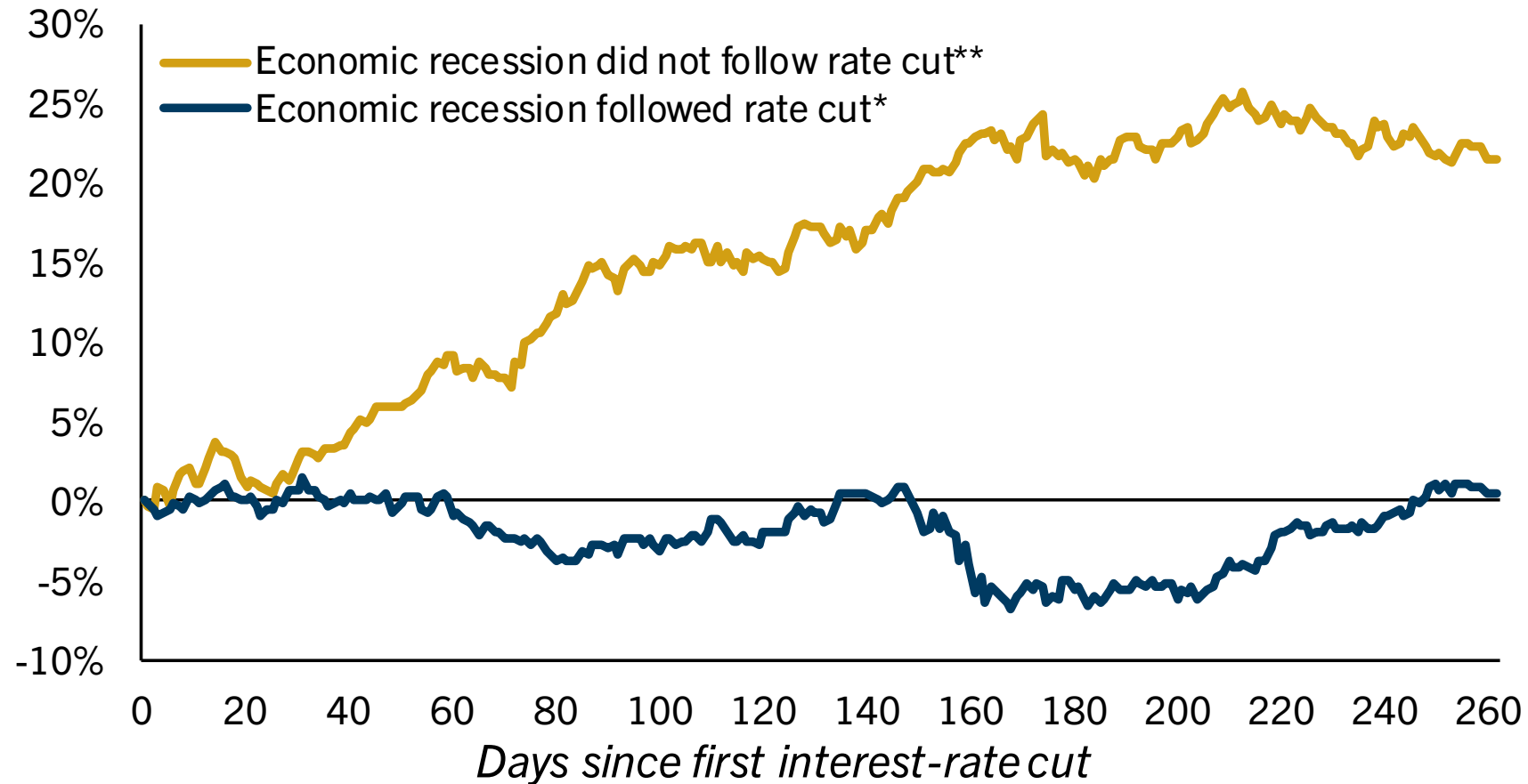
Share of Consumers Expecting Prices to Rise by 3% or More (3mma)





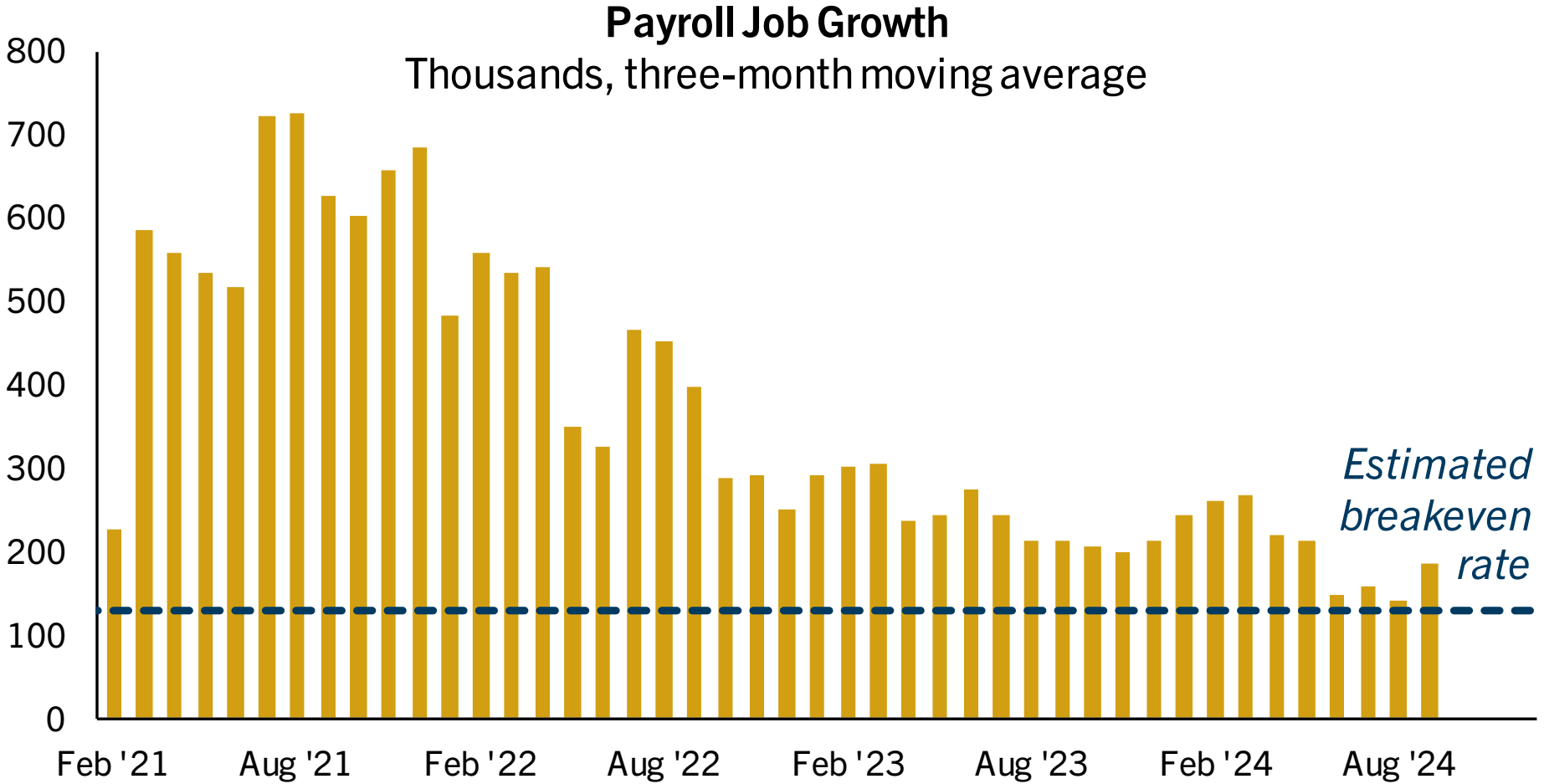
# Equity Market Performance After Rate Cuts Depends on Economic Outcome

## Average S&P 500 Return From Date of First Rate Cut, Since 1979



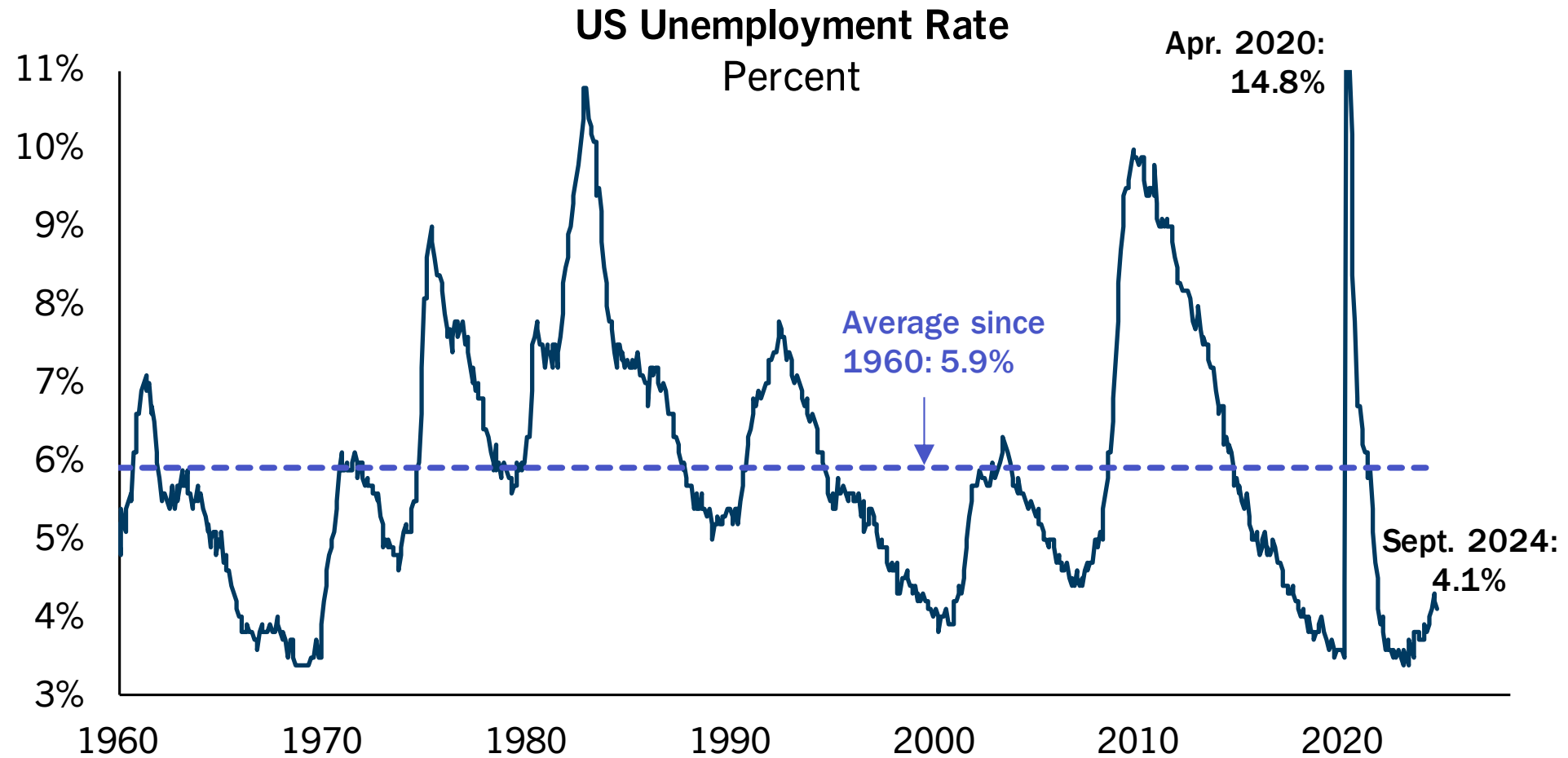
\* Dec-1979, Jun-1981, Jun-1989, Jan-2001, Sep-2007, Jul-2019 \*\* Oct-1984, Jul-1995, Sep-1998  
Source: Bloomberg, First Citizens Wealth

# New Payroll Job Growth Is Slowing Roughly to Trend Pace



Source: Department of Labor, Bloomberg, Federal Reserve Bank of San Francisco. Data through Sept. 2024.

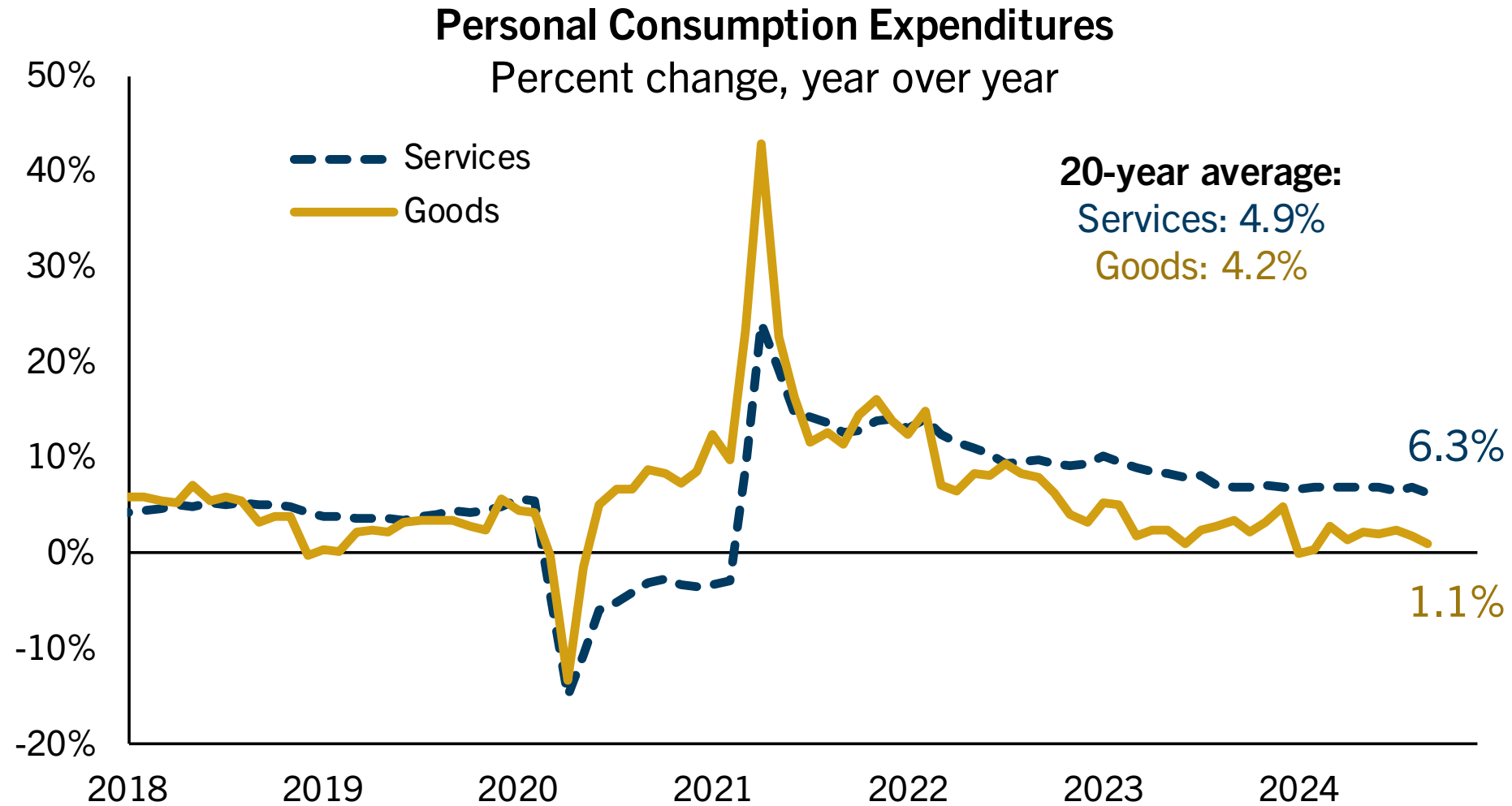
# The Unemployment Rate Has Moved Up Despite Decent Job Growth



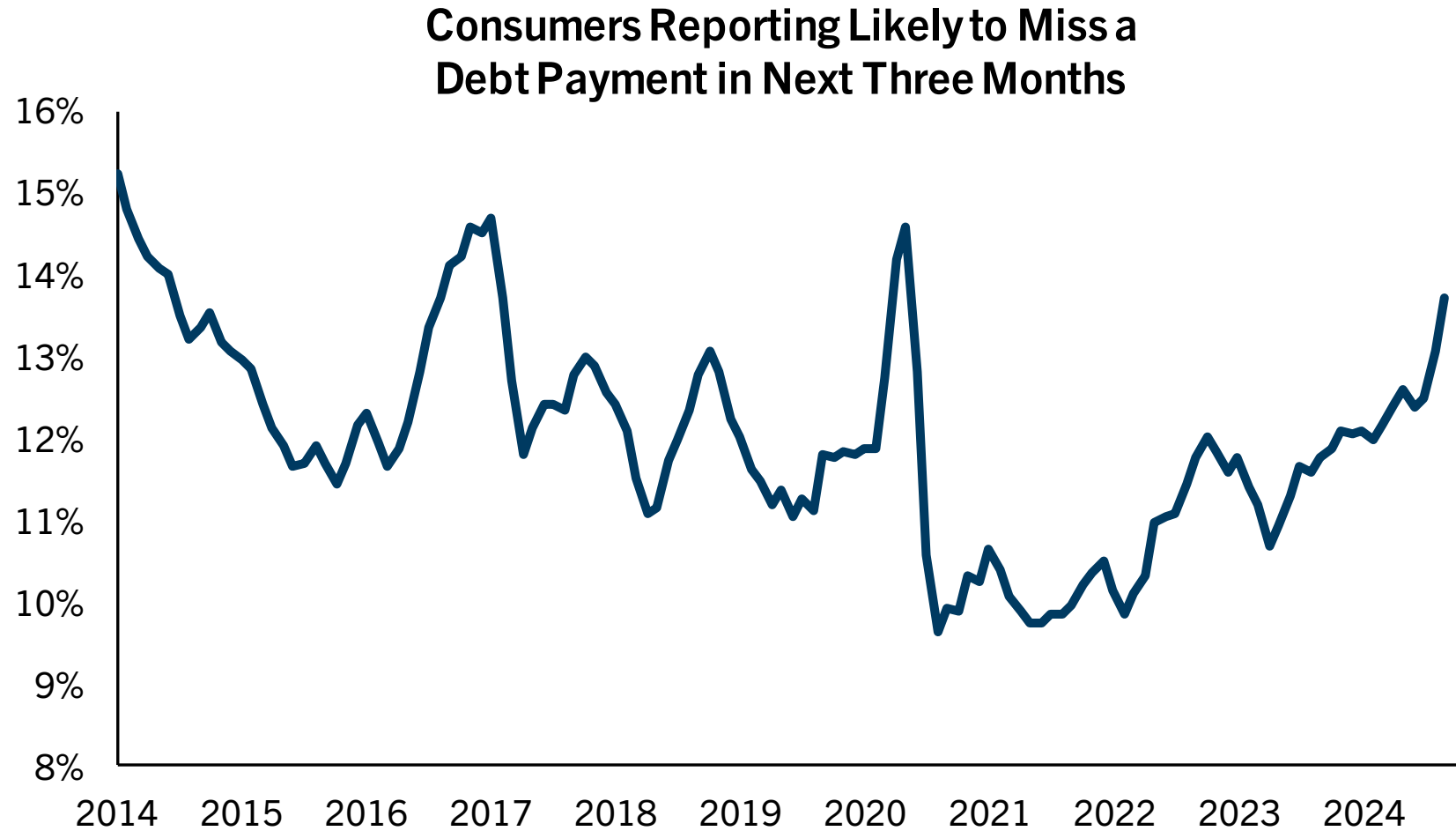
# Consumers See Jobs as Harder to Get Despite Low Unemployment



# Consumer Expenditures Are Holding Up, Led by Services Spending

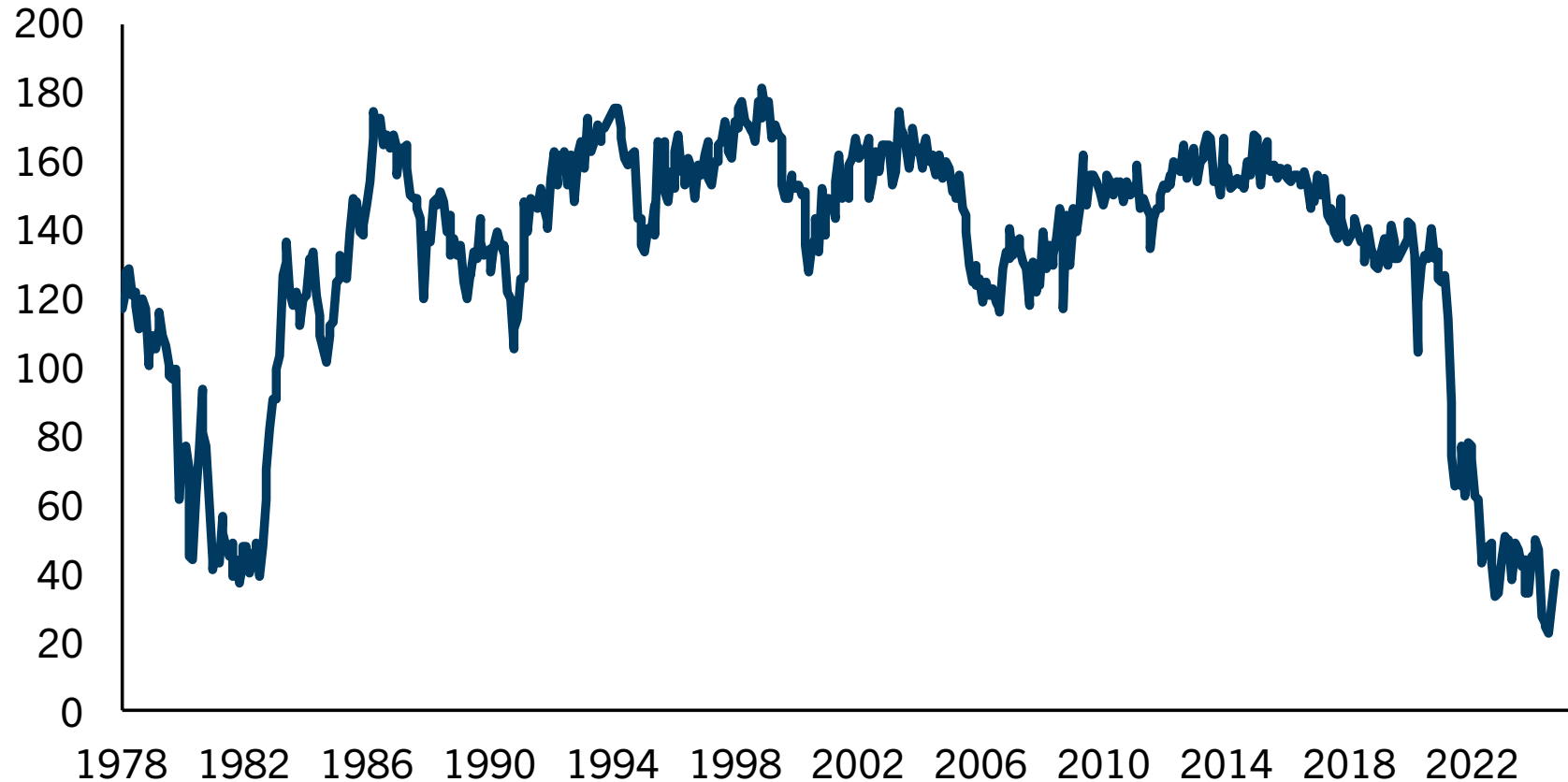


# Consumer Delinquencies Are on the Rise

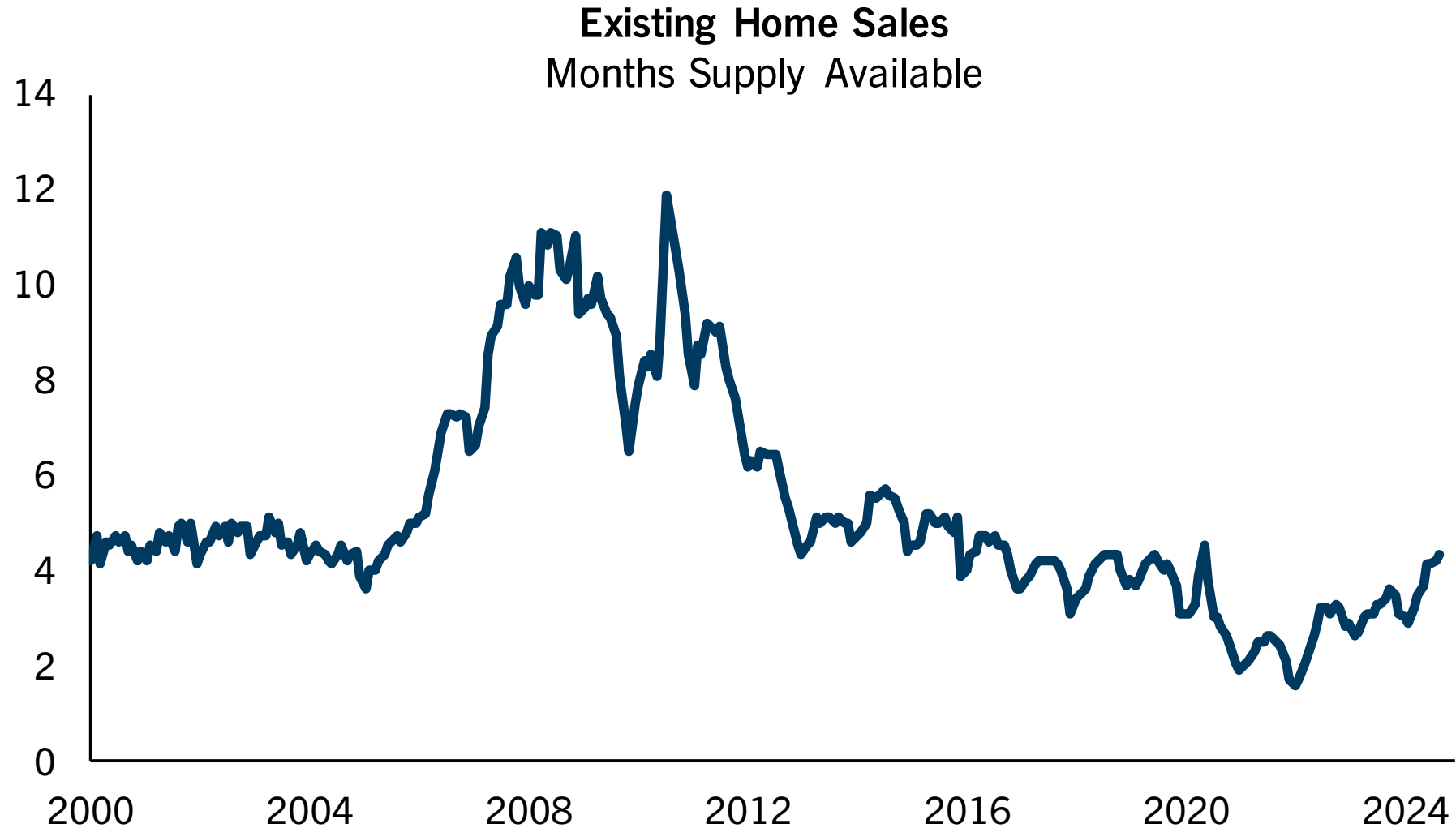


# Consumers Have Not Been This Pessimistic on Housing Since the 1980s

Consumer Sentiment Index: Conditions for Buying a House



# Housing Supply Has Increased From Its Abnormal Lows



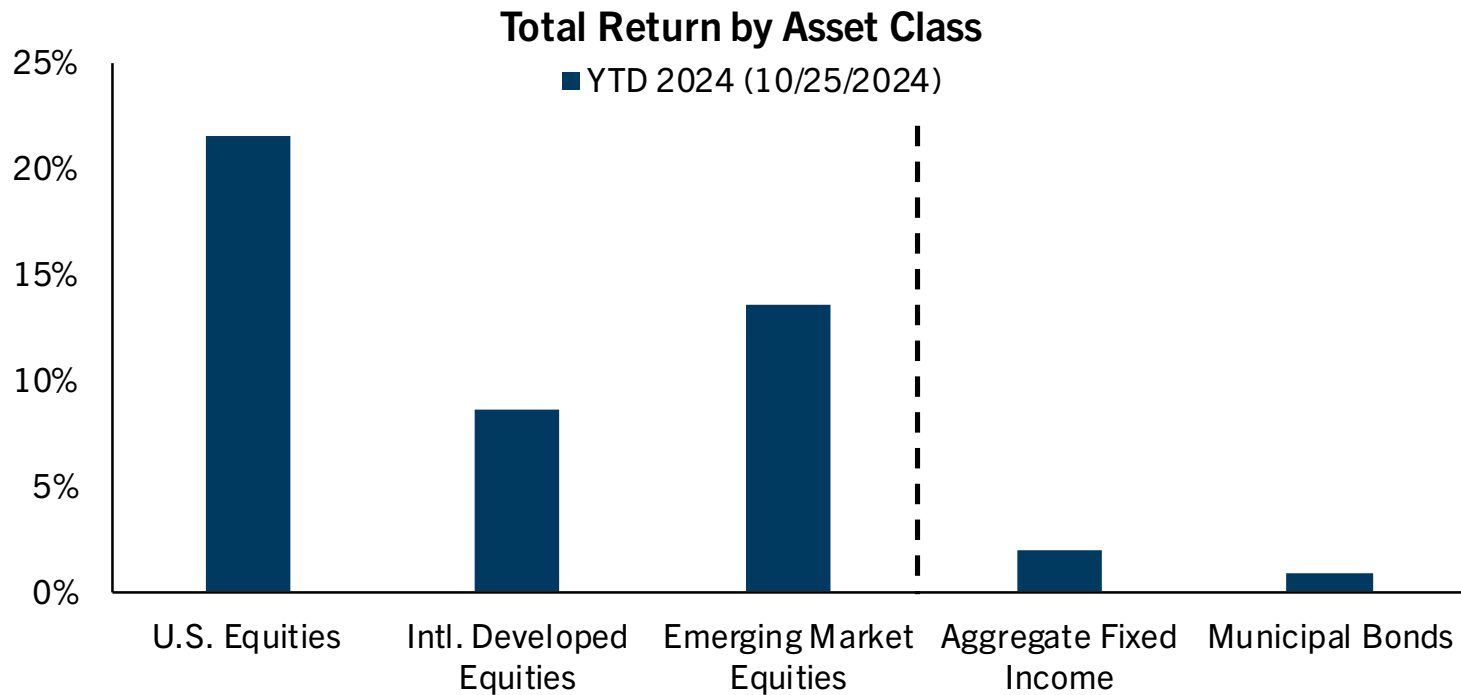


# Market Update

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Equity Markets | Fixed Income | Potential Headwinds

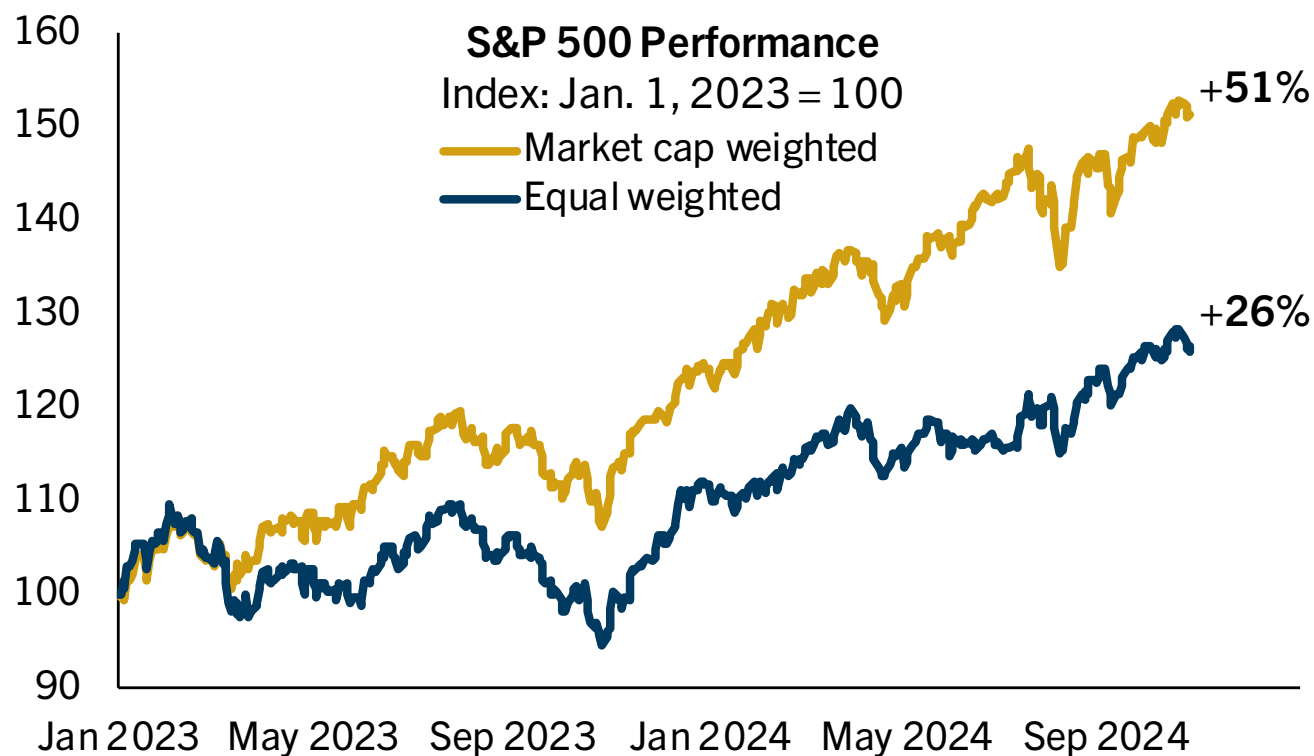
# Global Markets Year-to-Date



**YTD US Equity Returns**  
As of 10/25/2024

	Value	Blend	Growth
Large	17.6%	24.7%	28.8%
Mid	14.3%	14.8%	16.2%
Small	7.7%	10.1%	12.6%

# Large-Cap Outperformance Has Faded Since July

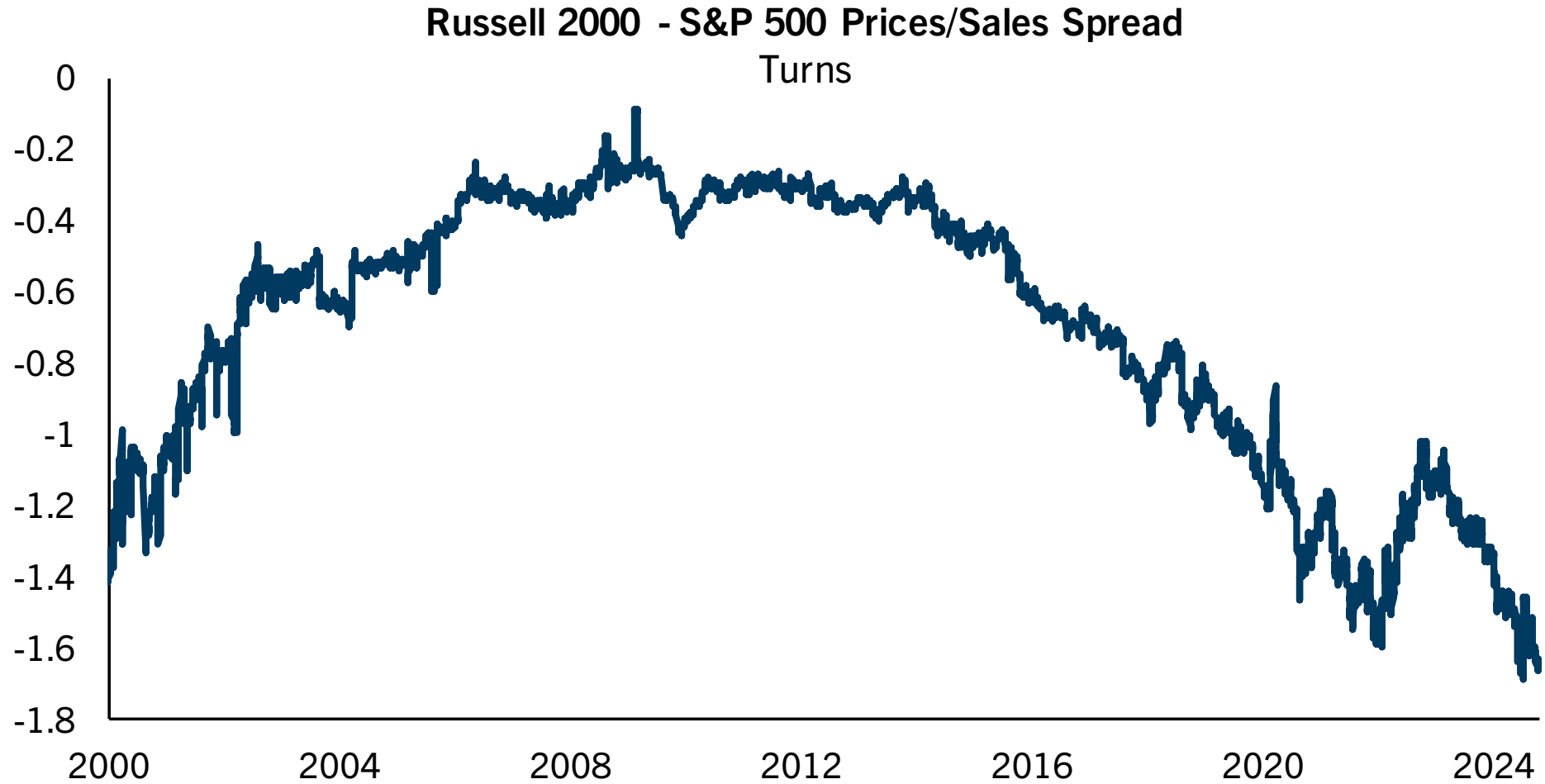


Total Return Since July 1	
Magnificent Seven	5.0%
S&P 500 Market-Cap Weighted	6.8%
S&P 500 Equal Weighted	8.9%
S&P 500 Midcap 400	6.5%
S&P 500 Small Cap 600	7.7%
MSCI EAFE	2.8%
Bloomberg US Aggregate Bond	2.8%

Source: Bloomberg. Data as of 10/25/2024.

Note: "Magnificent Seven" is the UBS Magnificent 7 Index, which tracks a group of 7 of the largest mega cap tech stocks listed in the US. The stocks mirror their respective S&P 500 weight reweighted pro-rata. Created Oct 2023 - rebalanced and reconstituted semi-annually.

# Small Cap Relative Valuation



# Corporate Earnings

- 2024 estimated growth is **9.3%**
- 2025 estimated growth is **15.2%**
- Average growth since 1950 is **7.6%**



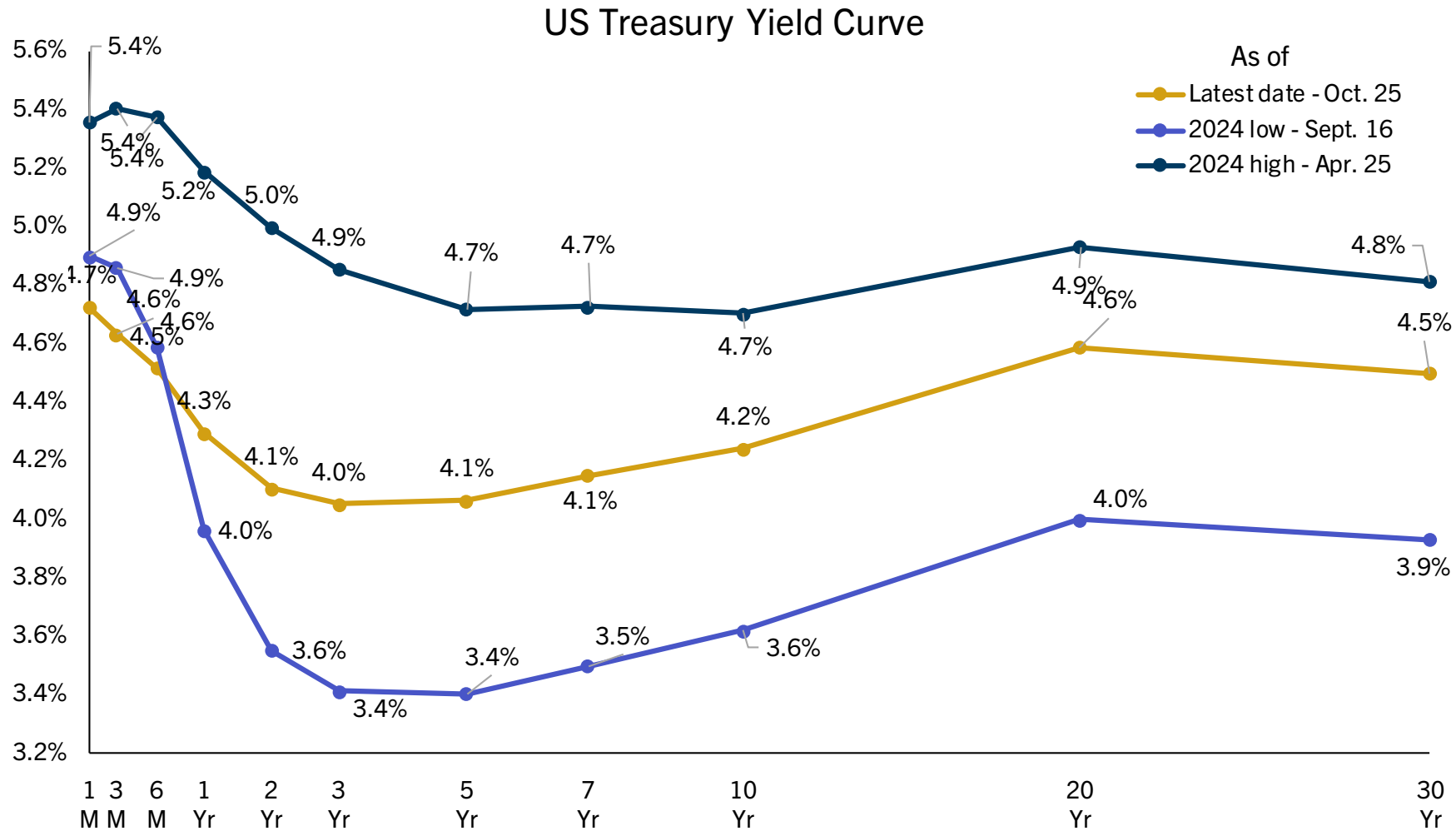
# S&P 500 Price Target

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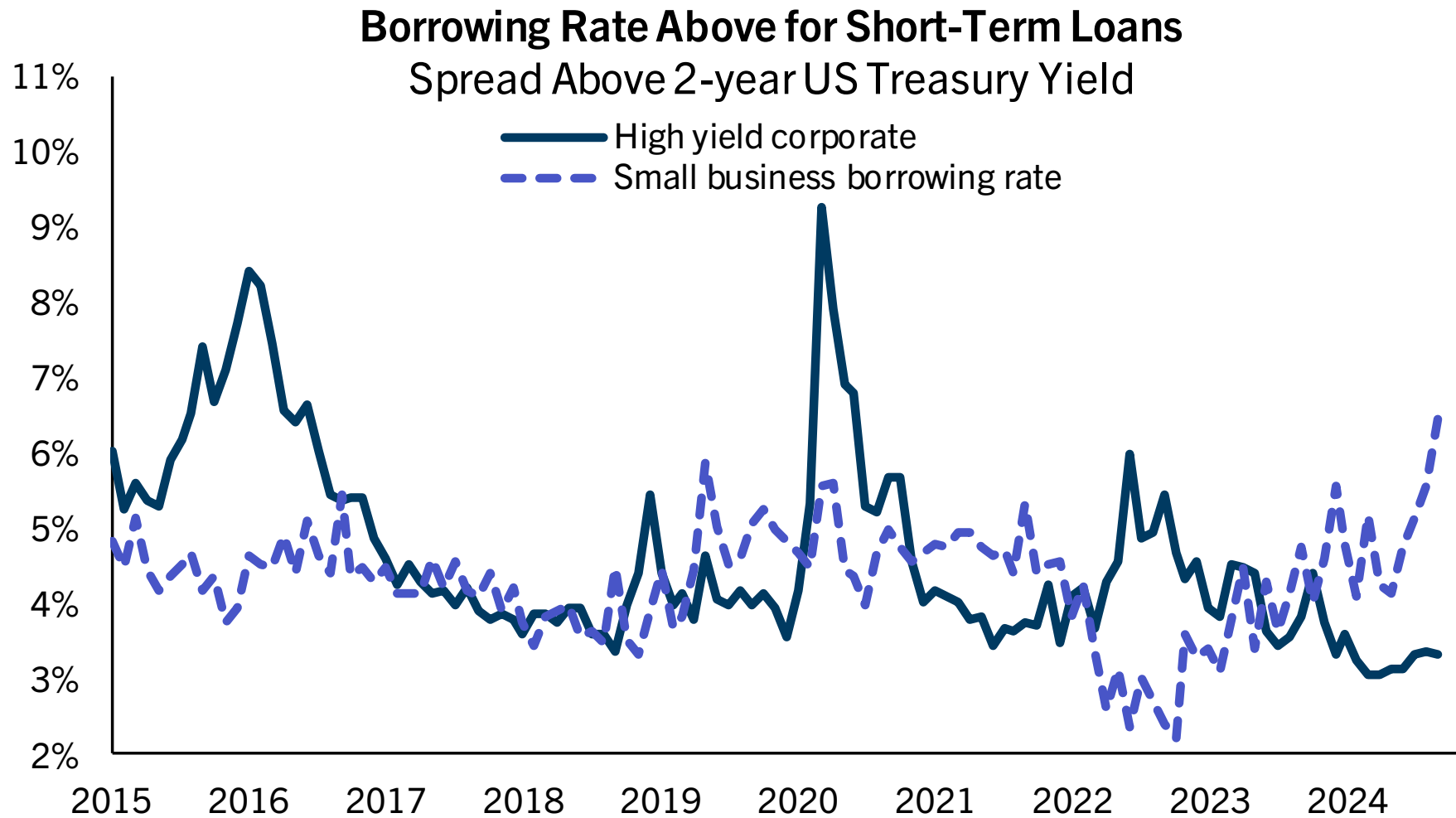
## Next Twelve-Month S&P 500 Price Target

	NTM Price Level	Percent Change from 10/25/24
Bear	4,500	-22.5%
Base	6,200	6.7%
Bull	6,700	15.4%

# US Treasury Curve Remains Inverted but Has Shifted Lower Since April



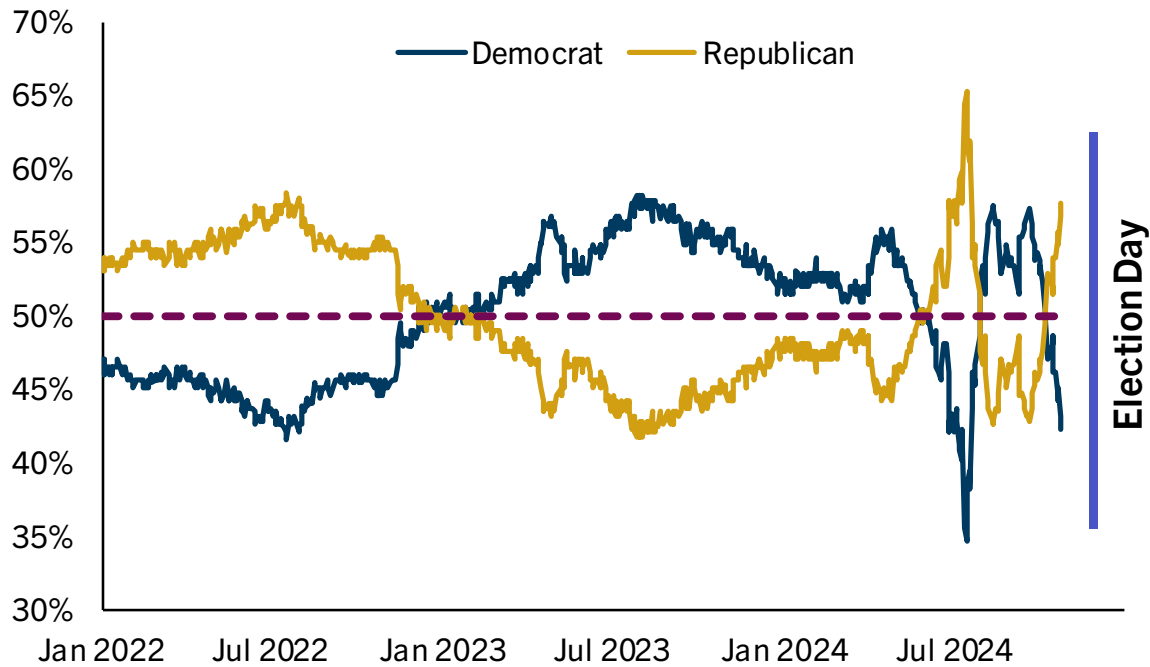
# Small Businesses Are Paying a Hefty Premium for Credit



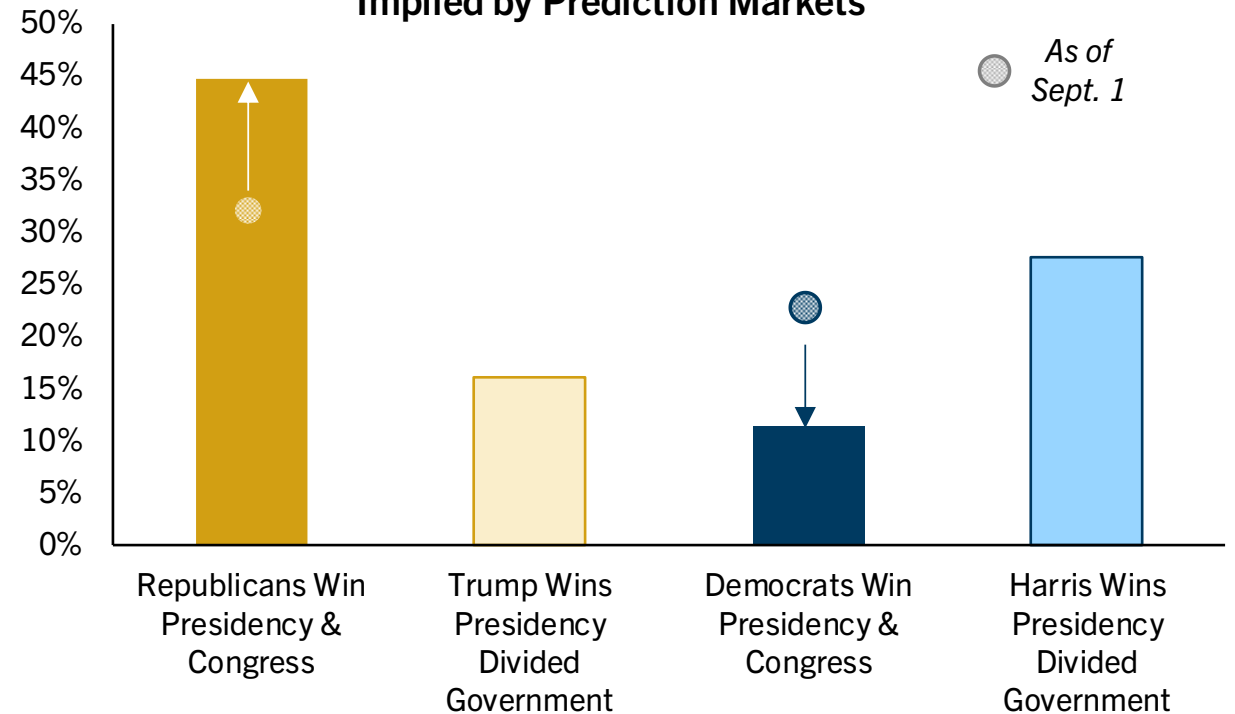


# The Election Looks Like a Close Call, and Divided Government Is Possible

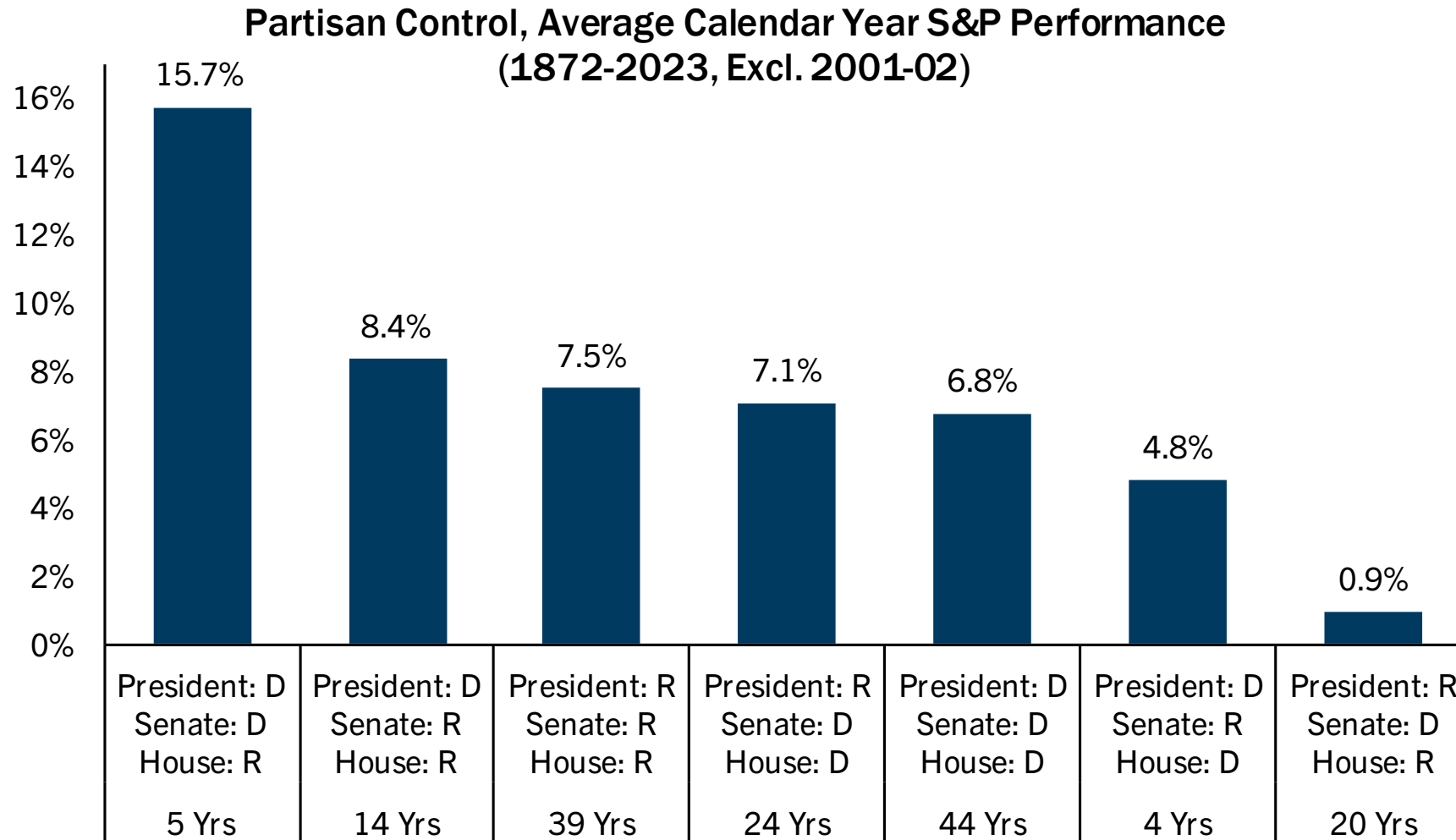
Probability of Winning Presidential Election as Implied by Prediction Markets



Probability of Election Outcomes as Implied by Prediction Markets



# S&P Performance Does Not Appear to Depend on Partisan Control



## Stay Informed with Our Latest Releases

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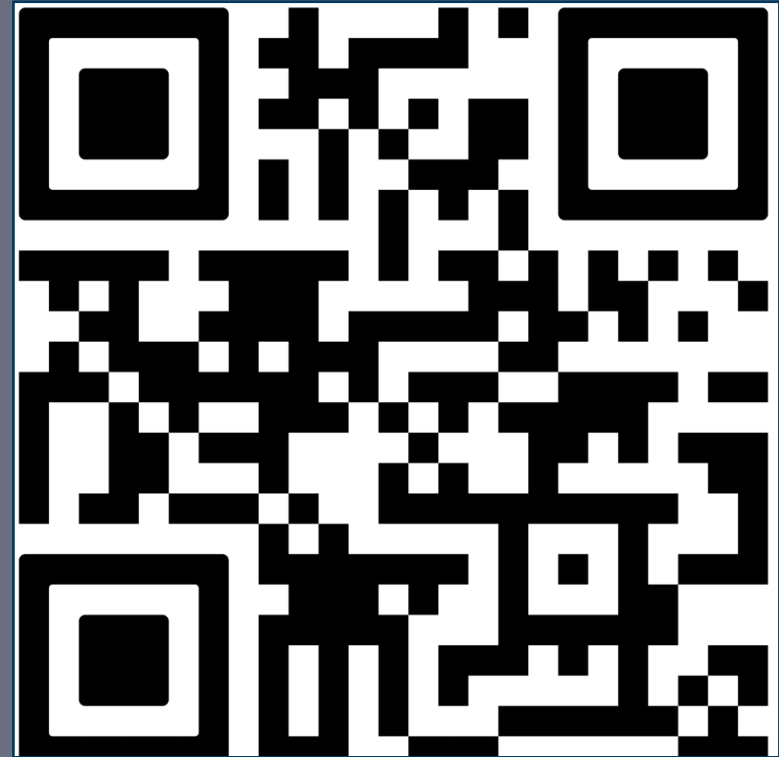
# Making Sense

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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

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