

Quarterly Market Update – January 2024

Jeff Dicks - Co-Chief Investment Officer

January 2024

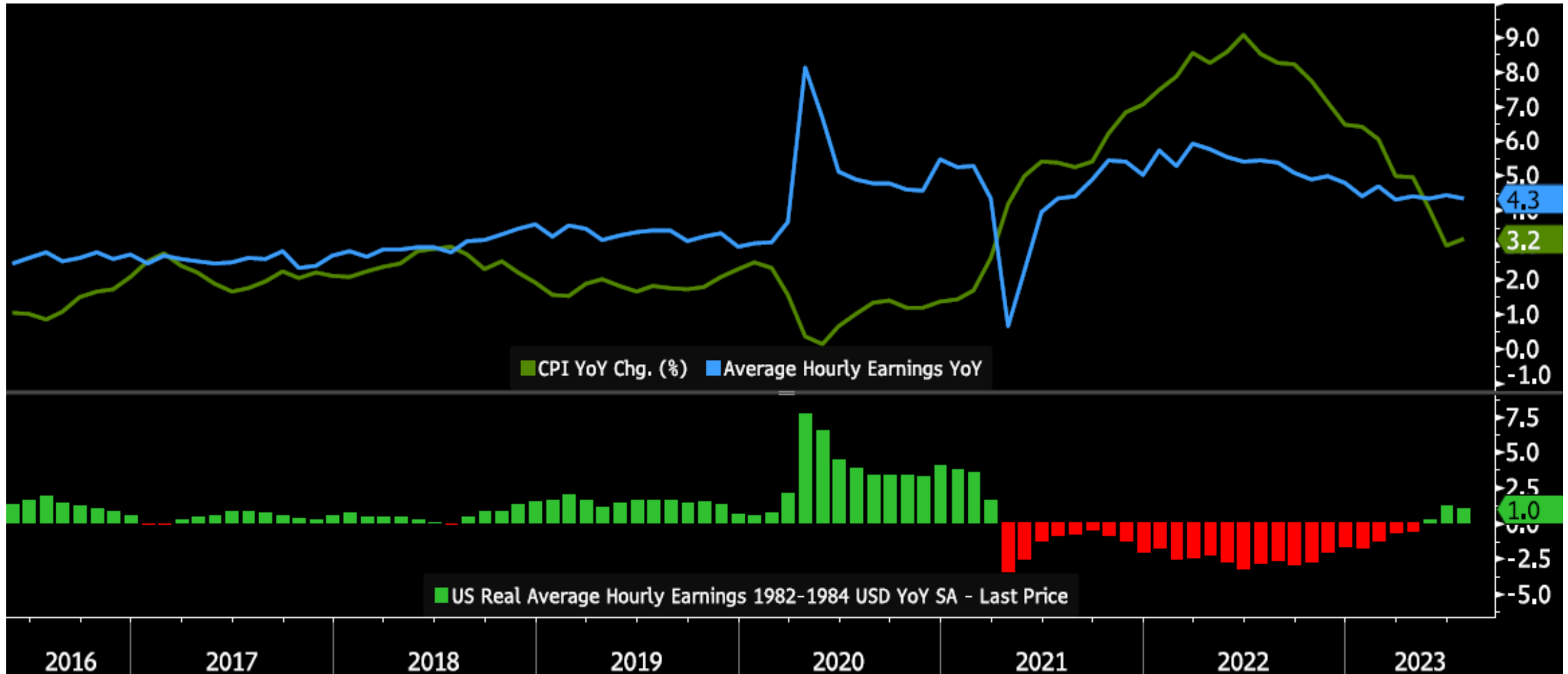


See important disclosures following the presentation.

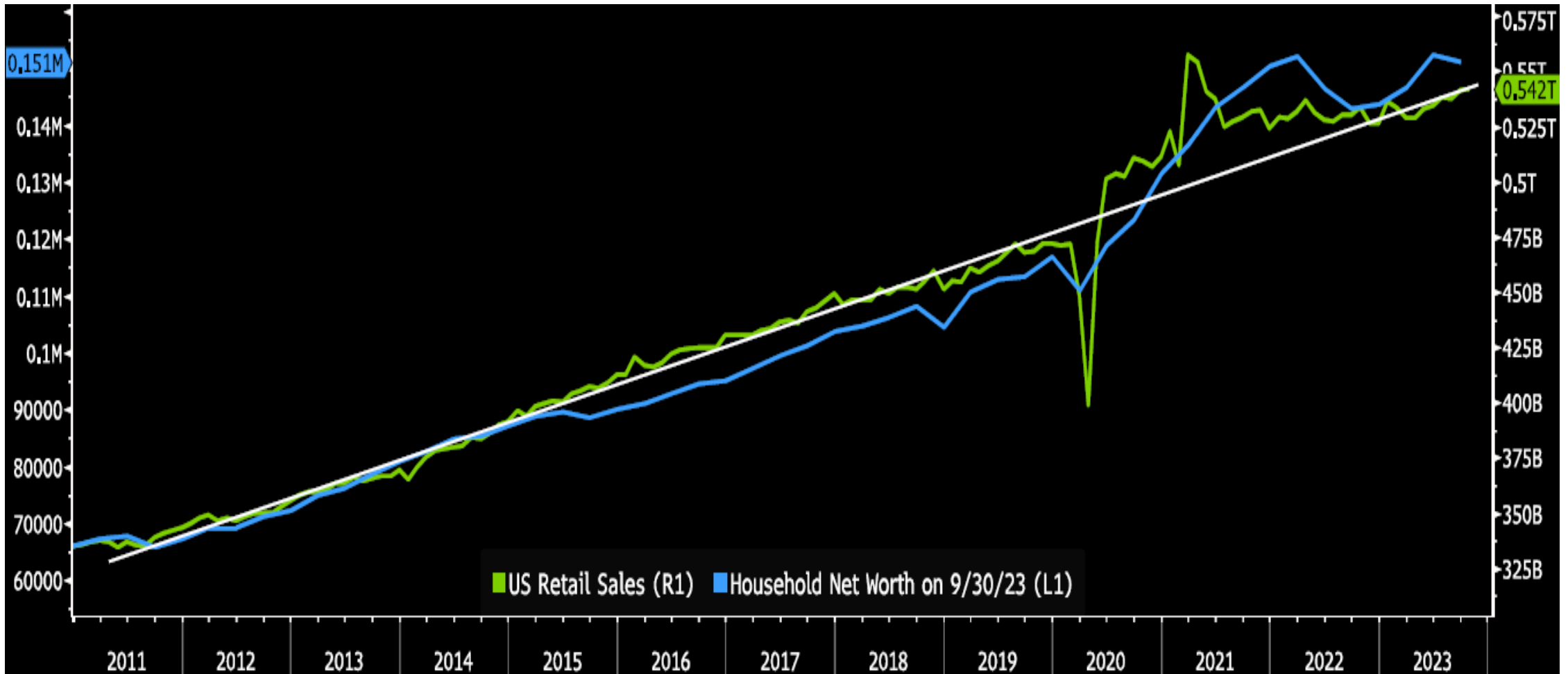
Jobs Market and Feds Fund Rate



Inflation & Wage Growth



US Household Net Worth & Retail Sales



Gasoline Prices



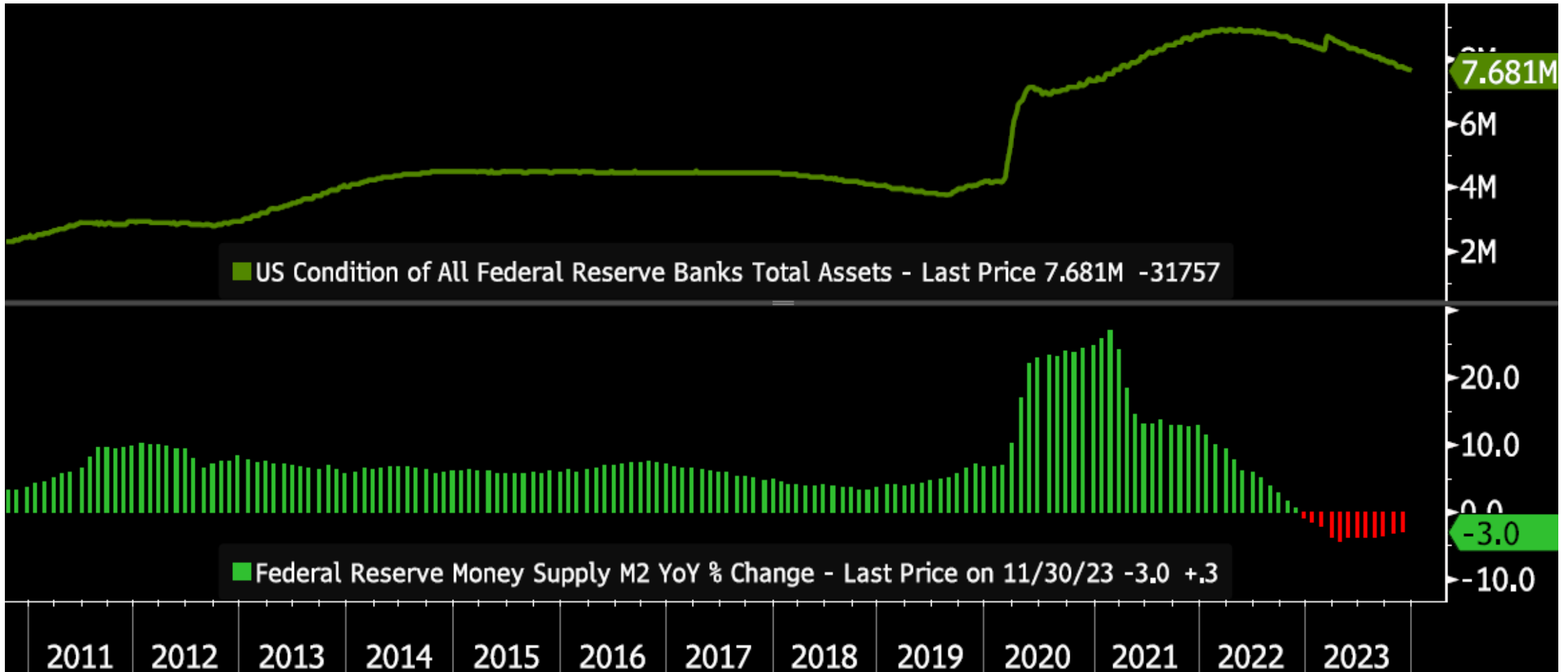
Inflation Expectations



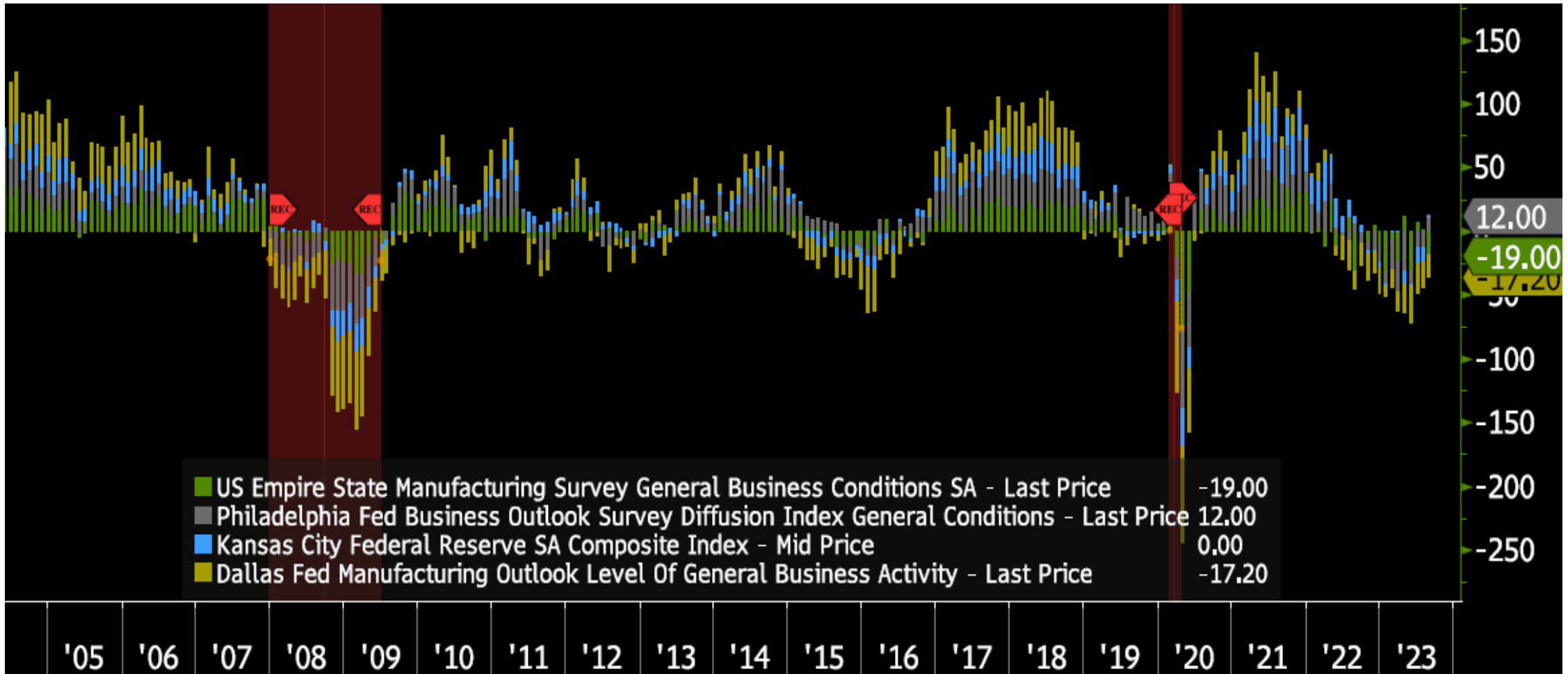
2-Year Treasury Yield and Fed Funds Jan 2025 Expectation



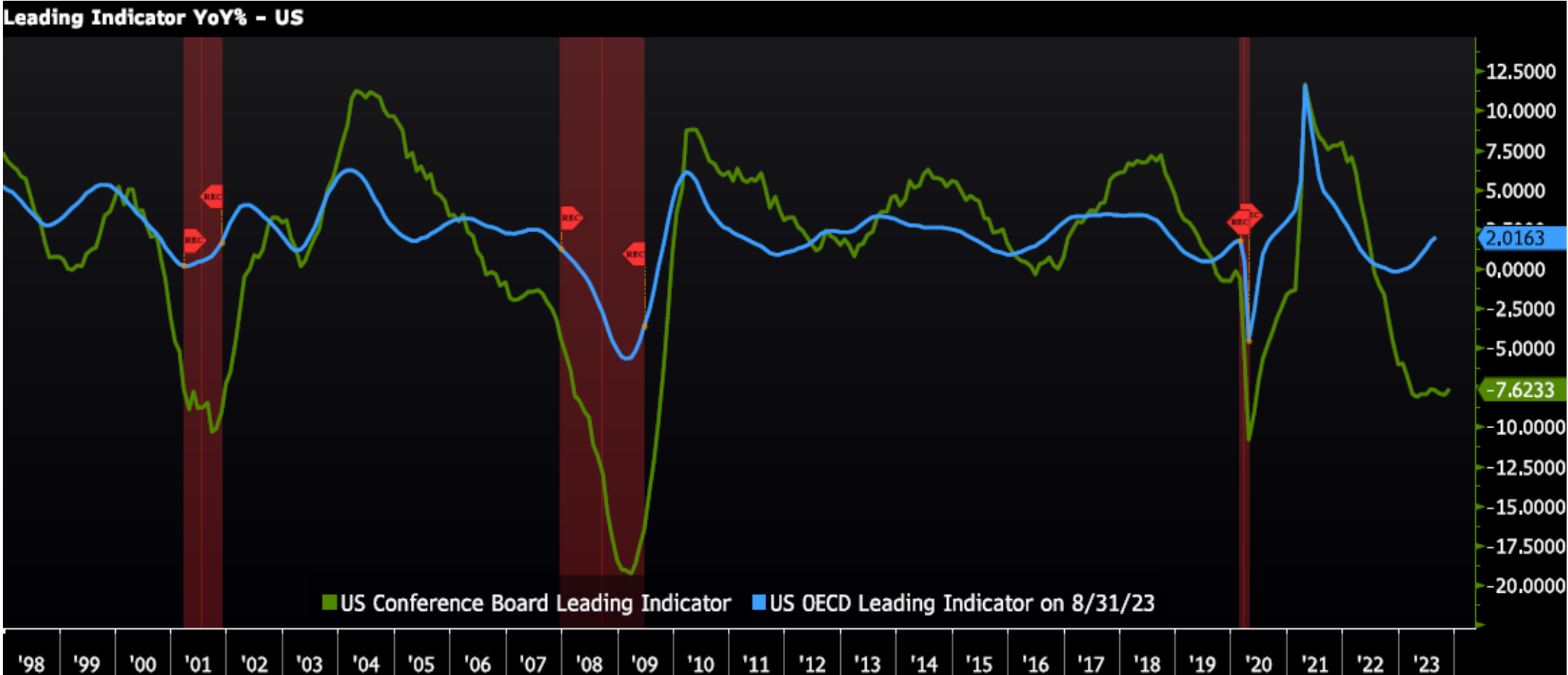
Fed Balance Sheet and Money Supply



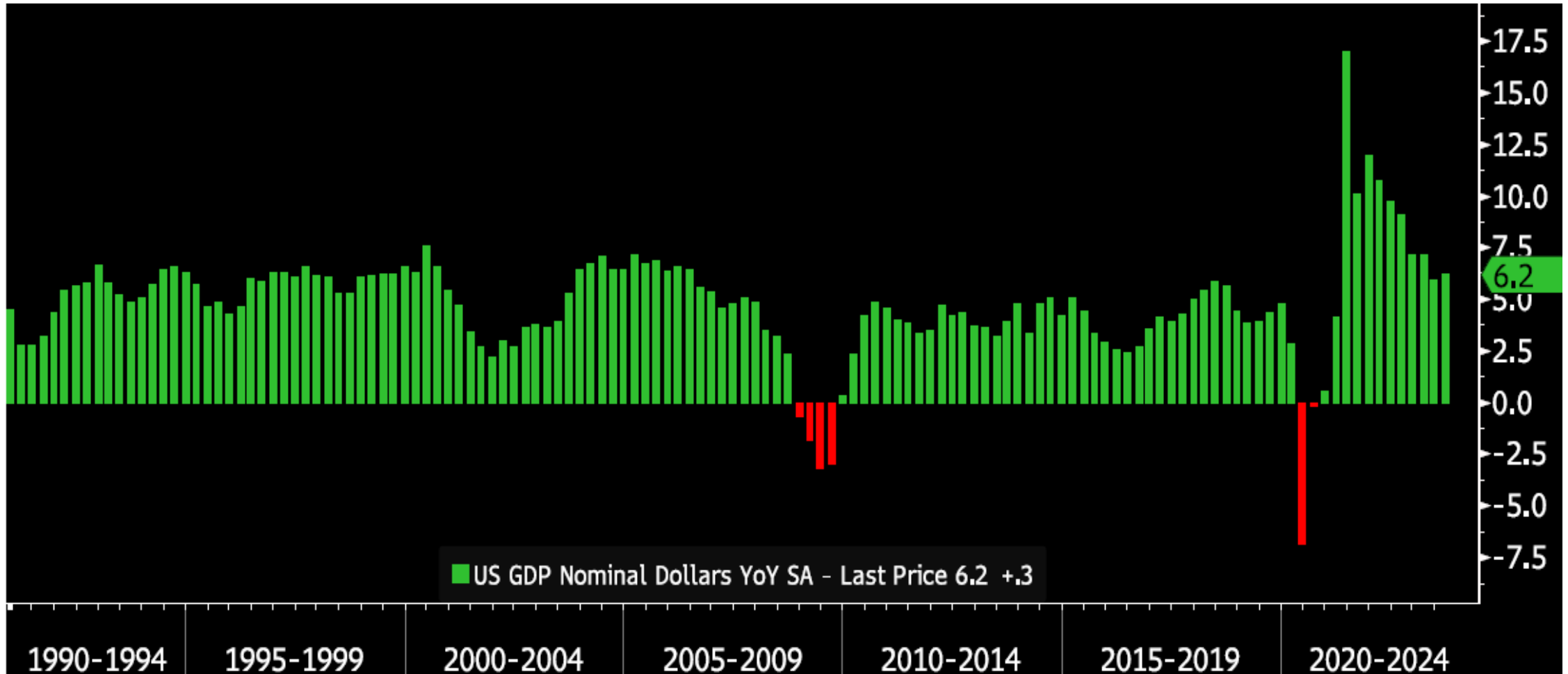
US Manufacturing Activity



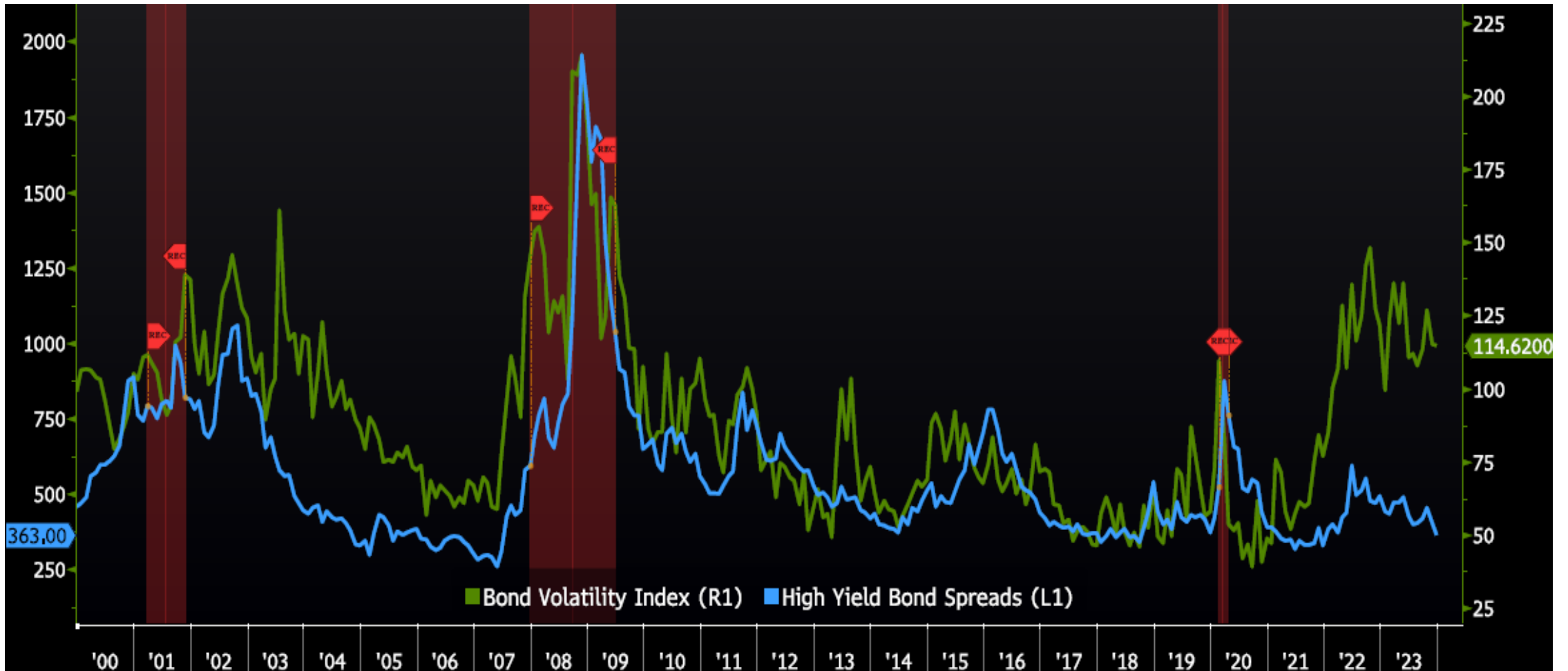
US Leading Economic Indicators



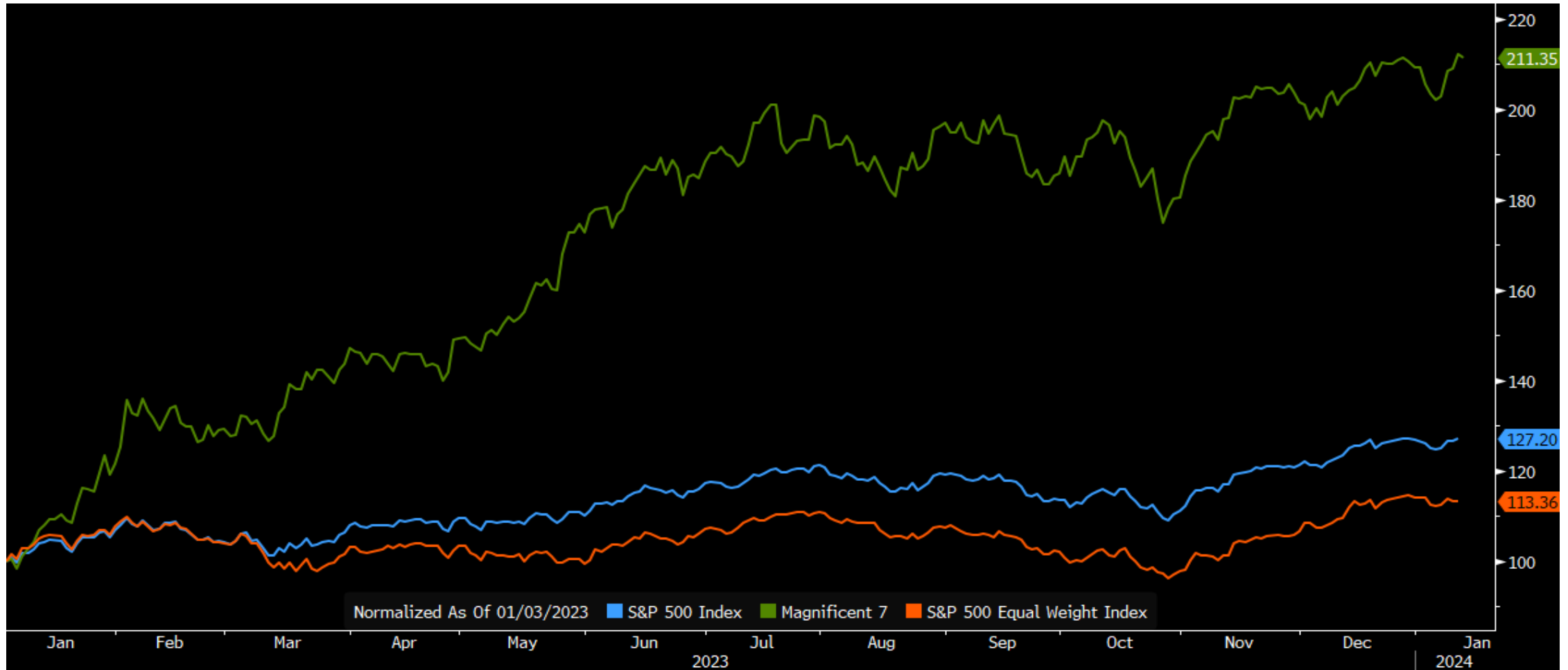
Nominal GDP Trend



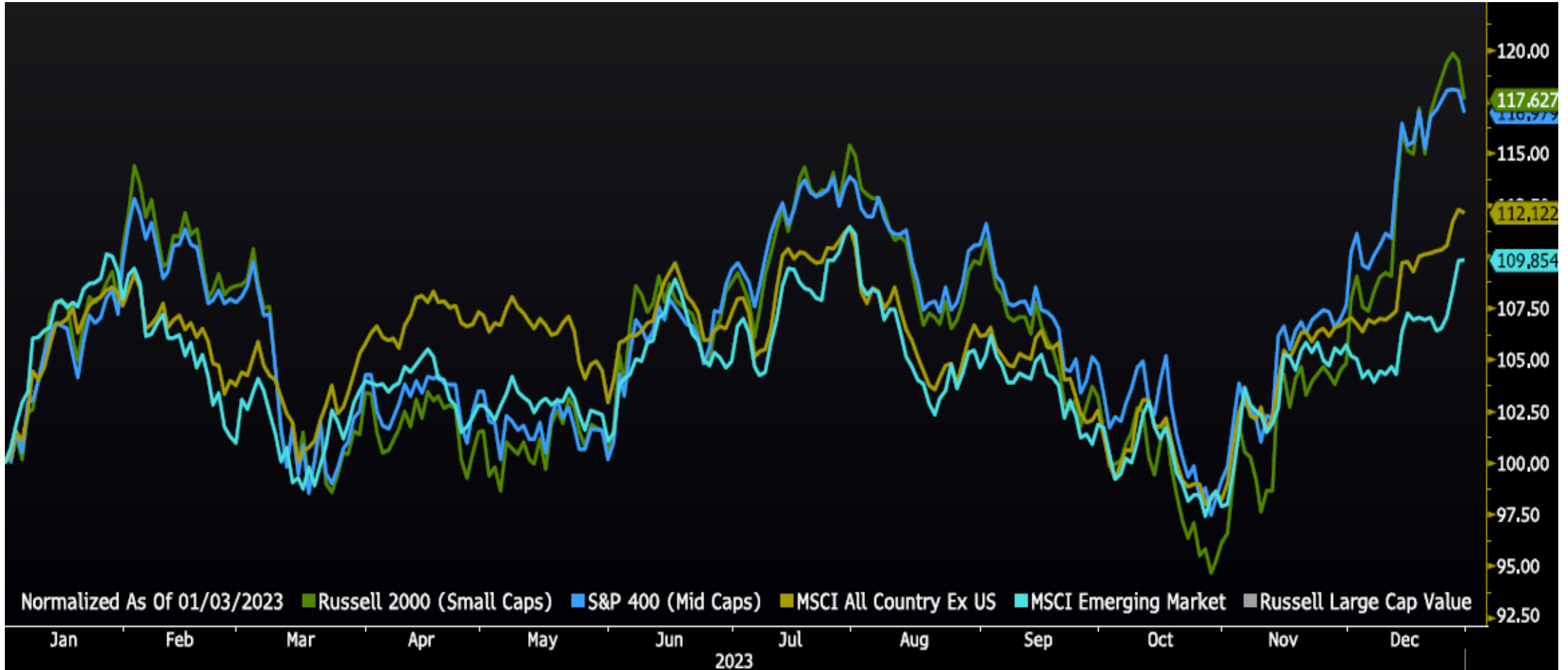
Junk Spreads and Bond Volatility



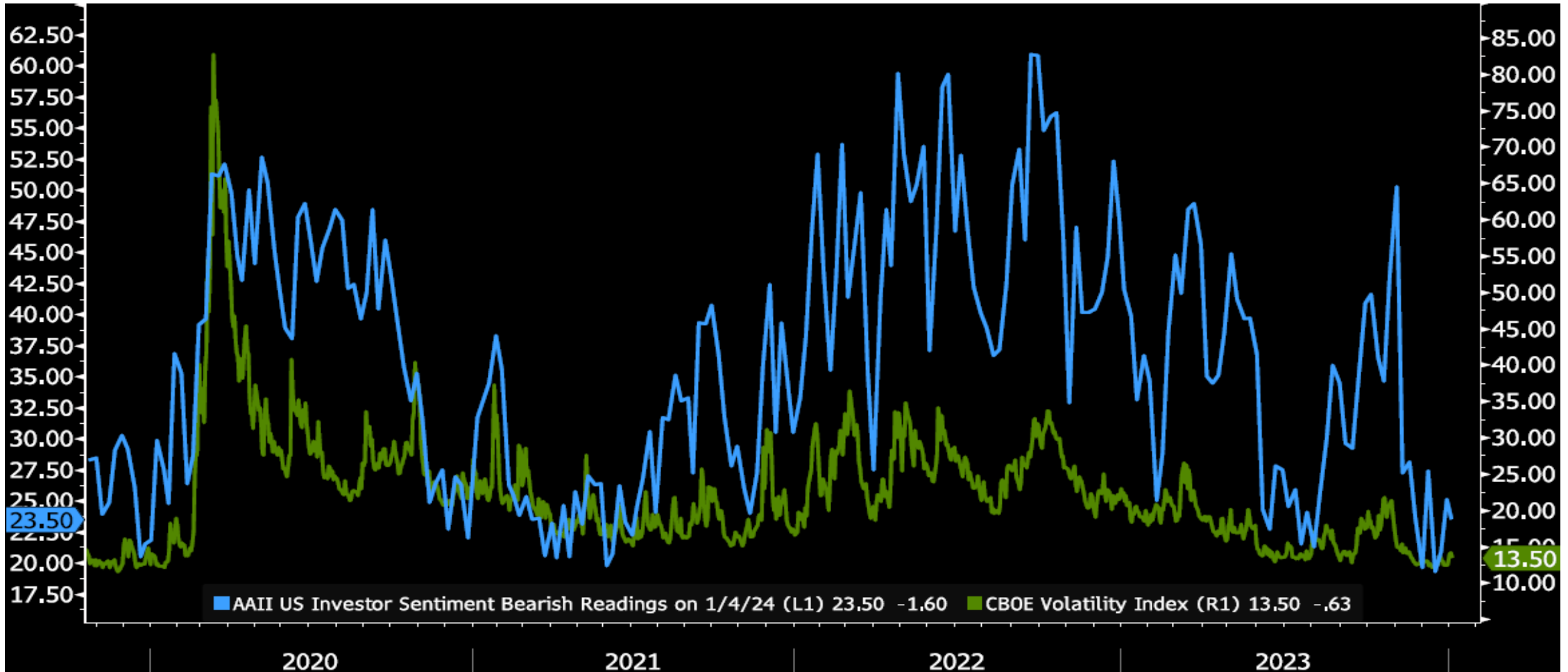
S&P 500 vs. Magnificent 7 vs. S&P Equal Weighted Index



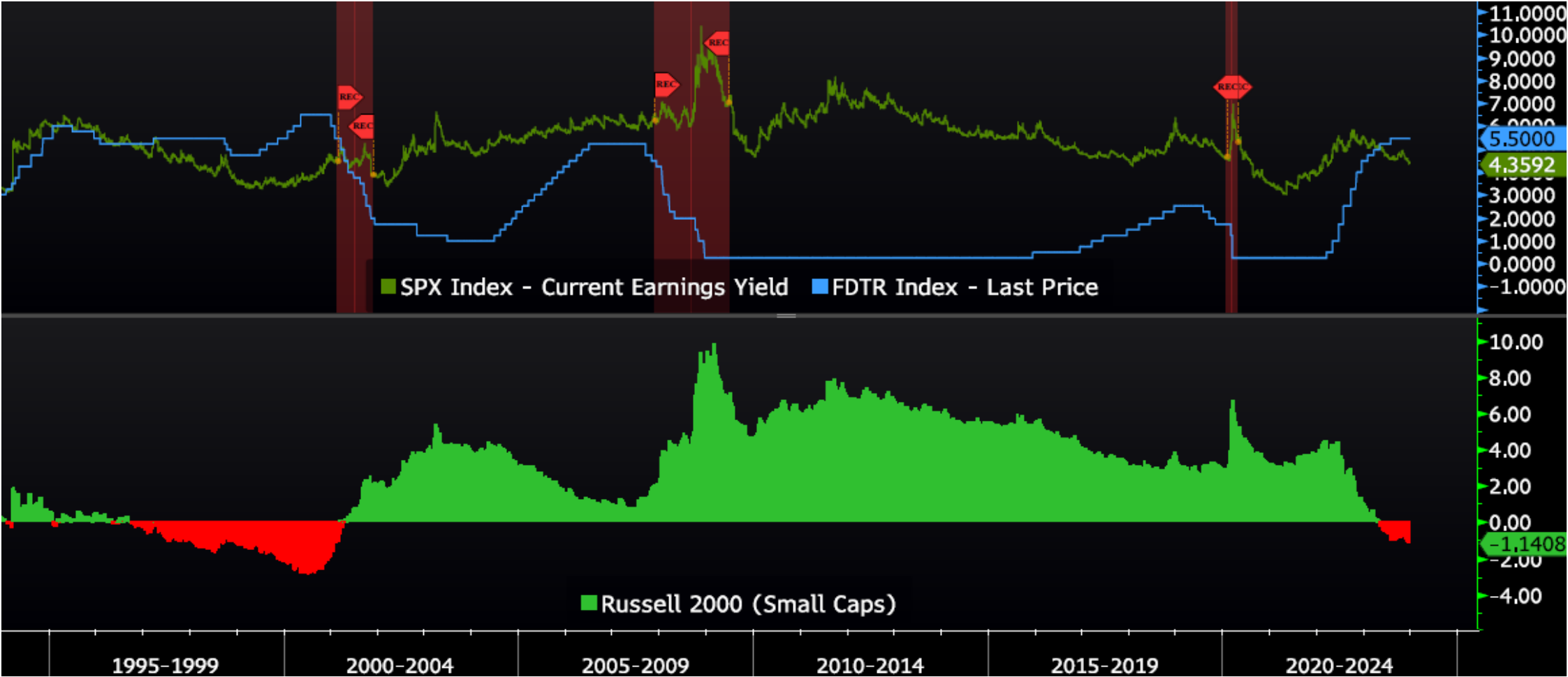
Small Caps, Mid Caps, International, Emerging Market, and Value Equity Indices



AAII Bear Sentiment and Volatility Index



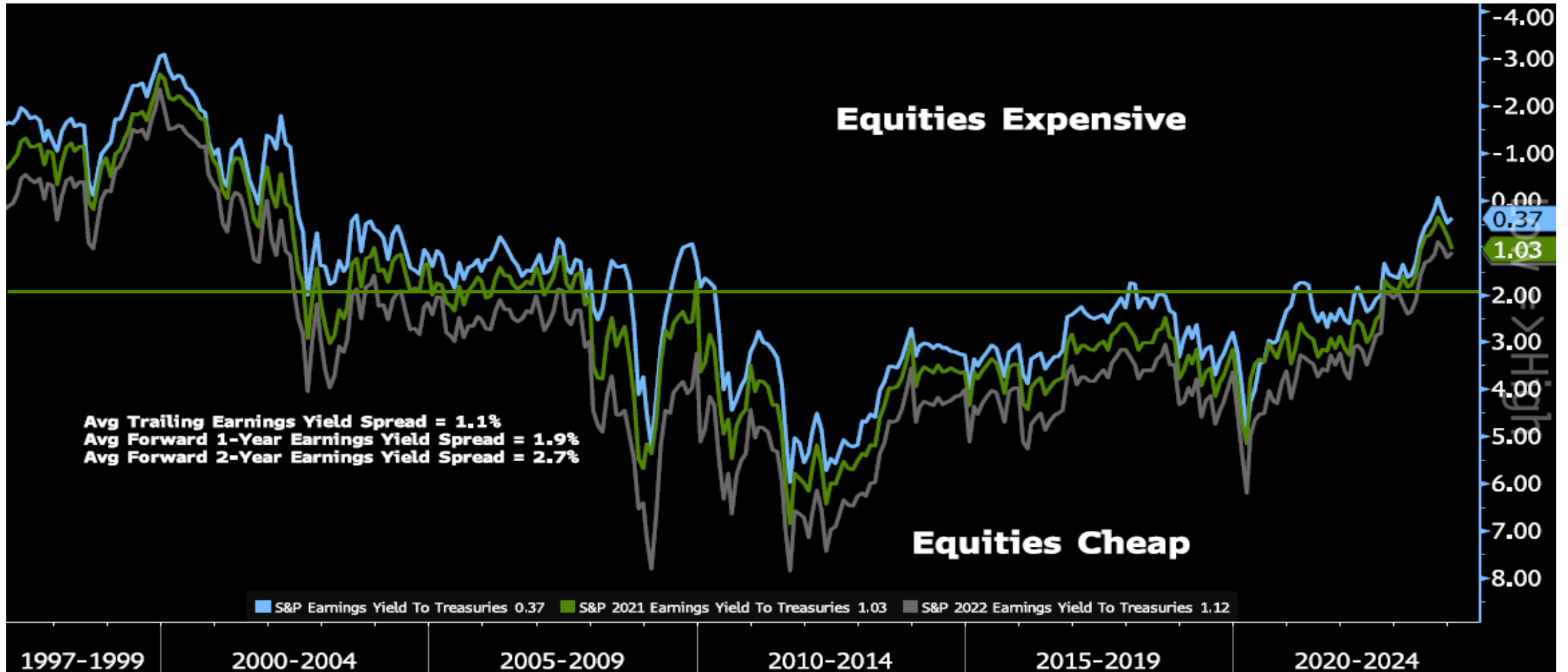
S&P 500 Earnings Yield vs. Fed Funds Rate



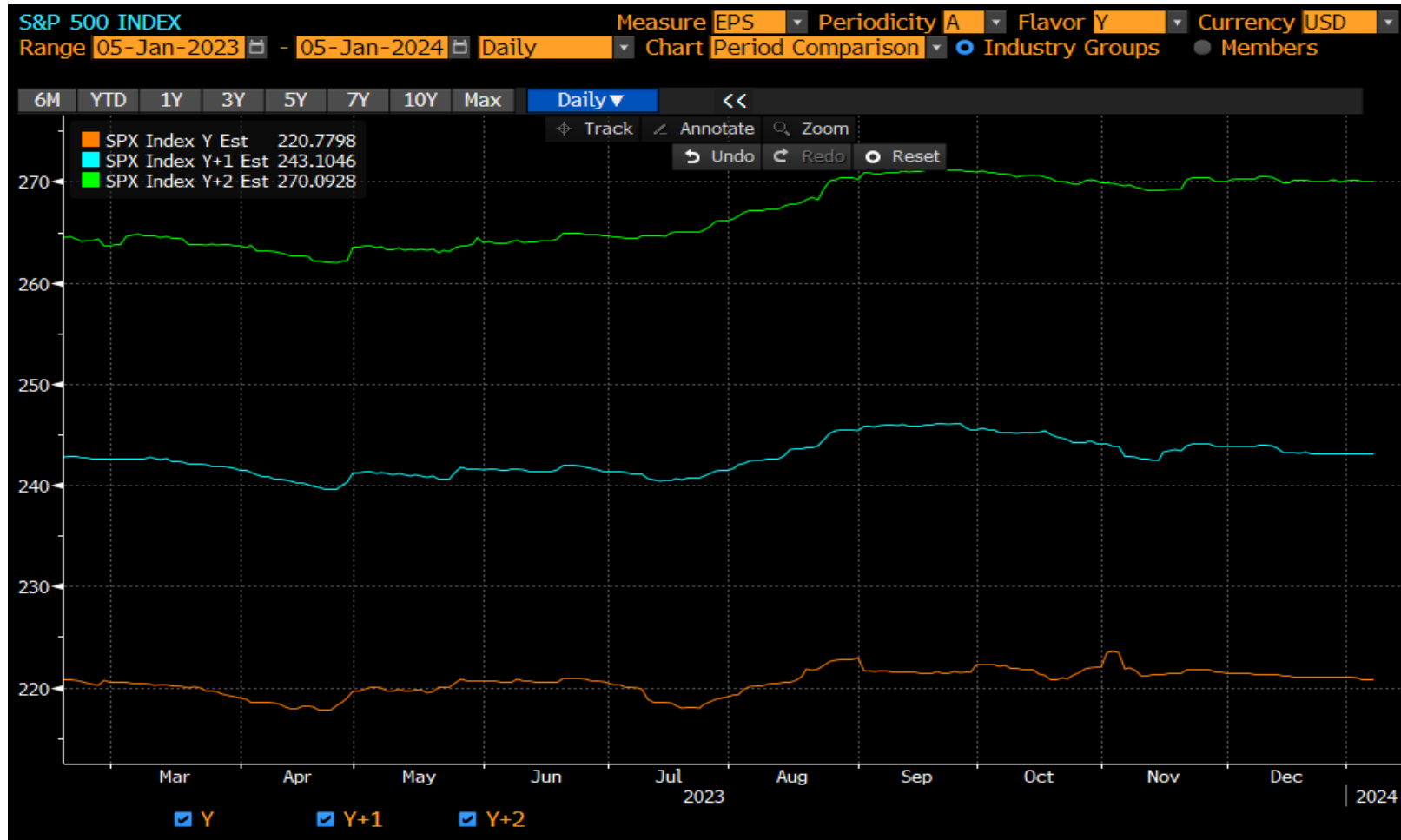
S&P 500 Price/Earnings Multiples



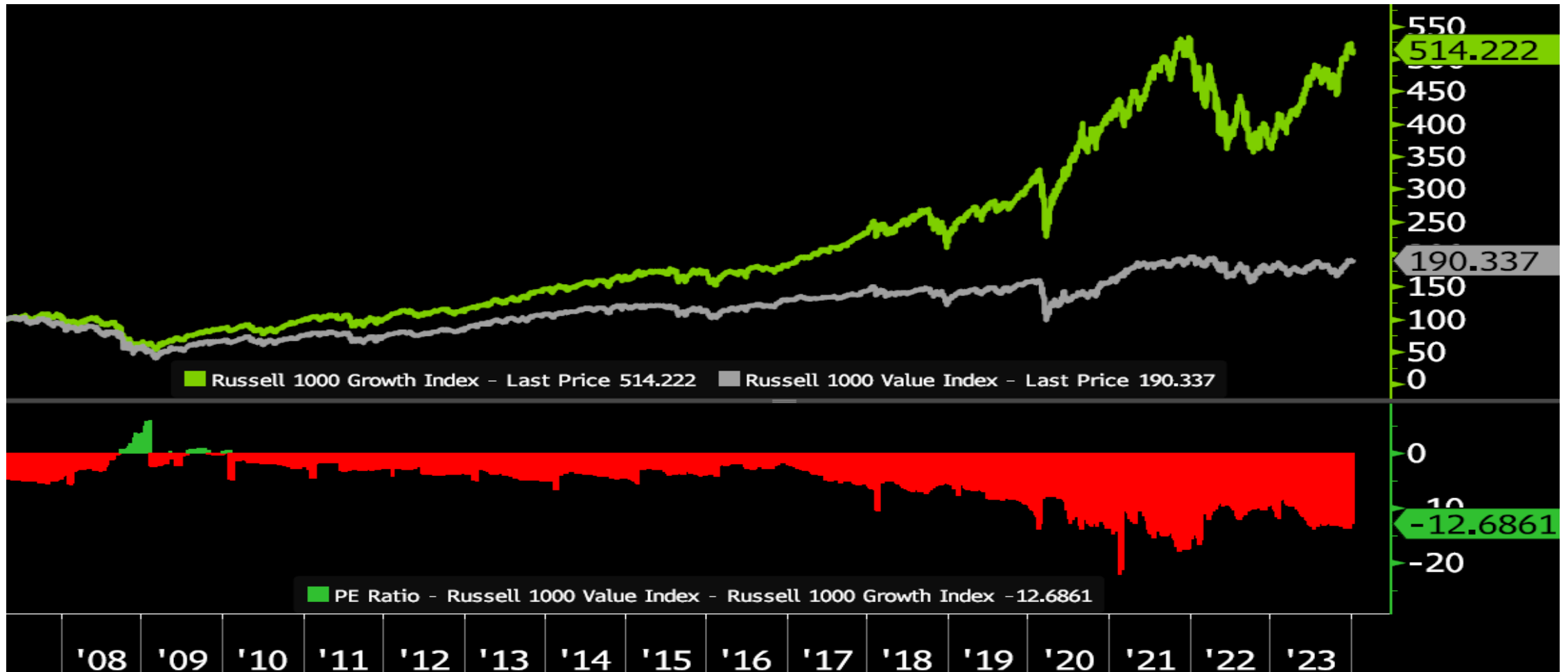
S&P Risk Premium



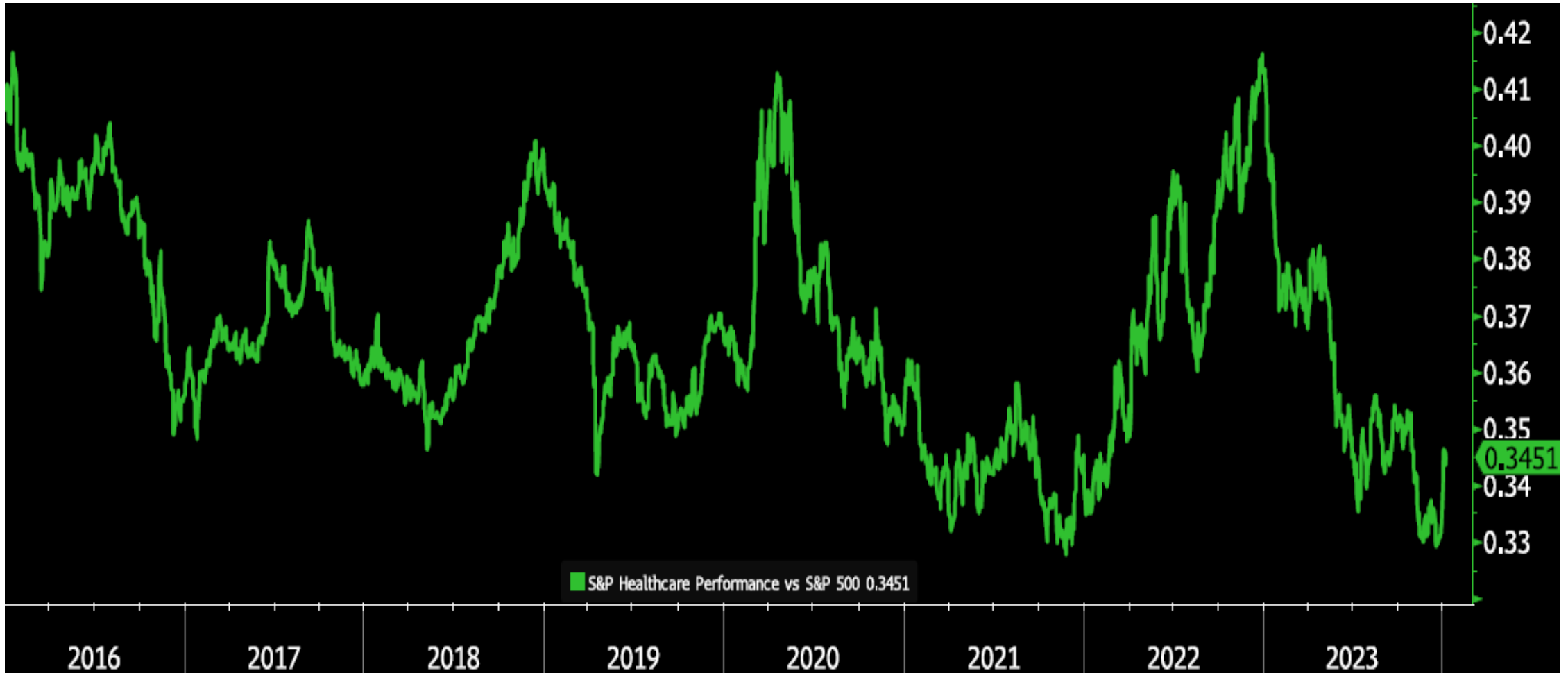
Earnings Growth Estimates



Trend of Large Cap Growth vs. Large Cap Value



Healthcare Index vs. S&P 500 Index



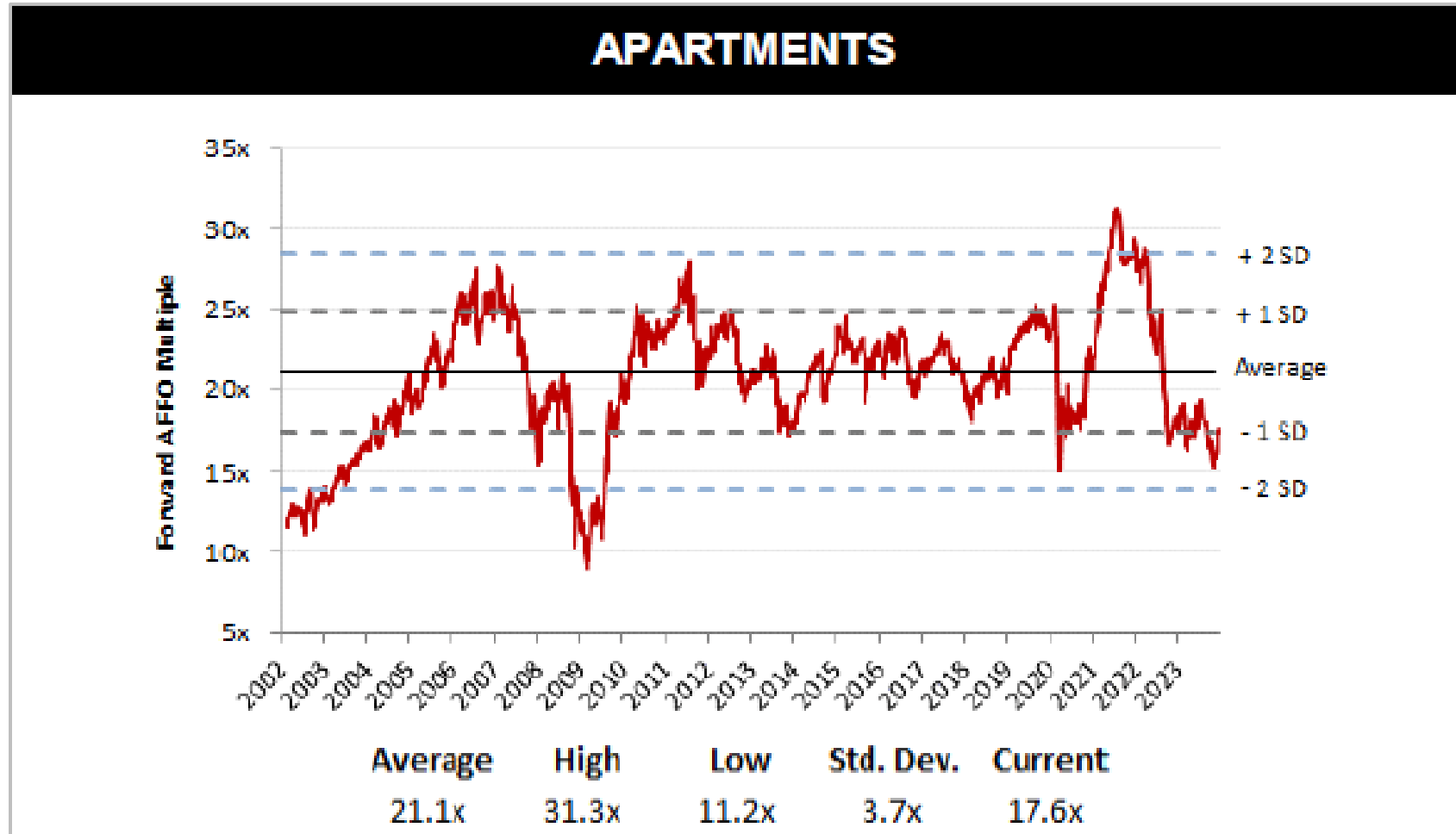
Utility Index vs. the S&P 500



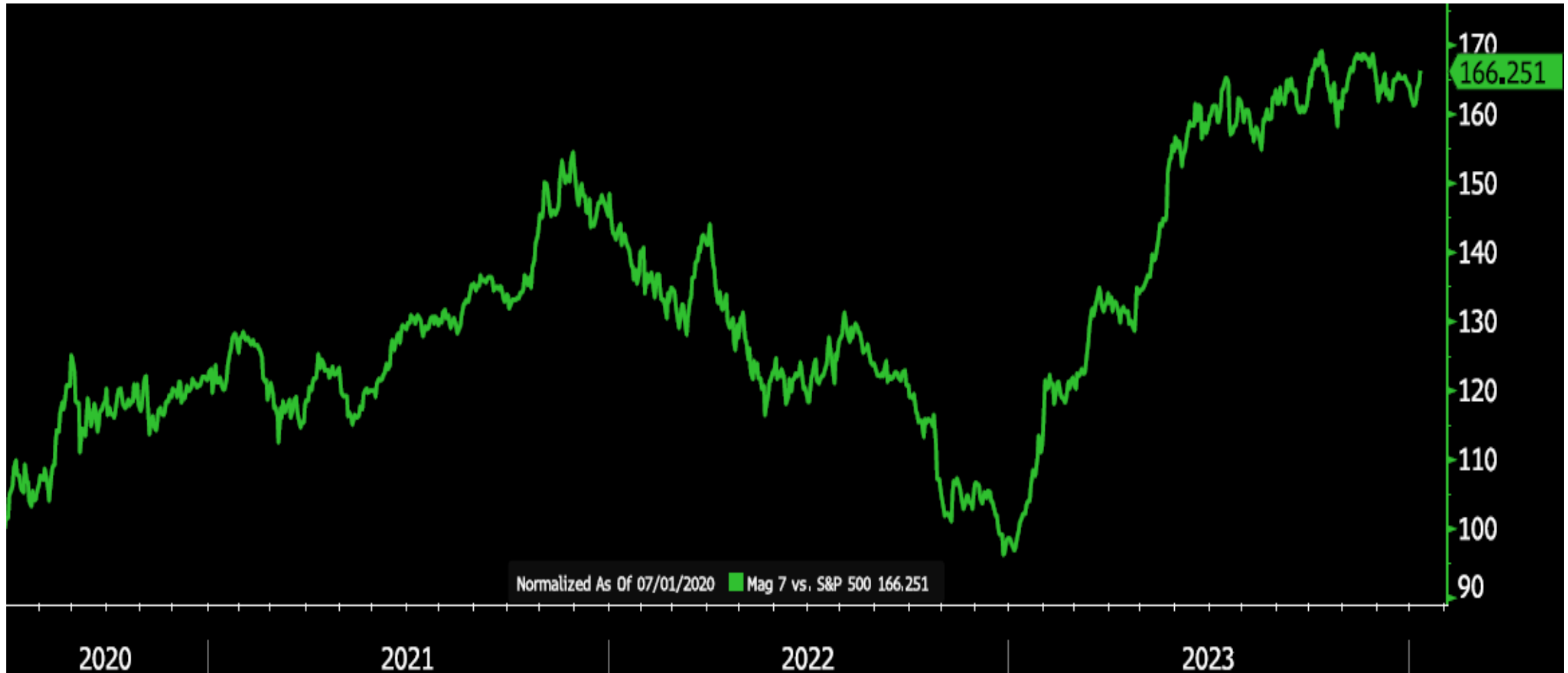
Real Estate Investment Trusts vs. the S&P 500



Multi-Family Real Estate Trust Valuations



Magnificent 7 vs. the S&P 500



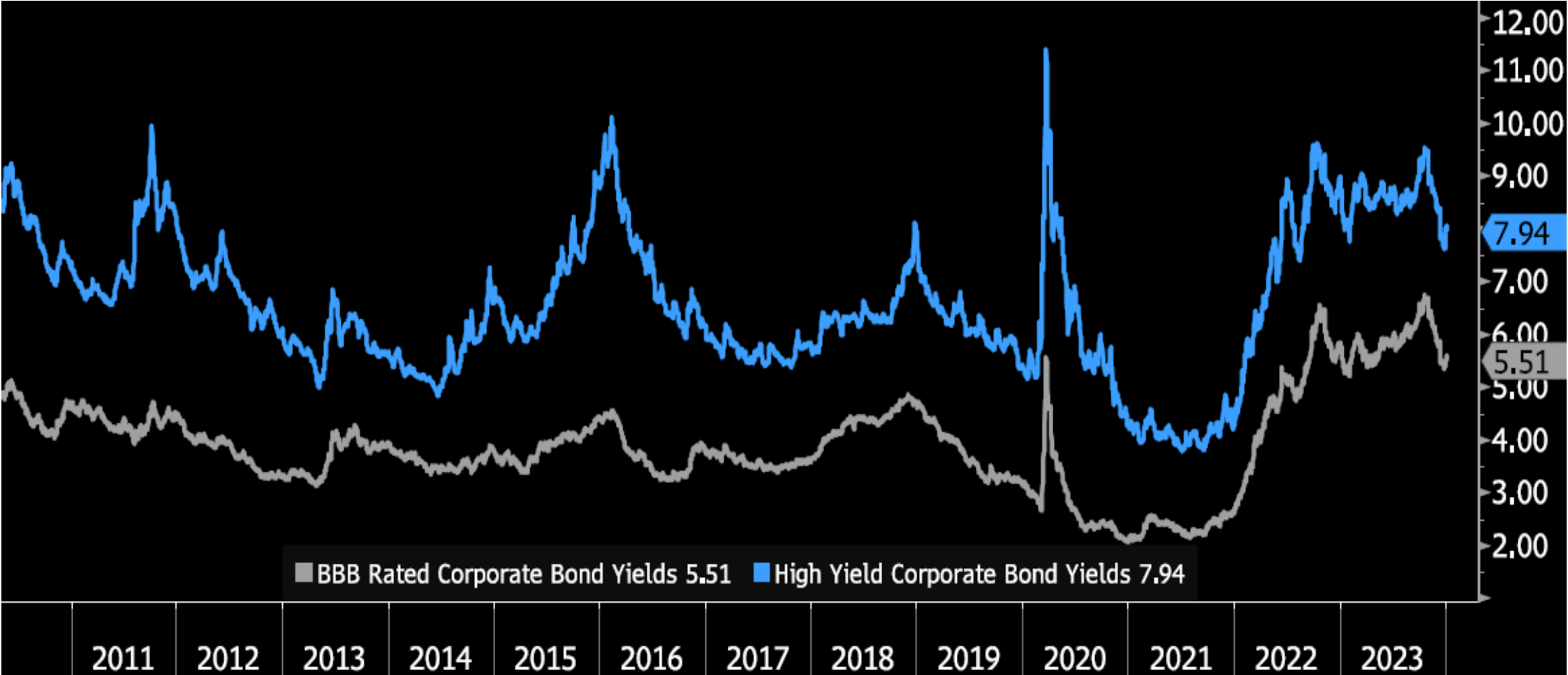
Emerging Market Equities vs. the S&P 500, US Dollar Index and Fed Funds Rate



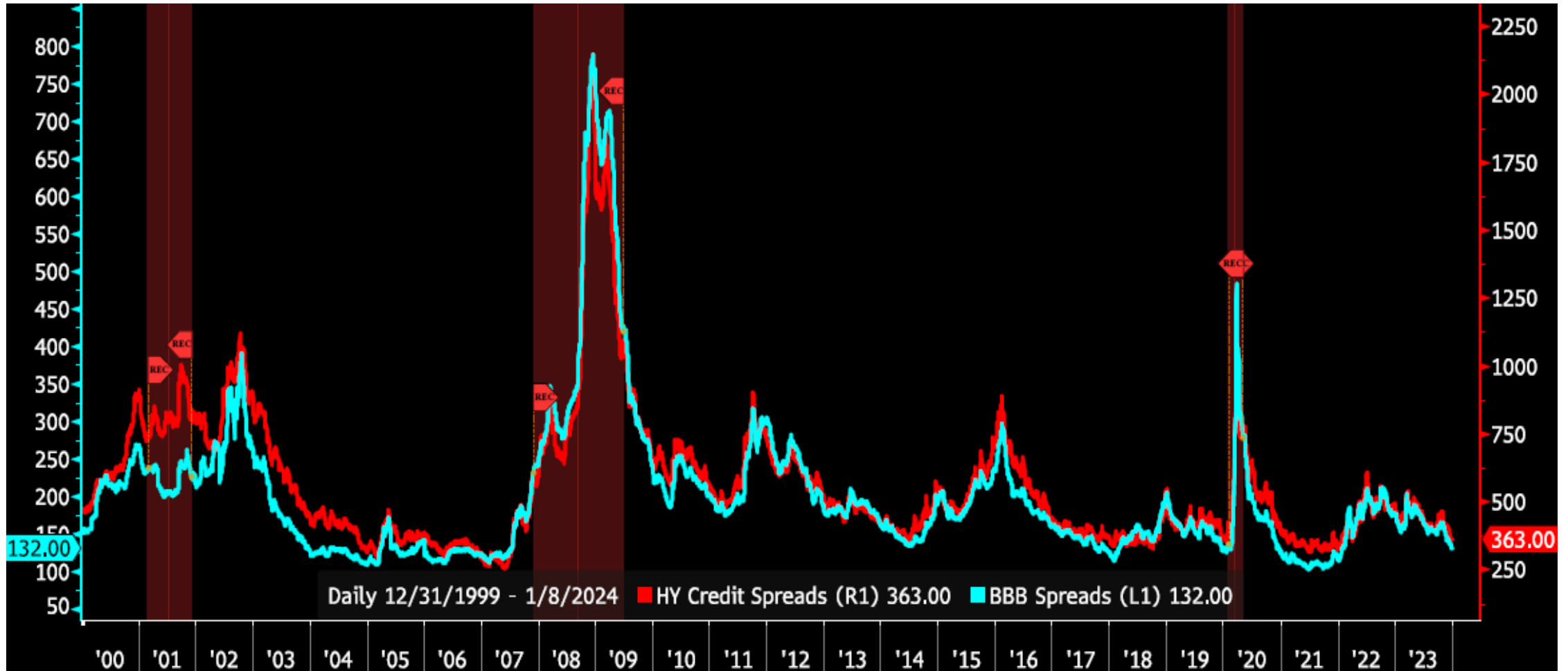
2-Year and 10-Year Treasury Yield



Corporate Bond Yields



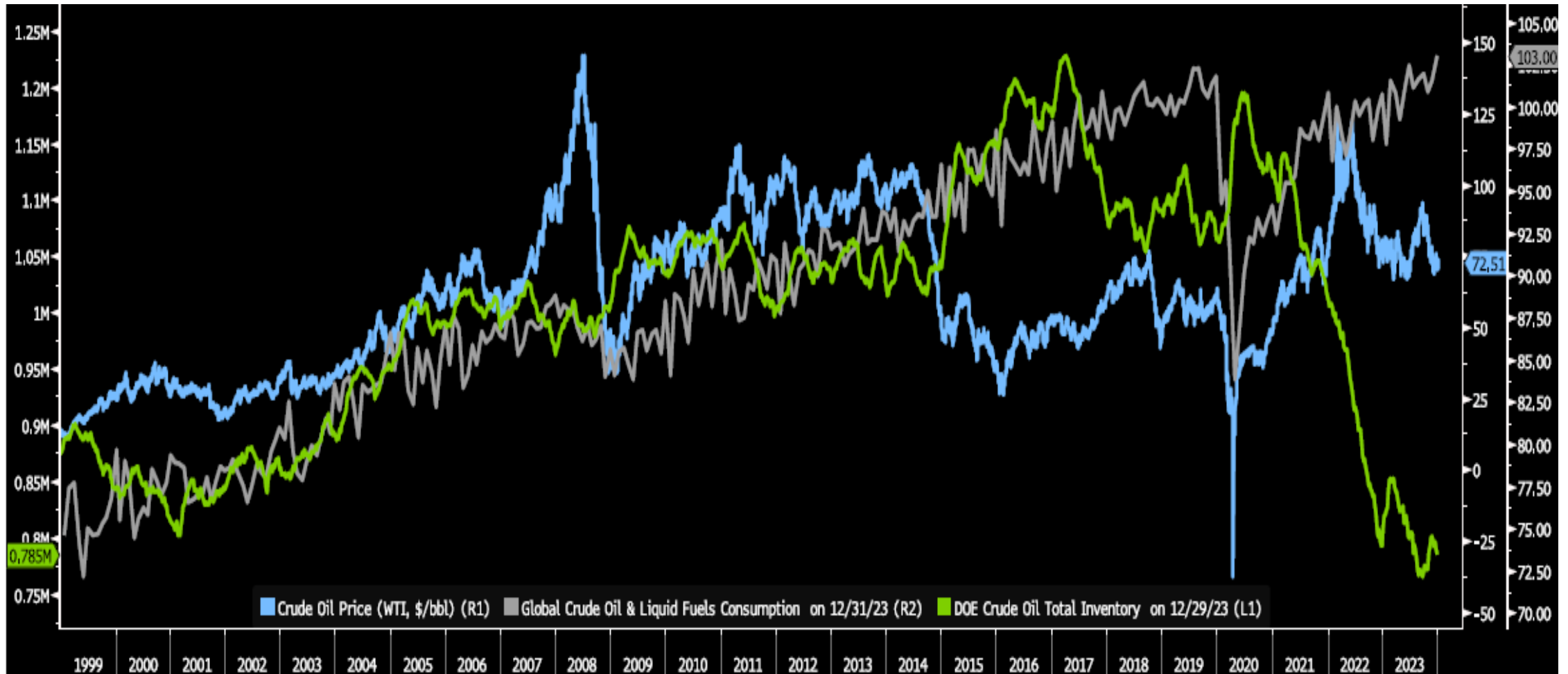
Corporate Bond Spreads



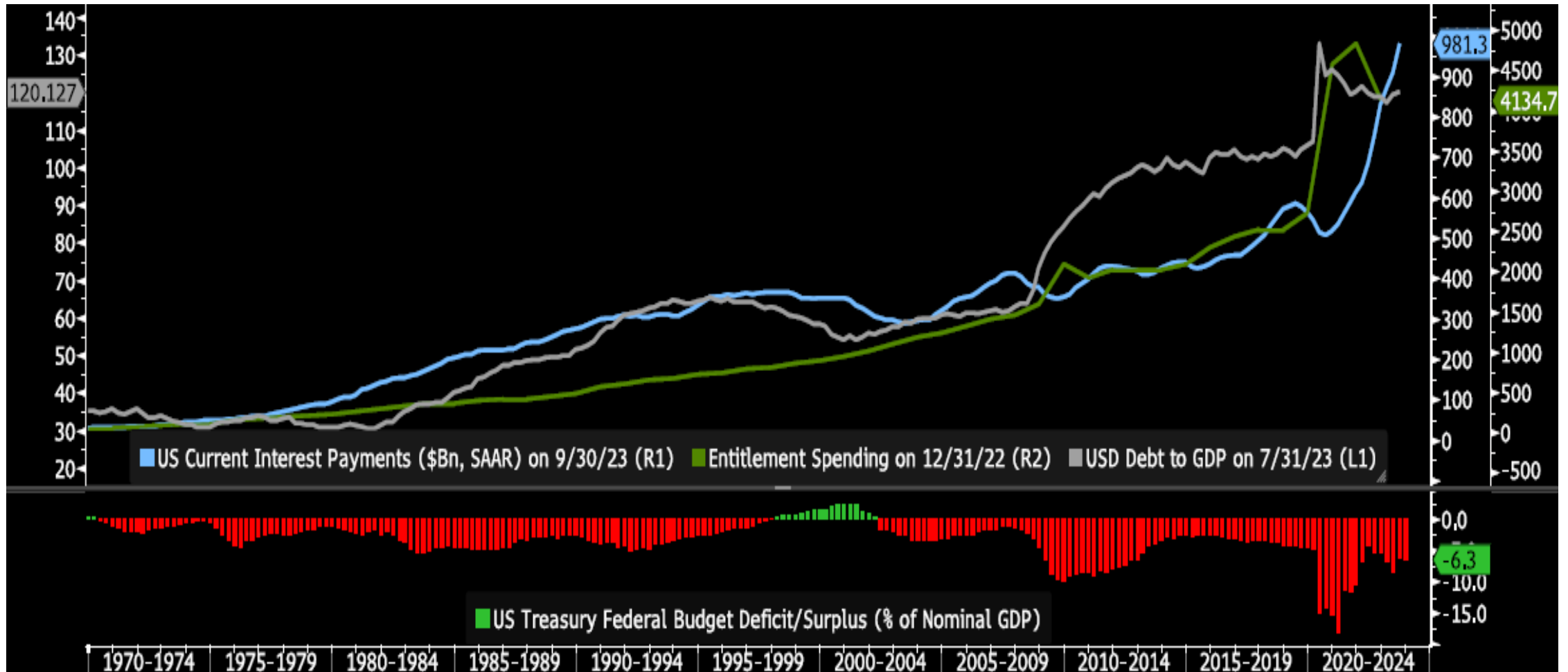
Price of Gold vs. Gold Miners Index



Price of Oil, Inventories and Oil Consumption

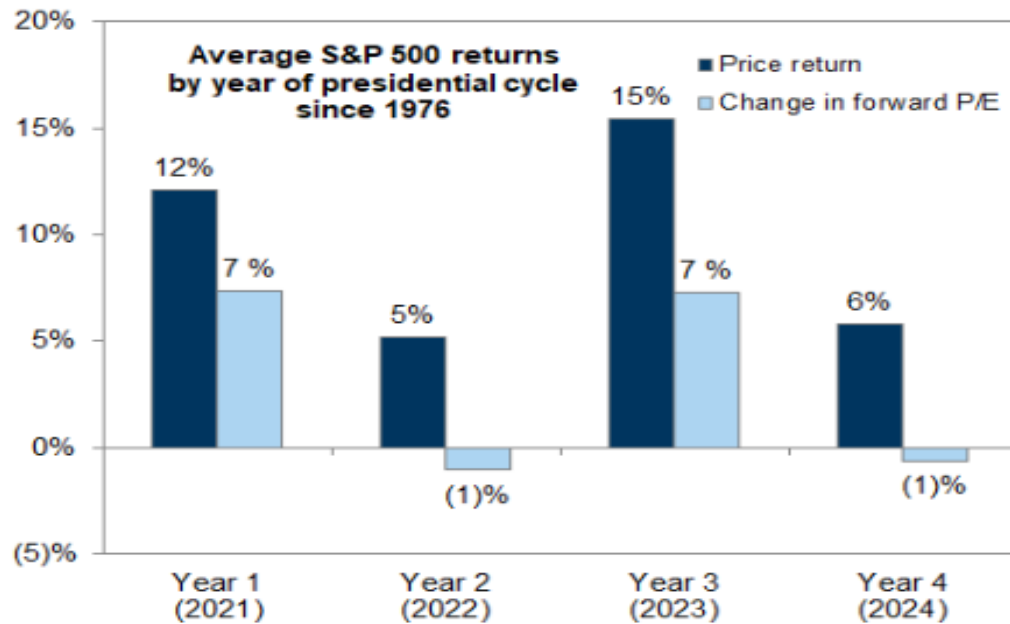


US Government Debt / GDP



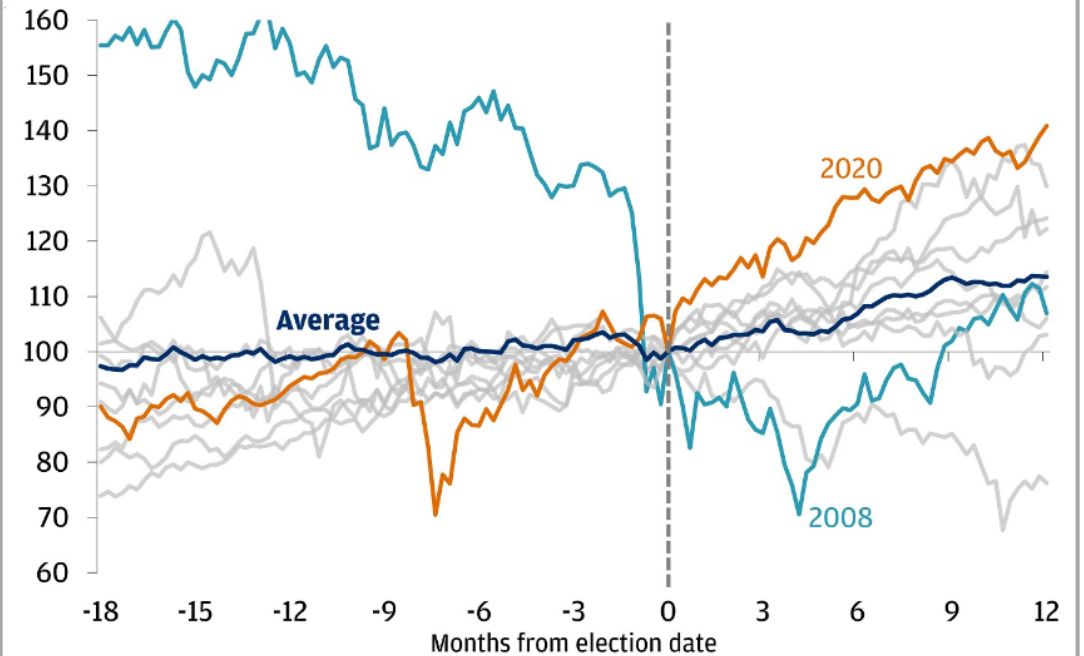
Election Year Statistics

Exhibit 16 : Average S&P 500 returns and changes in P/E by year of presidential cycle



Source: Goldman Sachs Global Investment Research

Stocks tend to be volatile heading into an election, and rally thereafter
S&P 500 around U.S. Presidential elections since 1980, 100 = election date



Sources: Bloomberg Finance L.P., J.P. Morgan Wealth Management. Analysis as of November 9, 2023. Elections included are 1980, 1984, 1988, 1992, 1996, 2000, 2004, 2008, 2012, 2016 and 2020.

Thank you!

Jeff Dicks
Co-Chief Investment Officer



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Index Definitions

- *Monthly nonfarm payrolls is published by the Bureau of Labor Statistics and tracks payrolls within the US, excluding jobs that involve farming, self-employed individuals, nonprofit employment, as well as military and intelligence employment.*
- *US Unemployment Rate tracks the number of unemployed persons as a percentage of the labor force (the total number of employed plus unemployed), data collected and published by the Bureau of Labor Statistics (BLS).*
- *CPI represents changes in prices of all goods and services purchased for consumption by urban households, data collected and provided by the Bureau of Labor Statistics (BLS).*
- *US Real Average Hourly Earnings tracks the real (including impacts from inflation) aggregate weekly payrolls per hour worked by all employees, data collected and provided by the Bureau of Labor Statistics (BLS).*
- *Average Hourly Earnings is a monthly statistic published by the BLS representing the average wage rate calculated by dividing the total hourly wages paid over a given period by the number of hours worked.*
- *US FOF Households Net Worth Level NSA measures the non-seasonally adjusted net worth held by households calculated by subtracting total liabilities from total assets, collected and published by the Federal Reserve Board.*
- *US Retail Trade Industries in Real Terms measures total value of retail sales adjusted for inflation, data collected and provided by the Bureau of Labor Statistics (BLS).*
- *AAA US National Average Gasoline Price is a statistic published by the American Automobile Association (AAA) that represents the average cost of a gallon of gasoline in the United States.*
- *AAA US National Average Diesel Price is a statistic published by the American Automobile Association (AAA) that represents the average cost of a gallon of diesel in the United States.*
- *10-year inflation expectations represent the average rate at which market participants expect prices to rise.*
- *5-year inflation expectations represent the average rate at which market participants expect prices to rise.*
- *The World Interest Rate Probability (WIRP) Implied Fed Funds Rate is a statistic published by Bloomberg that uses Fed Funds futures and options to infer the implied probability of future Federal Open Market Committee (FOMC) decisions.*
- *2-Year Treasury Yield is the interest rate earned on a U.S. Treasury bond with a maturity of approximately two years, serving as an indicator of short-term market sentiment and expectations about economic conditions.*
- *US Condition of All Federal Reserve Banks Total Assets is a weekly statistic that represents the total value of the assets of all Federal Reserve Banks as reported in the weekly balance sheet.*
- *Federal Reserve United States Money Supply M2 SA is the Federal Reserve's estimate of the total money supply available in the economy.*
- *US Empire State Manufacturing Survey General Business Conditions SA is a survey conducted on a monthly basis by the Federal Reserve Bank of New York and tracks sentiment among manufacturers in the state of New York.*
- *Philadelphia Fed Business Outlook Survey Diffusion Index General Conditions is a survey, conducted on a monthly basis, and tracks sentiment among manufacturers in the Philadelphia Fed's district.*
- *Kansas City Federal Reserve SA Composite Index is a survey, conducted on a monthly basis, that tracks sentiment among manufacturers in the Kansas City Fed's district.*
- *Dallas Fed Manufacturing Outlook Level of General Business Activity is a survey, conducted on a monthly basis by the Federal Reserve Bank of Dallas, that tracks sentiment among manufacturers in Texas.*
- *US Conference Board Leading Indicator Index is a composite of ten economic indicators designed to signal peaks and troughs in the business cycle.*
- *US OECD Leading Indicator is composite economic metric that includes indicators such as employment statistics, stock market performance, manufacturing activity, and consumer expectations to provide early signals of turning points in business cycles showing fluctuations in economic activity.*
- *US GDP in Nominal Dollars is a statistic that represents the total market value of all final goods and services produced within the United States in a specific period, evaluated at current market prices.*
- *The Bond Volatility Index is a measure of expected future volatility in the bond market derived from the prices of options on bonds and is published daily by the Chicago Board Options Exchange (CBOE).*
- *High Yield Bond Spreads, also known as high yield credit spreads, represents the difference between high-yield bonds and a benchmark bond measure, typically investment-grade bonds or Treasuries.*
- *S&P 500 Index tracks the stock performance 500 large publicly traded companies in United States weighted by market capitalization and published by S&P Dow Jones Indices.*
- *S&P 500 Equal-Weight Index is a version of the S&P 500 Index where each company within the index is allocated a fixed weight, published daily by S&P Dow Jones Indices.*
- *The Magnificent Seven (M7) is a term coined by Bank of America to describe the seven largest technology-focused companies that have led the market in recent years.*
- *Russell 2000 Index tracks performance of 2,000 small-cap publicly traded companies in the United States weighted based on market capitalization published FTSE Russell as a benchmark for small-cap stocks.*
- *The S&P 400 Index, also known as the S&P MidCap 400, is a stock market index published by S&P Dow Jones Indices that represents the performance of 400 mid-cap (\$2Bn-\$10Bn in market capitalization) US Companies.*
- *The MSCI All Country World Index Ex-US Index is a market-capitalization-weighted index maintained by MSCI, designed to measure the performance of large and mid-cap stocks from 22 developed markets and 24 emerging markets, excluding the US*
- *MSCI Emerging Markets Index tracks the performance of companies from emerging market economies weighted by market capitalization and published MSCI.*
- *The Russell 1000 Value Index is a measure of the performance of the large-cap value segment of the US equity universe, including those within the Russell 1000 Index that have a relatively low price-to-book ratio and lower forecasted growth, published by FTSE Russell.*

Index Definitions

- *The AAI US Investor Sentiment Bearish Readings Index is a weekly survey conducted by the American Association of Individual Investors (AAII) that measures the percentage of individual investors who are bearish about the direction of the stock market for the next six months.*
- *The CBOE Volatility Index (VIX) is a real-time market index, published by the CBOE, that represents the market's expectations for the relative strength of near-term price changes of the S&P 500 Index.*
- *The S&P 500 Earnings Yield is a measure of the 12-month earnings of the companies in the S&P 500 Index divided by the index level, providing a snapshot of the earnings generated for each dollar invested in the S&P 500.*
- *The FDTR Index, or Federal Funds Target Rate Index, is a measure of the target interest rate set by the central bank to influence short-term interest rates as a part of its monetary policy strategy.*
- *The Russell 2000 Earnings Yield is a measure of the 12-month earnings of the companies in the Russell 2000 Index divided by the index level, providing a snapshot of the earnings generated for each dollar invested in the Russell 2000.*
- *The Price-to-Earnings (P/E) ratio is a financial metric that measures the relative value of a company's shares by comparing its market price to its earnings per share in a given time period (calendar year, trailing/next-twelve months).*
- *The S&P 500 Earnings Yield to Treasuries is a measure of the 12-month earnings of the companies in the S&P 500 Index divided by the index level and subtracting the (typically) 10-year treasury yield, providing a snapshot of the earnings generated for each dollar invested in the S&P 500 relative to the yield of a Treasury bond.*
- *Russell 1000 Growth Index tracks the performance of large-cap United States companies projected to have strong growth potential weighted by market capitalization and published by FTSE Russell.*
- *The S&P 500 Healthcare Sector comprises those companies in the S&P classified as members of the Global Industry Classification Standard (GICS) health care sector.*
- *The S&P 500 Utility Sector comprises those companies in the S&P classified as members of the Global Industry Classification Standard (GICS) utility sector.*
- *The S&P 500 Real Estate Sector comprises those companies in the S&P classified as members of the Global Industry Classification Standard (GICS) real estate sector.*
- *Adjusted Funds From Operations (AFFO) is a financial performance measure primarily used in the analysis of Real Estate Investment Trusts (REITs), which adjusts the trust's Funds From Operations (FFO) for recurring capital expenditures and other factors to more accurately reflect the true residual cash flow. Price to AFFO is the AFFO of a given real estate company/building to the market price.*
- *The US Dollar Index (DXY) is a measure of the US dollar relative to a basket of foreign currencies, often referred to as a basket of US trade partners' currencies, and is maintained and published by the Intercontinental Exchange (ICE).*
- *The Federal Funds Target Rate, Upper Bound, is the upper limit of the target interest rate range set by the FOMC.*
- *Treasury Yield is the effective annual interest rate that the U.S. government pays on a given debt obligations (2-year, 10-year, etc.), representing the annual return investors can expect from holding a U.S. government security with a given maturity.*
- *BBB Bond Yields represents the effective yield of the ICE BofA BBB US Corporate Index, or the lowest-rung of the Investment-grade bond universe.*
- *HY Bond Yields represents the effective yield of the high-yield subset of the ICE BofA US Corporate Index, or below the BBB-rating.*
- *HY Credit Spreads are the additional interest rates above U.S. Treasuries, that investors demand to hold high yield (lower credit quality) corporate bonds, indicating the compensation for the increased credit risk associated with these bonds.*
- *BBB Spreads are the difference in yields between corporate bonds with a BBB credit rating and U.S. Treasuries, indicating the premium investors require to hold medium-grade corporate debt compared to safer government bonds.*
- *The Gold Spot Price is the current market price at which a troy ounce of gold can be bought and sold for immediate delivery in the open market.*
- *The New York Stock Exchange (NYSE) Arca Gold Miners Index is a composite of publicly-traded gold and silver mining companies operating globally.*
- *Crude Oil Price is the cost of a barrel of West Texas Intermediate (WTI) crude oil, a key benchmark for oil pricing globally and a significant indicator of energy market trends and economic conditions.*
- *Global Crude Oil & Liquid Fuels Consumption is the total global demand for crude oil and various liquid fuels, including petroleum products and biofuels, reflecting the quantity of energy sources utilized across economies worldwide.*
- *DOE Crude Oil Total Inventory is the cumulative amount of crude oil stored in the United States as reported by the Department of Energy (DOE), providing insight into the supply and demand dynamics within the U.S. oil market.*
- *US current interest payments refer to the government's interest payments on debt held by the public, offset by certain types of interest income that the government receives.*
- *US entitlement spending refers to the mandatory government spending on social welfare programs, such as Social Security, Medicare, and Medicaid, for which eligibility is determined by set criteria.*
- *A budget surplus occurs when income or revenue exceeds expenditures, while a budget deficit occurs when expenditures exceed income.*

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