

A world map with a network of glowing blue lines and dots overlaid on it, representing global connectivity. The map is centered on the Atlantic Ocean.

2024 Vision

The Economy and Markets in 2024

G. Scott Clemons, CFA

Partner & Chief Investment Strategist

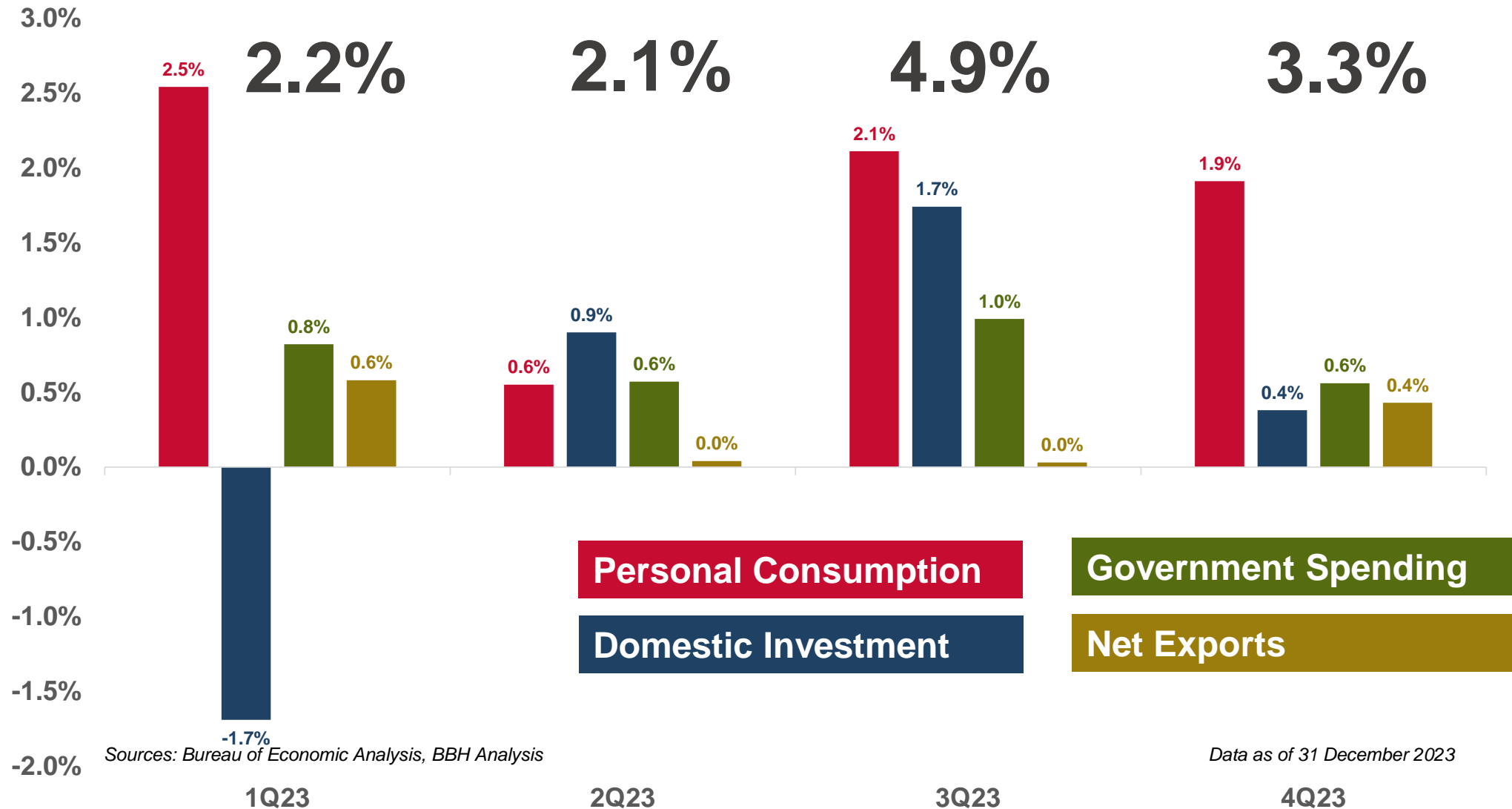
Brown Brothers Harriman & Co.

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February 2024

 Scott Clemons

2023 Gross Domestic Product Growth

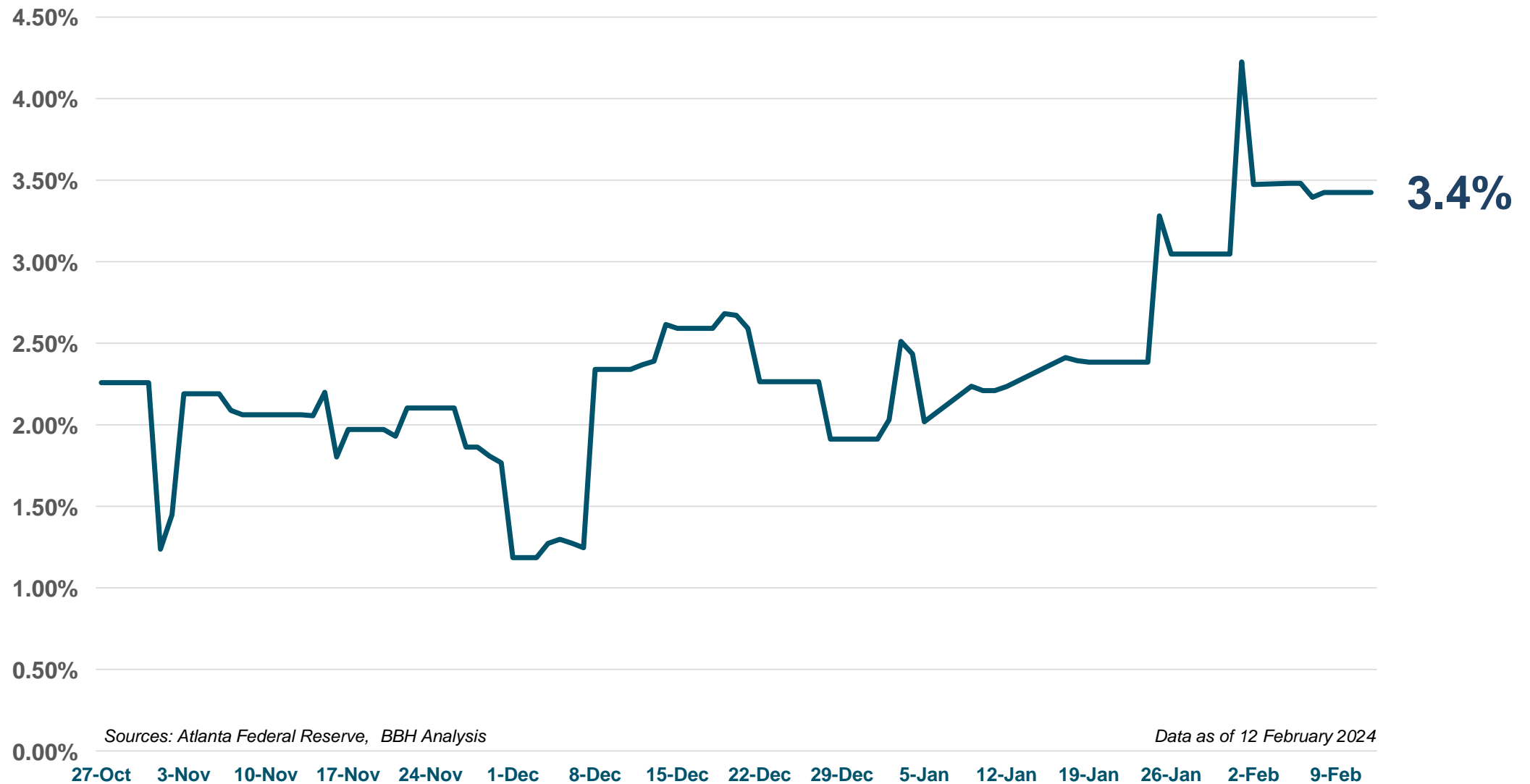


Sources: Bureau of Economic Analysis, BBH Analysis

Data as of 31 December 2023

Current Pace of Economic Activity

Atlanta Fed Estimate of Real Time GDP Growth

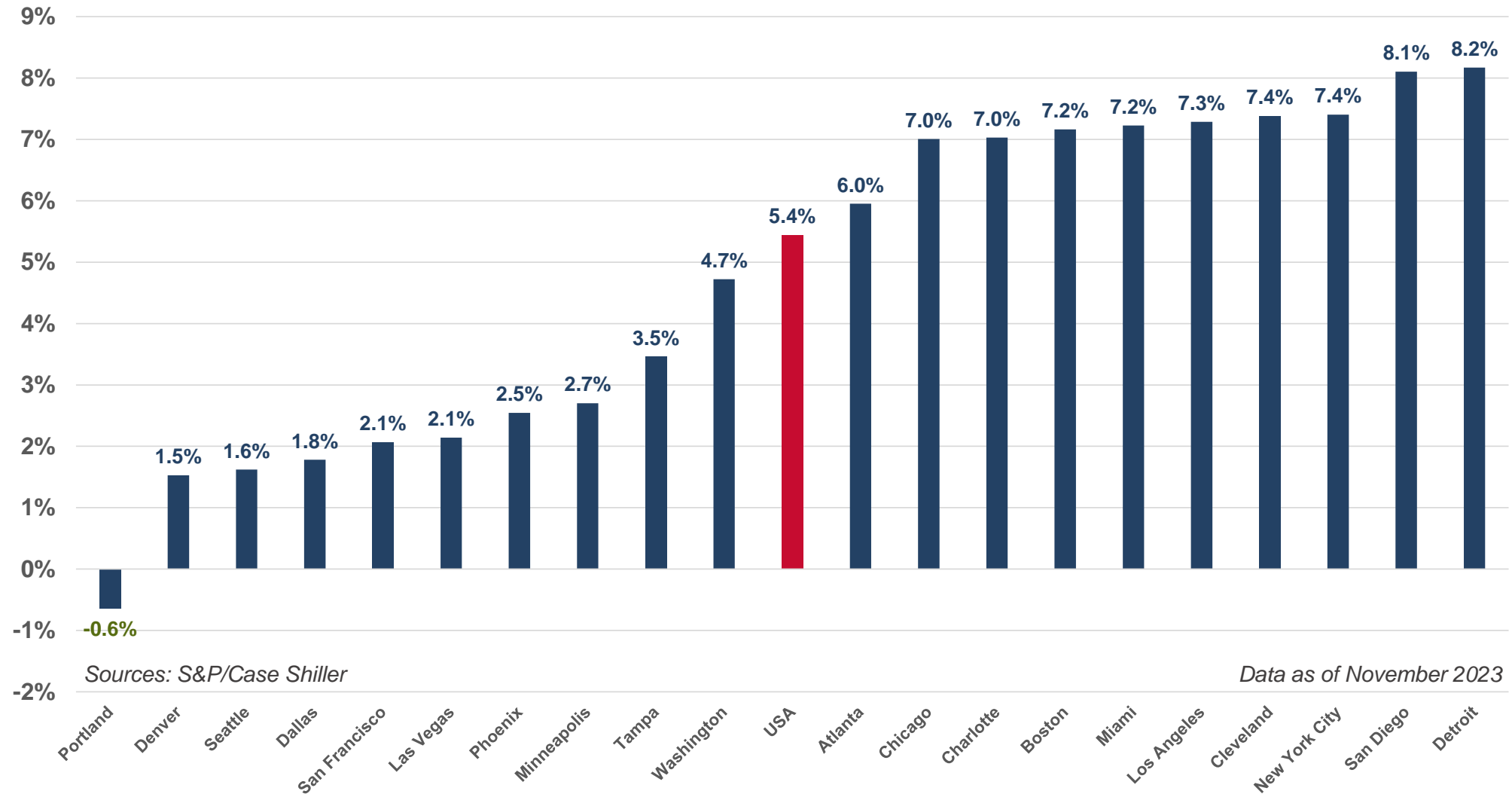


Labor Market Supply and Demand



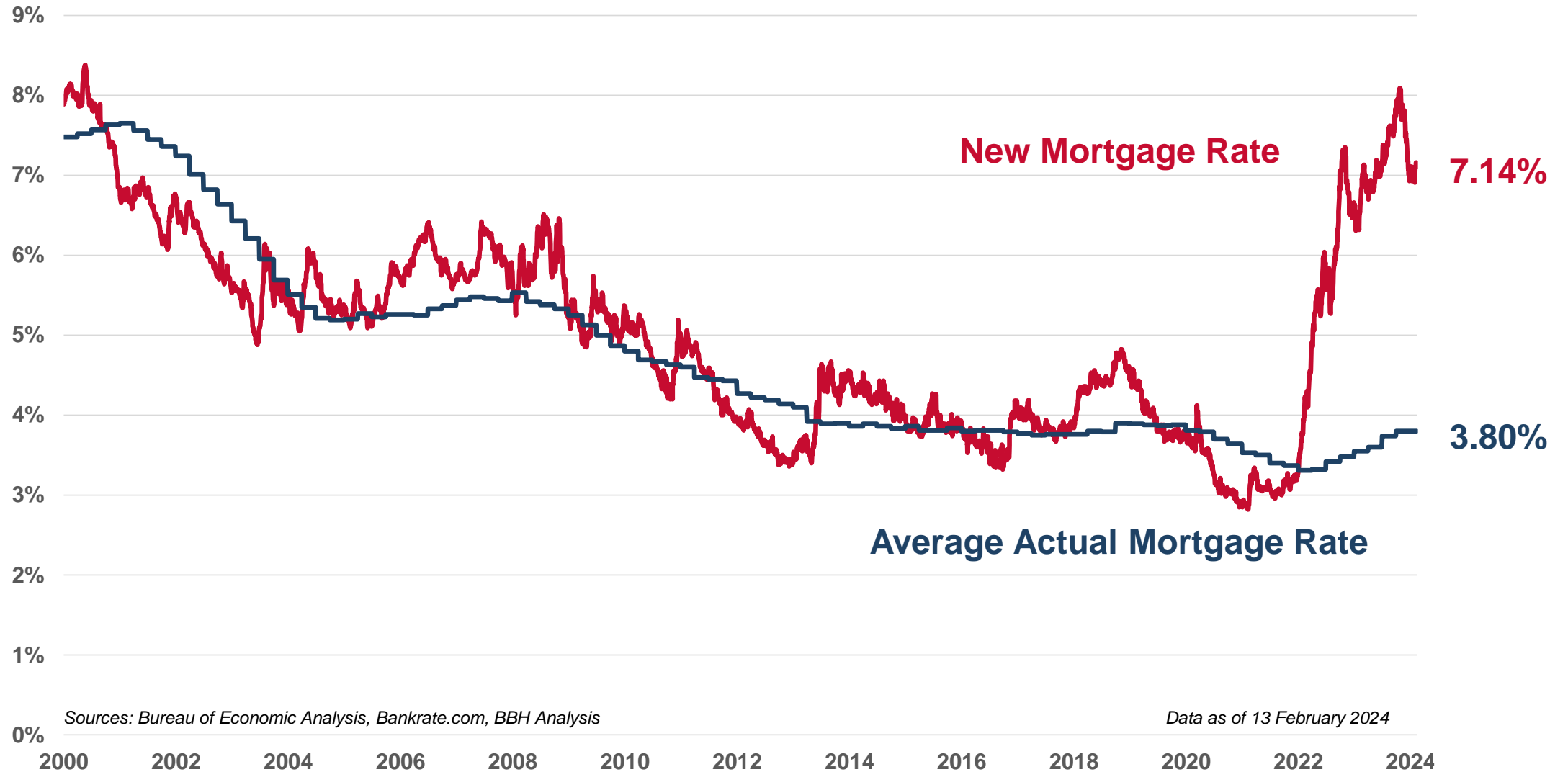
Housing Prices

Regional Averages Year-over-Year Change



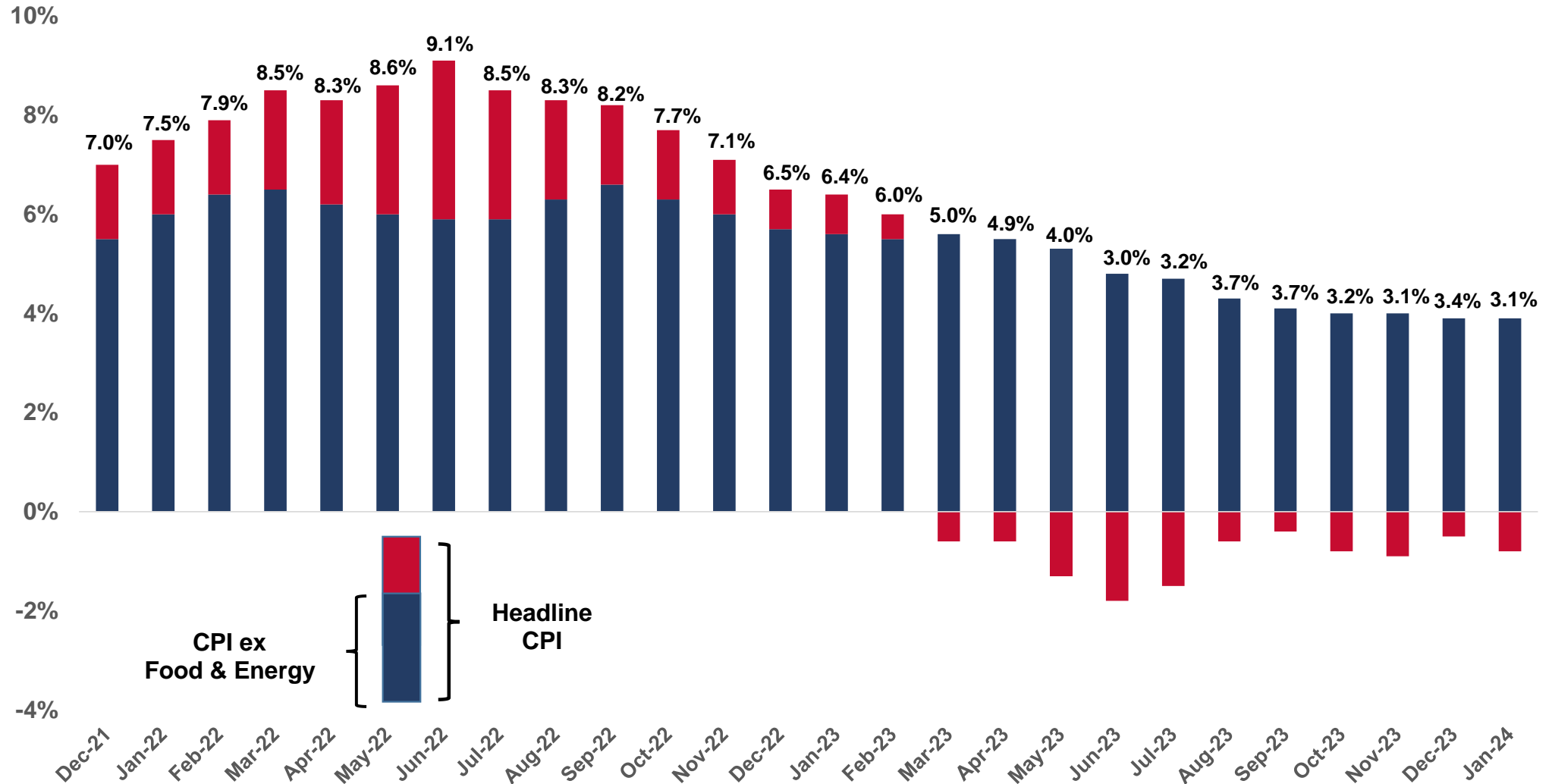
Mortgage Rates

30-Year Conventional Fixed, Nationwide Average



Inflation

"Transitory" Wins?

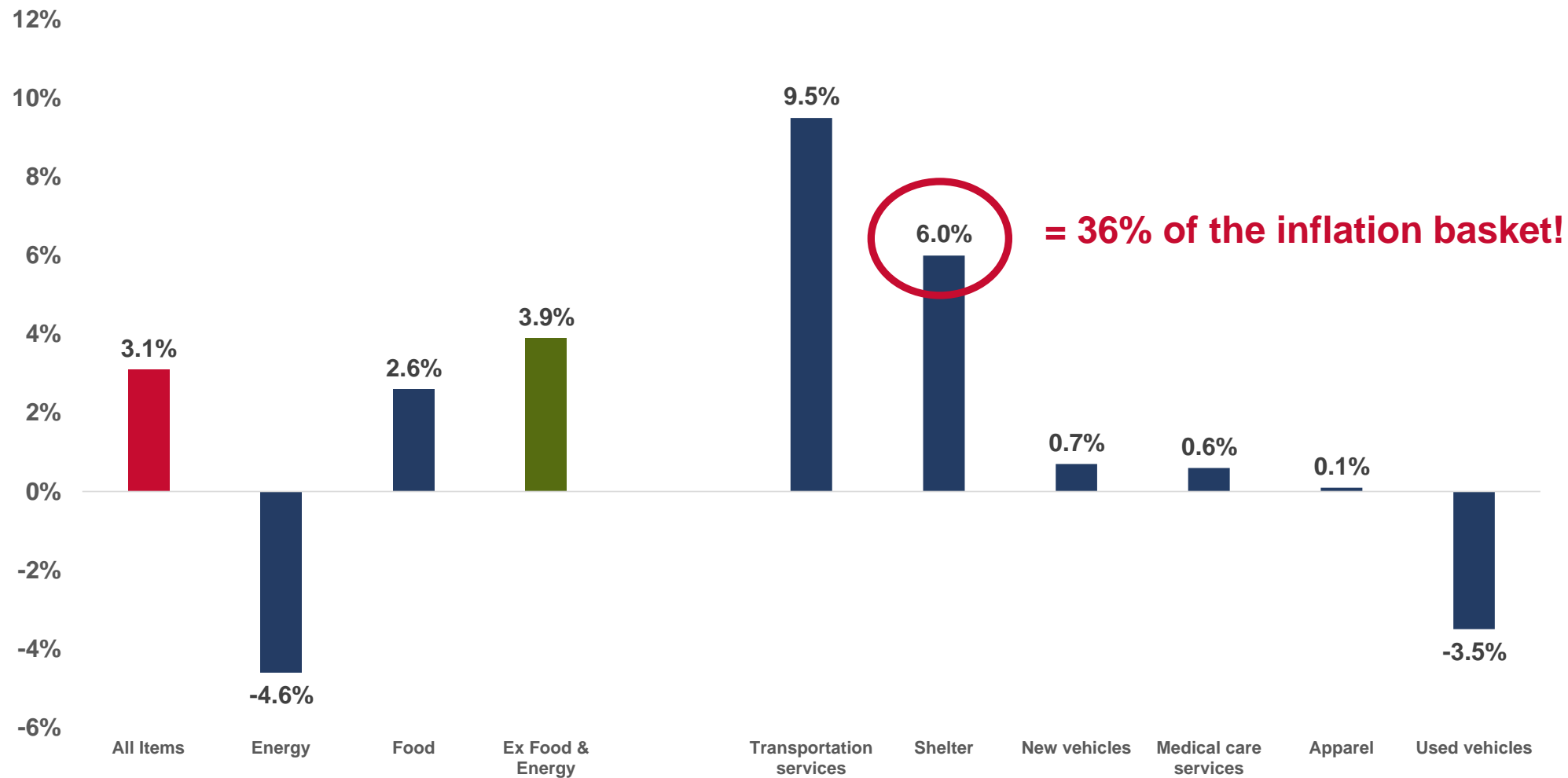


Sources: Bureau of Labor Statistics, BBH Analysis

Data as of January 2024

Inflation

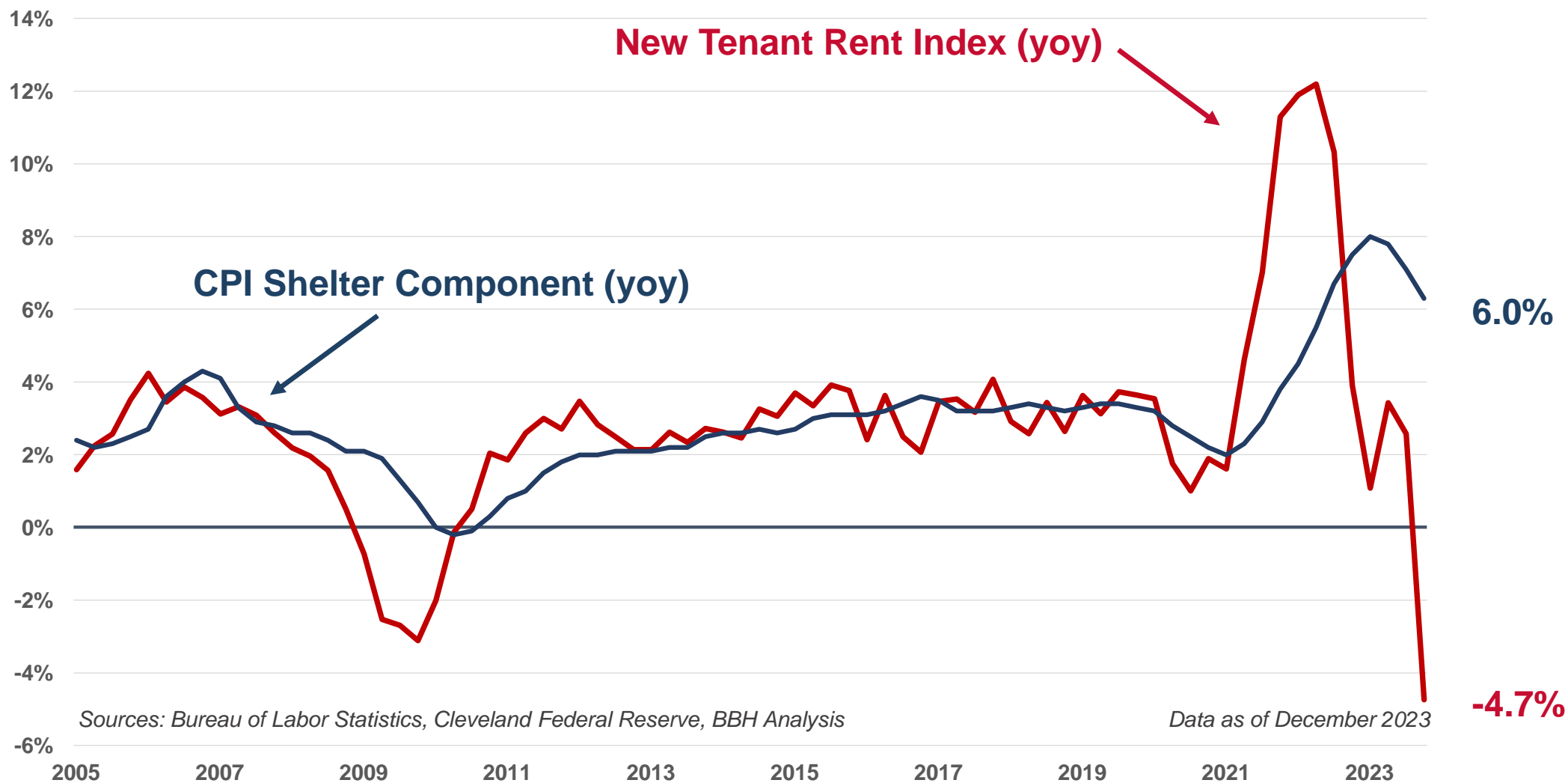
Driving Forces



Sources: Bureau of Labor Statistics, BBH Analysis

Data as of January 2024

Rent and Housing Inflation



FOMC Statements

The Pivot

December 13

Recent indicators suggest that growth of economic activity has slowed from its strong pace in the third quarter.

Tighter financial and credit conditions for households and businesses are likely to weight on economic activity, hiring, and inflation.

The committee will continue to assess additional information and its implications for monetary policy.

January 31

Recent indicators suggest that economic activity has been expanding at a solid pace.

The committee judges that the risks to achieving its employment and inflation goals are moving into better balance.

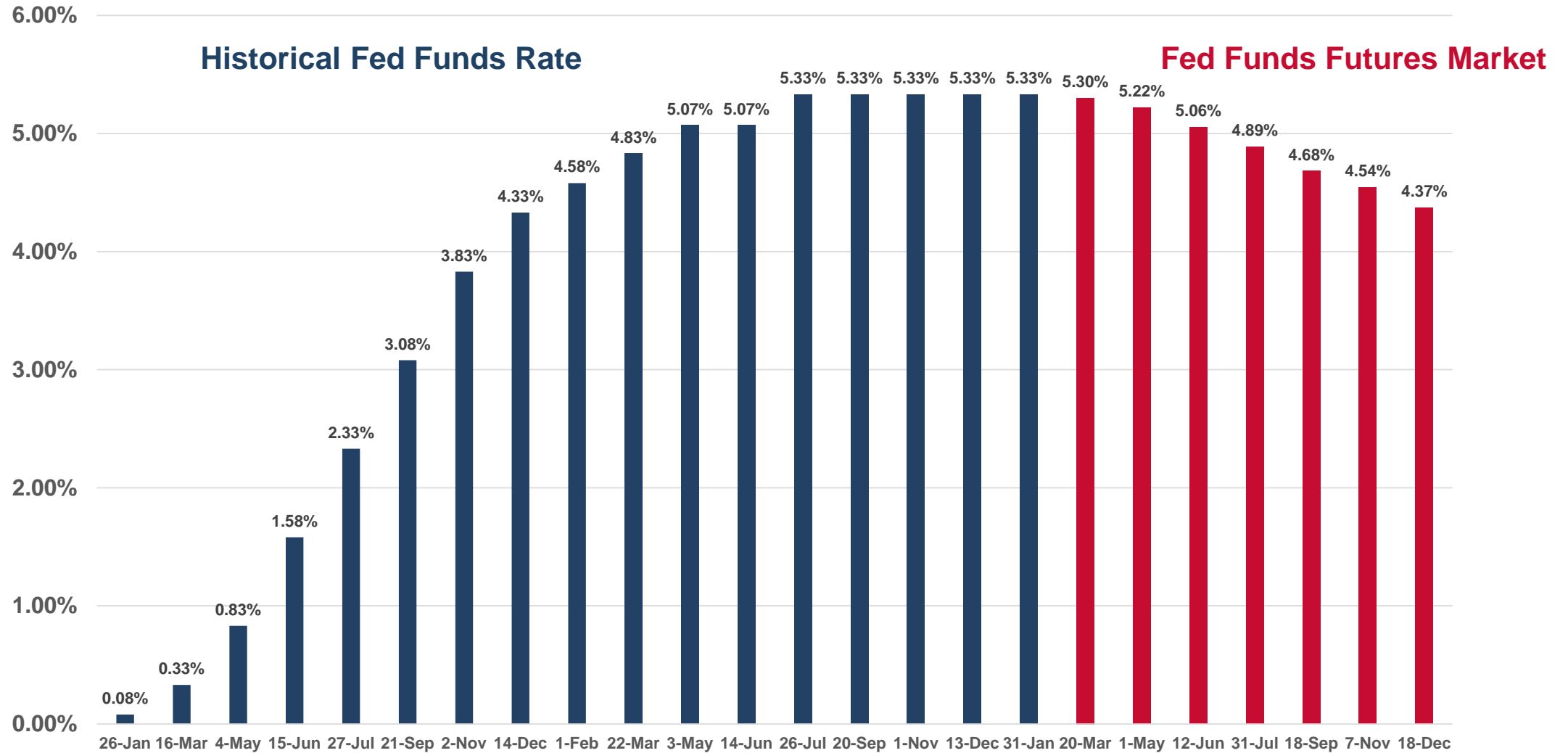
The committee does not expect it will be appropriate to reduce the target range until it has gained greater confidence that inflation is moving substantially toward 2 percent.

Sources: Federal Reserve, BBH Analysis Data as of 31 January 2024



Federal Funds Rate

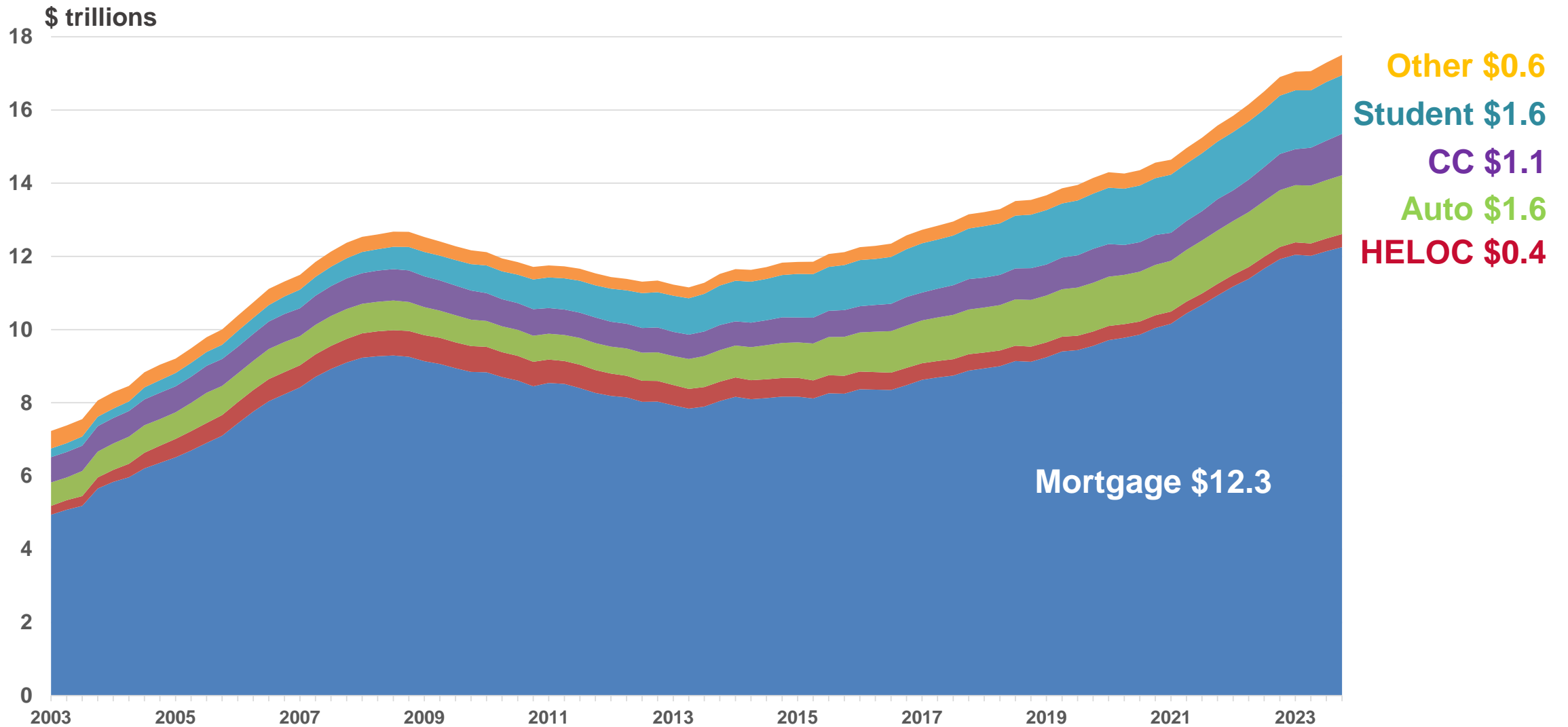
And Futures Market Implications



Sources: Federal Reserve, Bloomberg, BBH Analysis

Data as of 13 February 2024

Consumer Debt

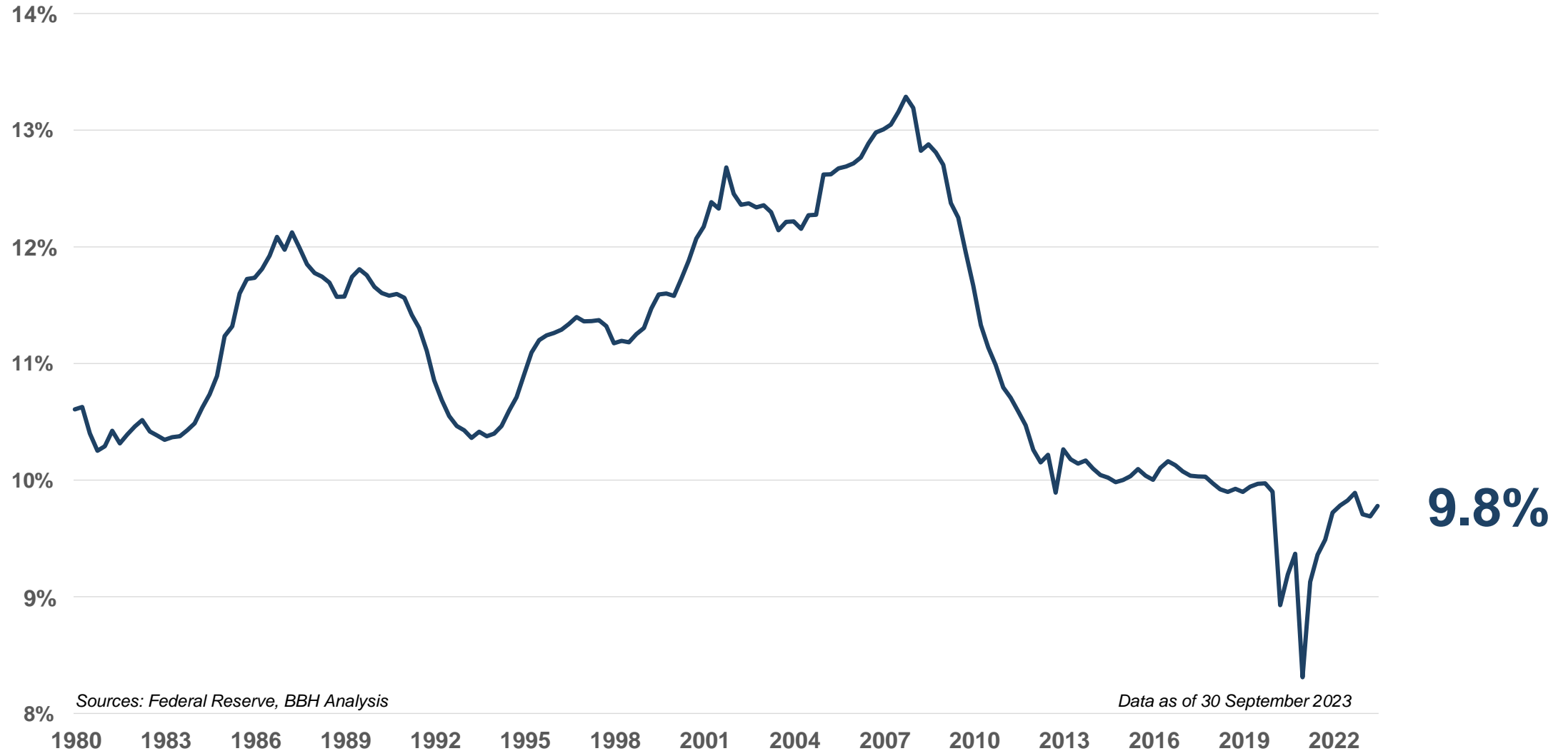


Sources: Federal Reserve Bank of New York, BBH Analysis

Data as of 31 December 2023

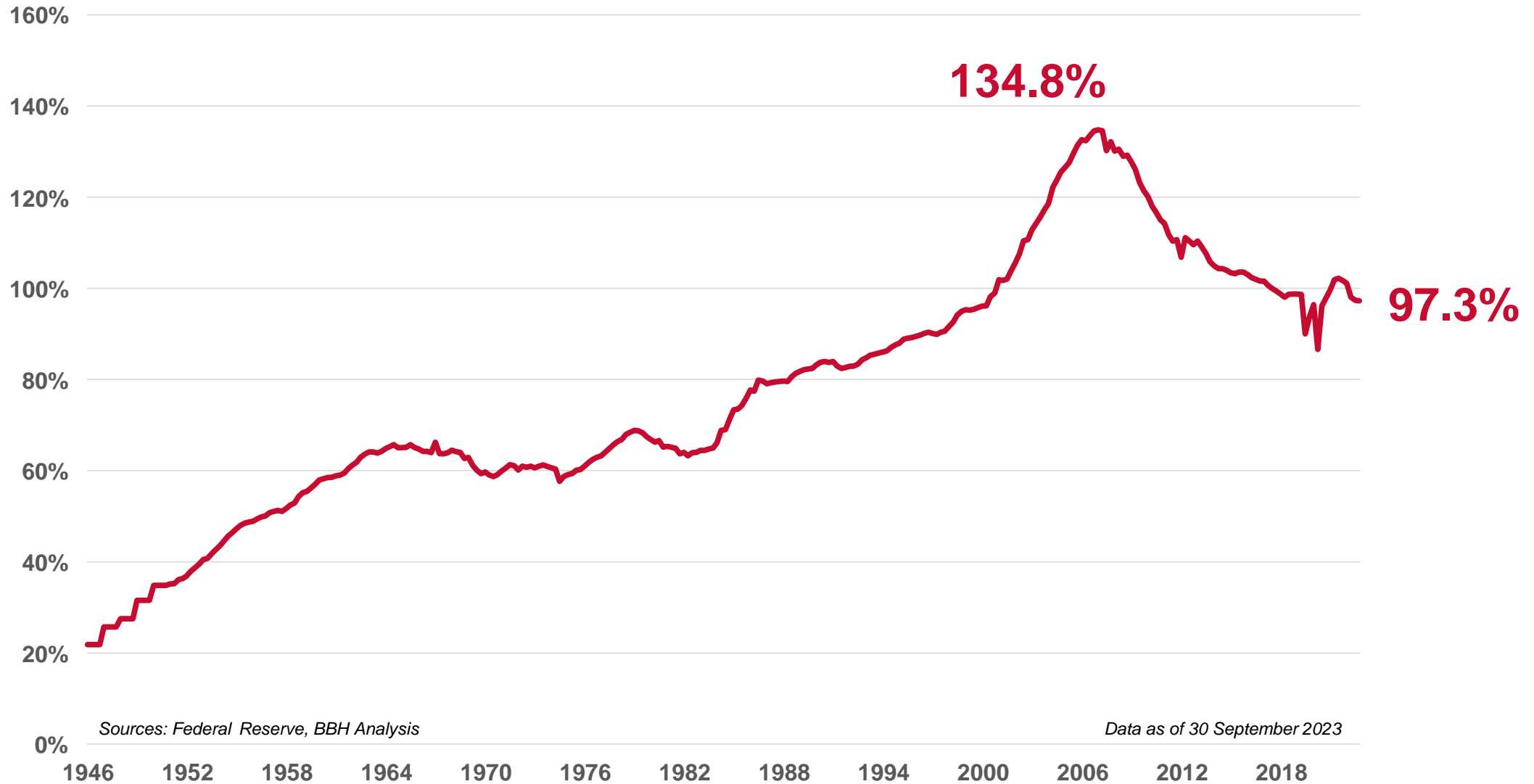
Household Debt Service Ratio

Debt Payment as a % of Disposable Income



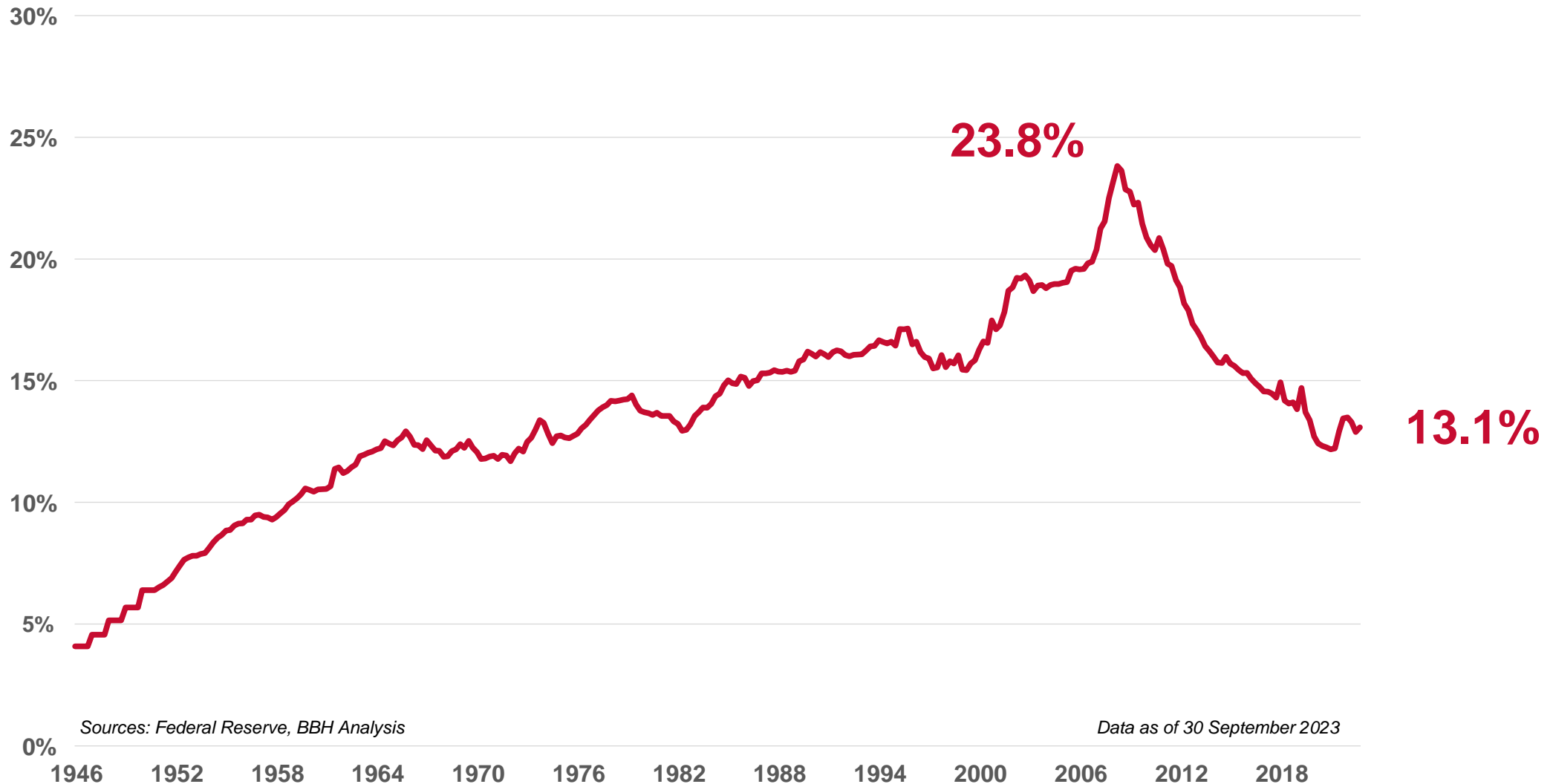
Household Balance Sheets

Debt as a % of Disposable Income



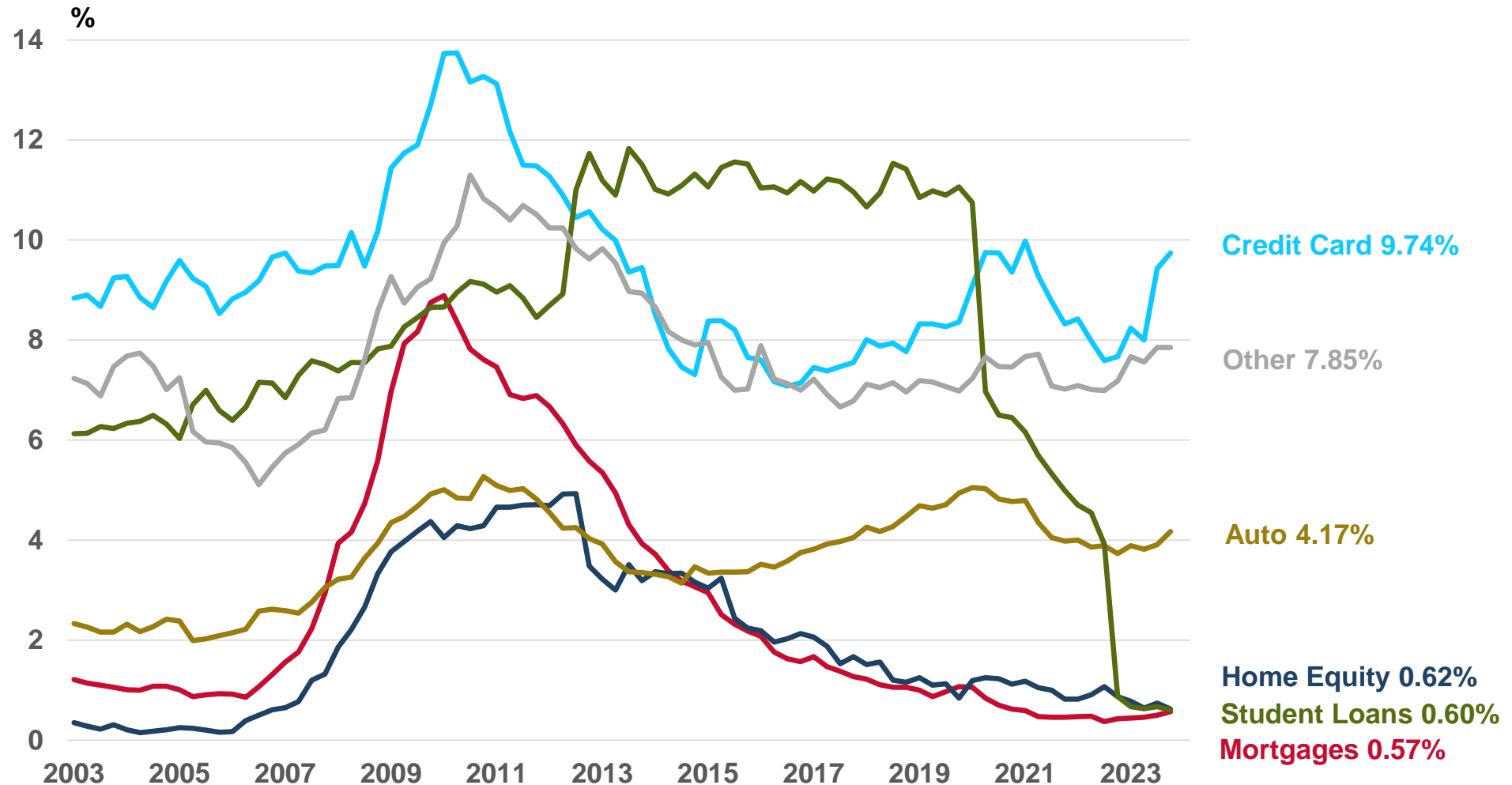
Household Balance Sheets

Debt as a % of Assets



Household Debt Delinquency

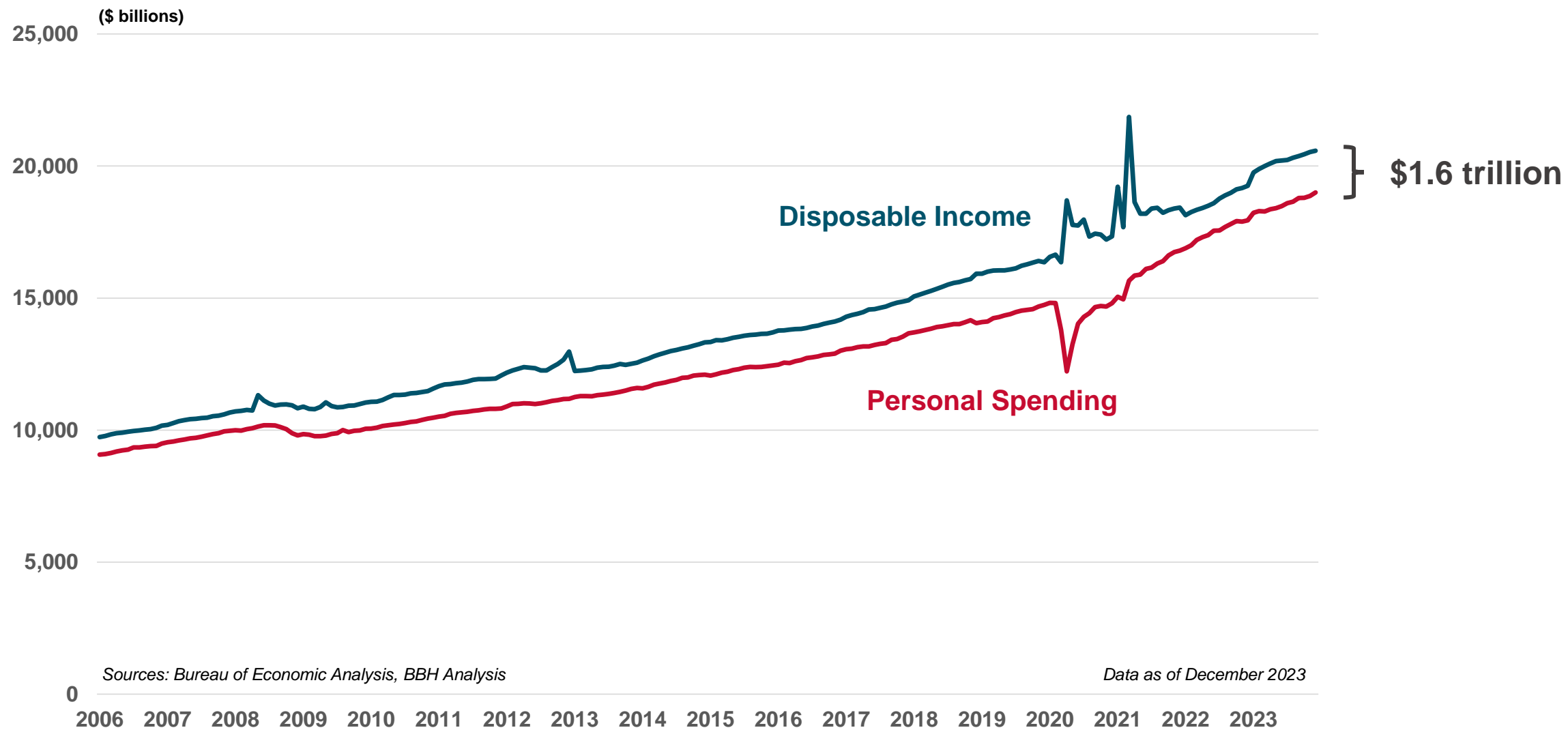
Debts Aged 90+ Days



Sources: Federal Reserve Bank of New York Quarterly Report on Household Debt and Credit, BBH Analysis Data as of 31 December 2023

Household Savings

Disposable Income and Spending

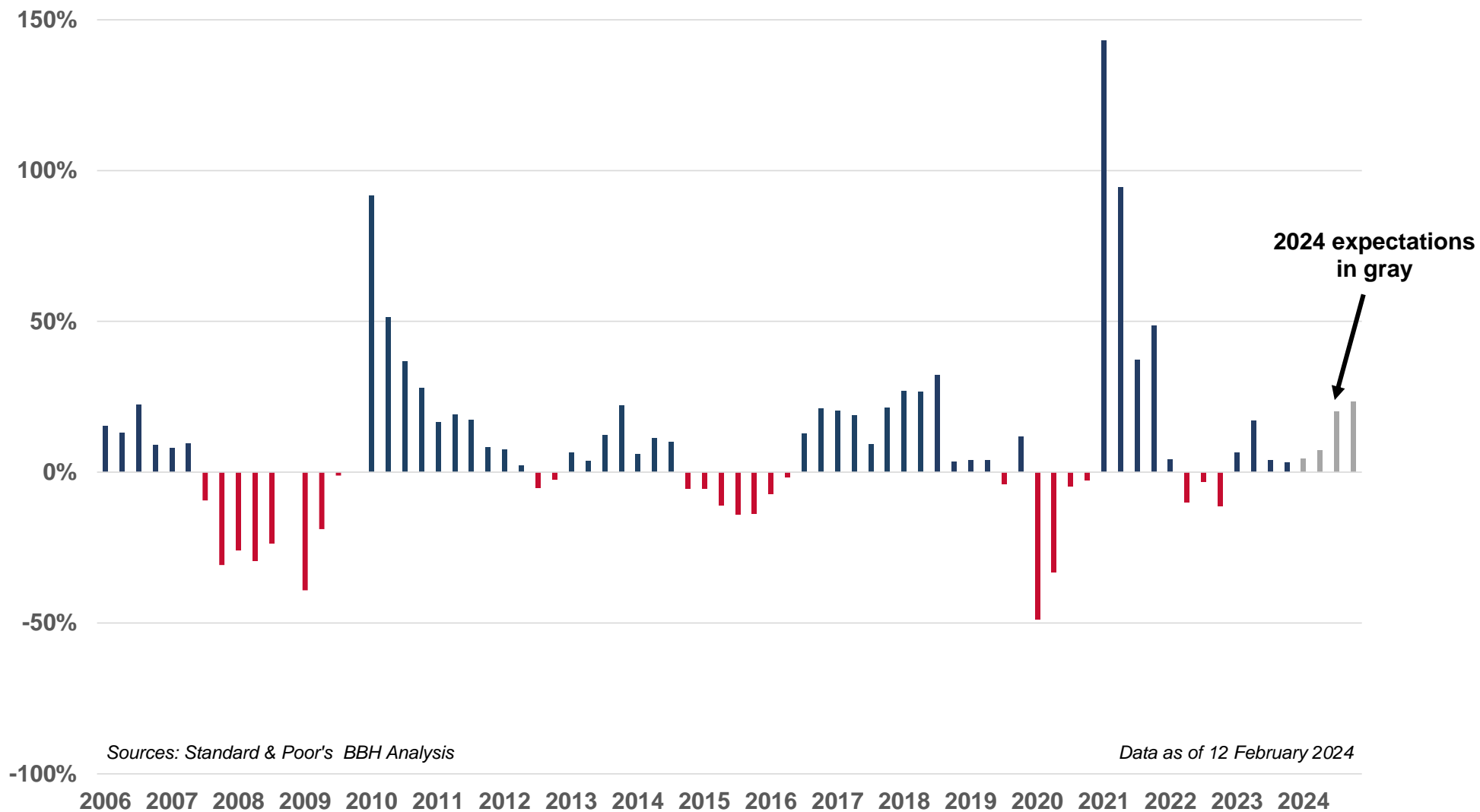


Sources: Bureau of Economic Analysis, BBH Analysis

Data as of December 2023

Corporate Earnings

S&P 500 Operating Earnings (YOY Change)

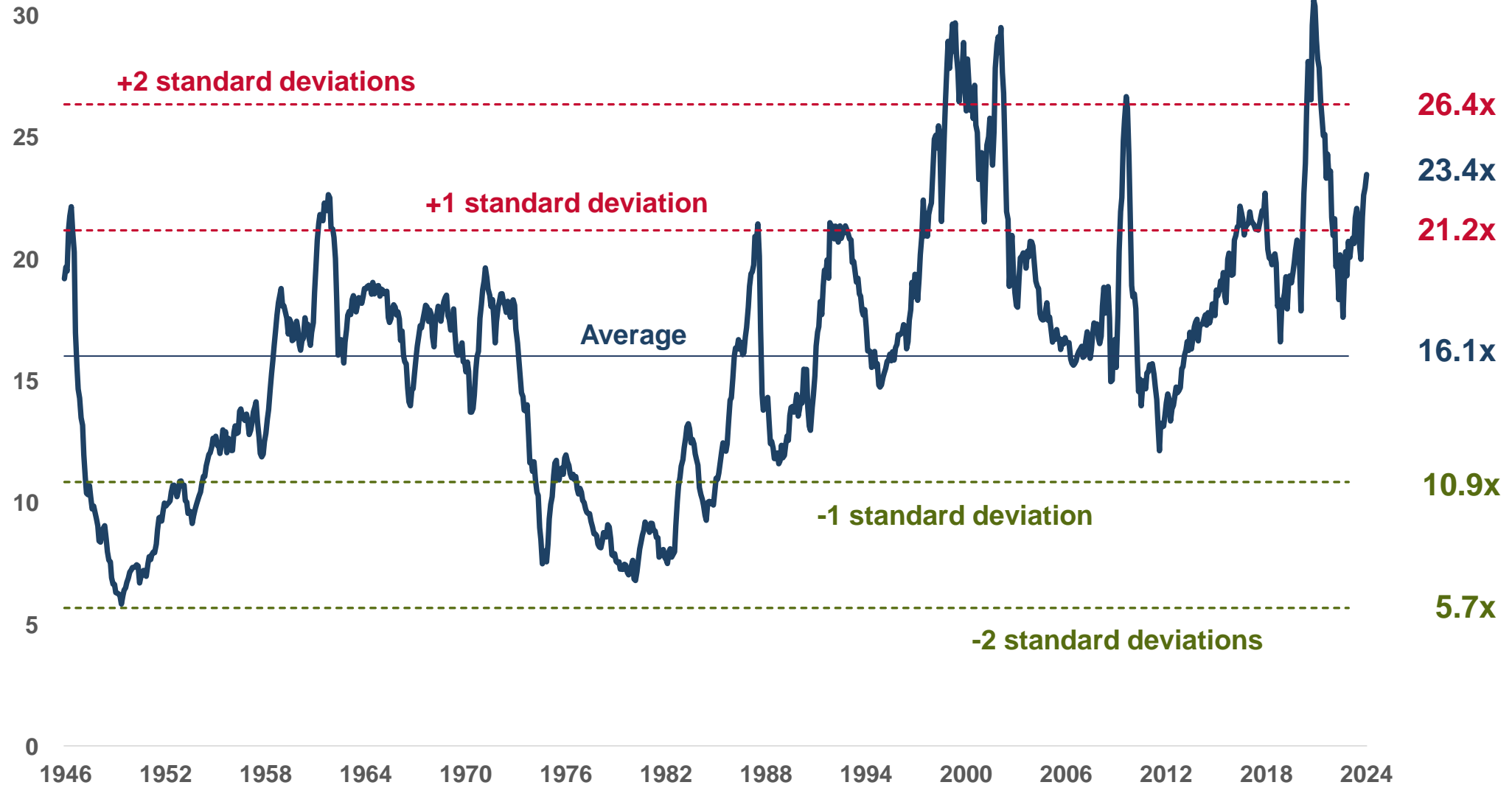


Sources: Standard & Poor's BBH Analysis

Data as of 12 February 2024

Equity Market Valuations

S&P 500 Trailing Operating PE Ratio



Market Breadth

... Or the Lack Thereof

Company	12/31/2022 Index Weight	2023 CY Price Return	Contribution to Index Return	12/31/2023 Index Weight
Apple	6.0%	48%	2.91%	7.0%
Microsoft	5.6%	57%	3.15%	7.0%
Alphabet	3.1%	59%	1.82%	3.8%
Amazon	2.3%	81%	1.87%	3.4%
Nvidia	1.1%	239%	2.70%	3.1%
Tesla	1.0%	102%	1.05%	1.7%
Meta	0.8%	194%	1.61%	2.0%
Total	20.0%		15.1%	27.9%

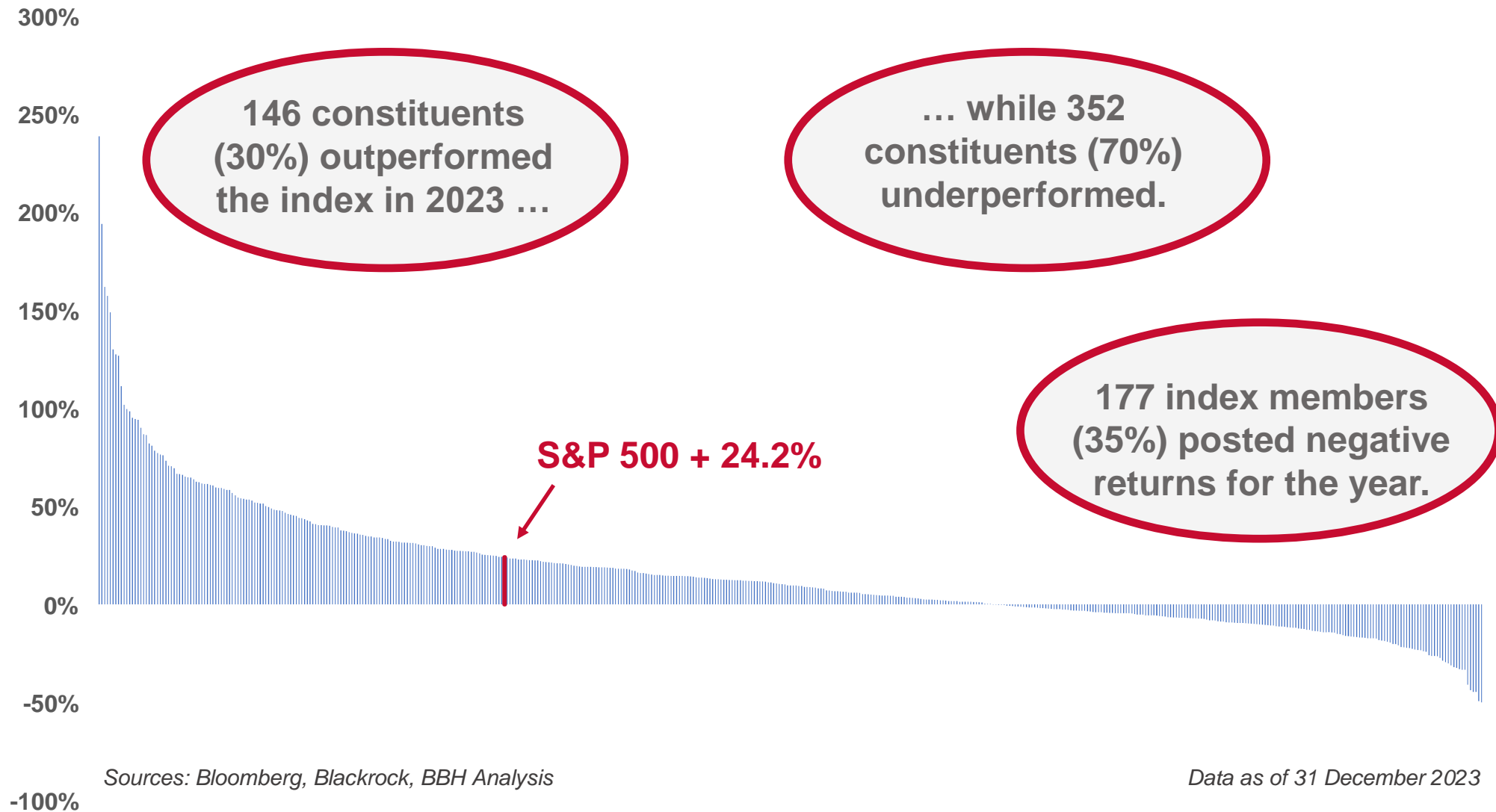
62% of S&P price return

Data as of 31 December 2023

Sources: Bloomberg, Blackrock, BBH Analysis

Equity Market Breadth

2023 Price Only Returns for S&P 500 Constituents



Investment Outlook



- Corporate earnings growth should reflect modest economic growth, providing fuel for the equity market.
- Falling interest rates should provide further market support.
- Nevertheless, narrow market leadership is likely to lead to amplified market volatility.
- Price volatility is the friend of the patient and disciplined investor seeking to exploit the difference between price and value.
- Private assets will play an increasingly important role in portfolios going forward.

2024 Vision

The Economy, Markets & Portfolios in 2024

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February 2024

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PB-07134-2024-02-13 Exp: 02/28/2025