

# Economic and Market State of the Union

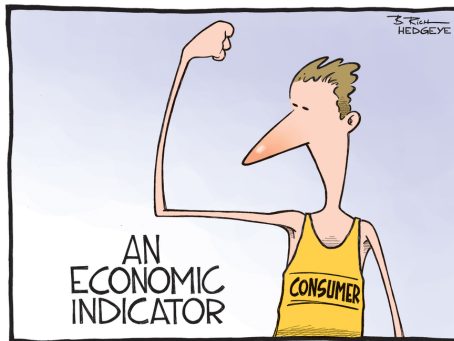
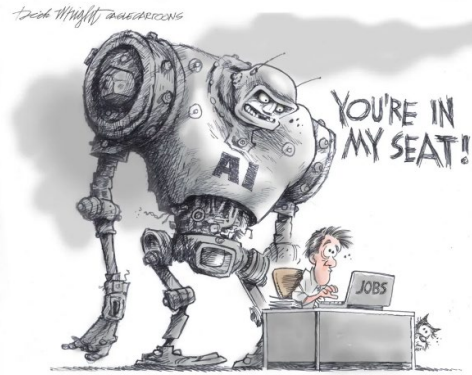
February 2024



**BECKER CAPITAL**  
MANAGEMENT



# 2023 Review



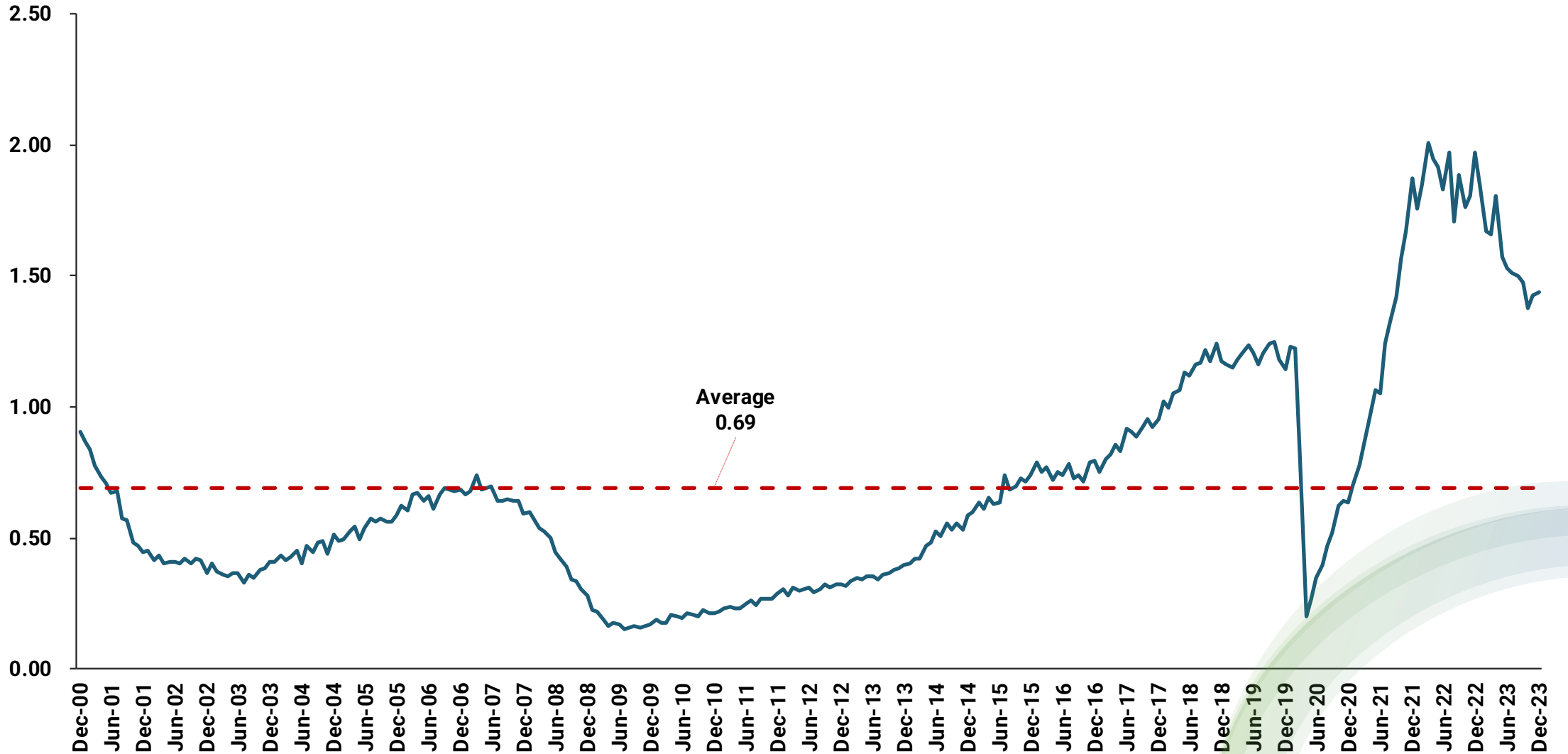
## Wall of Worry

A grid of six economic cartoons:

- Top Left:** 'THE LITTLE ENGINE THAT SHOULDN'T'. A blue engine labeled 'RATE HIKE' is pushing a large green hill. The engine says, 'I THINK I CAN I THINK I CAN I THINK I CAN...'. The hill is labeled 'HEDGEYE'.
- Top Right:** A man in a blue suit and red-and-white striped pants is being crushed by a large stack of papers. He says, 'AS IF IT'S NOT BAD ENOUGH WE'RE UP AGAINST THE DEBT CEILING!'.
- Middle Left:** A two-panel cartoon by Sheneman. In the first panel, a man in a blue tank top labeled 'TECH BROS' is hammering a piggy bank labeled 'SILICON VALLEY BANK'. He says, 'GO FAST AND BREAK THINGS!'. In the second panel, a man in a blue suit and Uncle Sam hat says, 'FIX IT.'.
- Middle Right:** A cartoon by Zhang Yaoning showing three anthropomorphic figures: 'OIL PRICE' (a barrel), 'WORLD ECONOMY' (a globe), and 'GRAIN PRICE' (a sack). They are all looking angry.
- Bottom Left:** A cartoon by Global Times showing Uncle Sam holding a large black bomb labeled 'US' DEBT BURDEN'. A sign attached to the bomb says 'Flash Ratings US CREDIT RATING DOWNGRADE AA+'.
- Bottom Right:** A cartoon by Instaforex showing a man in a suit holding a box labeled 'GERMANY'S ECONOMY'. He is standing on a jagged, broken piece of ground labeled 'RECESSION'.

# I Thought We Were Supposed to Have a Recession in 2023...?

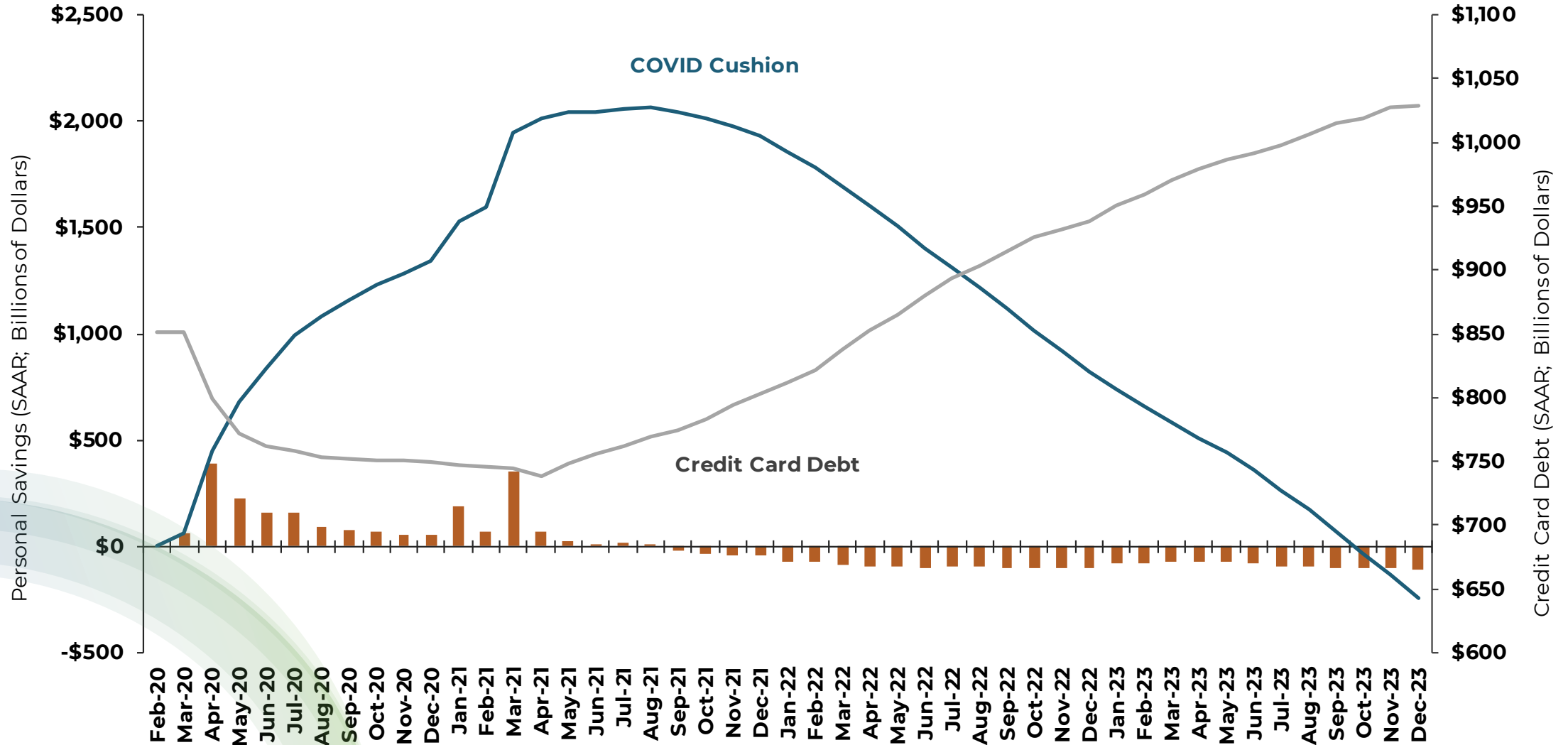
Job Openings per Unemployed Person - U.S.



Source: St. Louis Fed

# I Thought We Were Supposed to Have a Recession in 2023...?

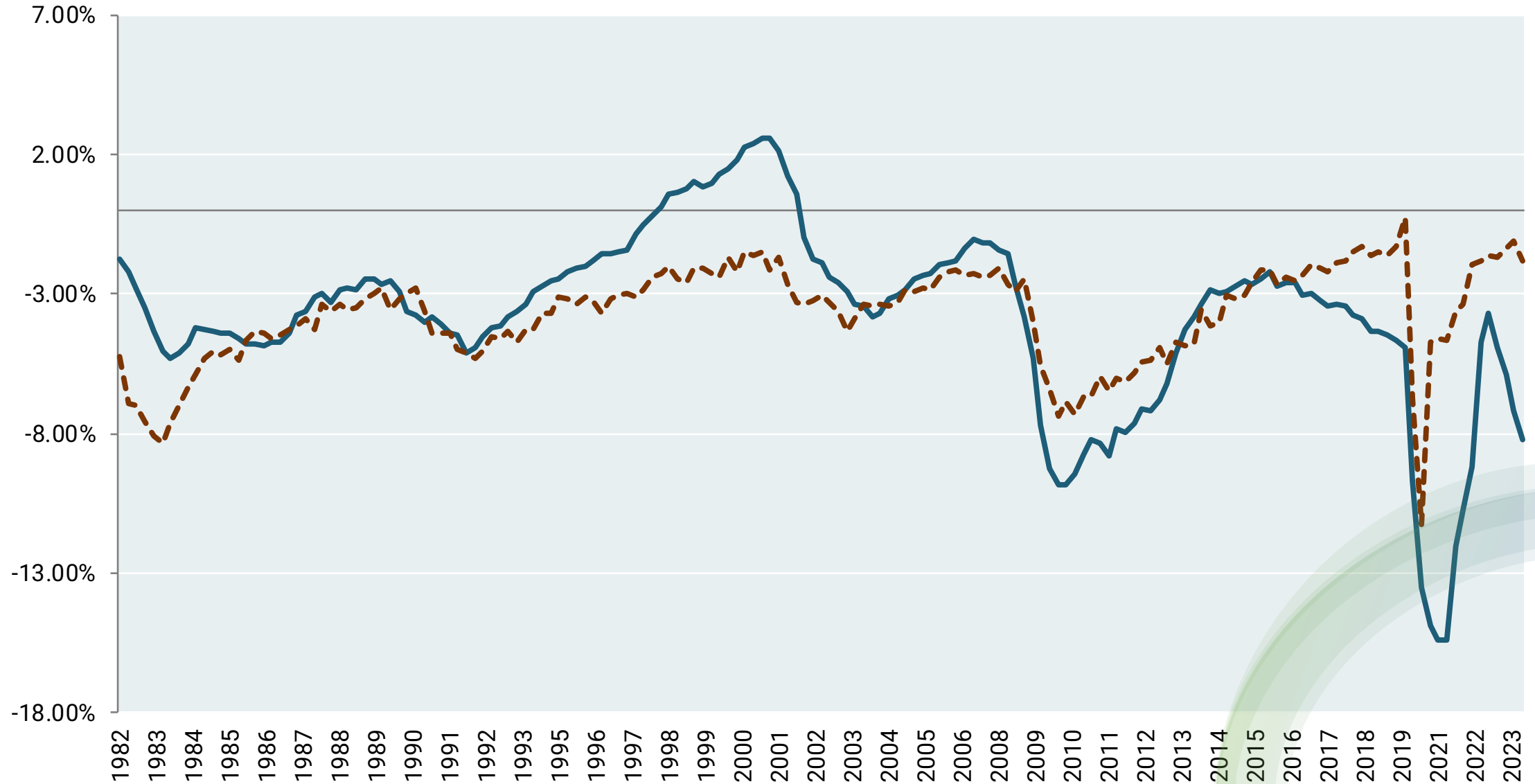
COVID Cushion and Credit Card Debt



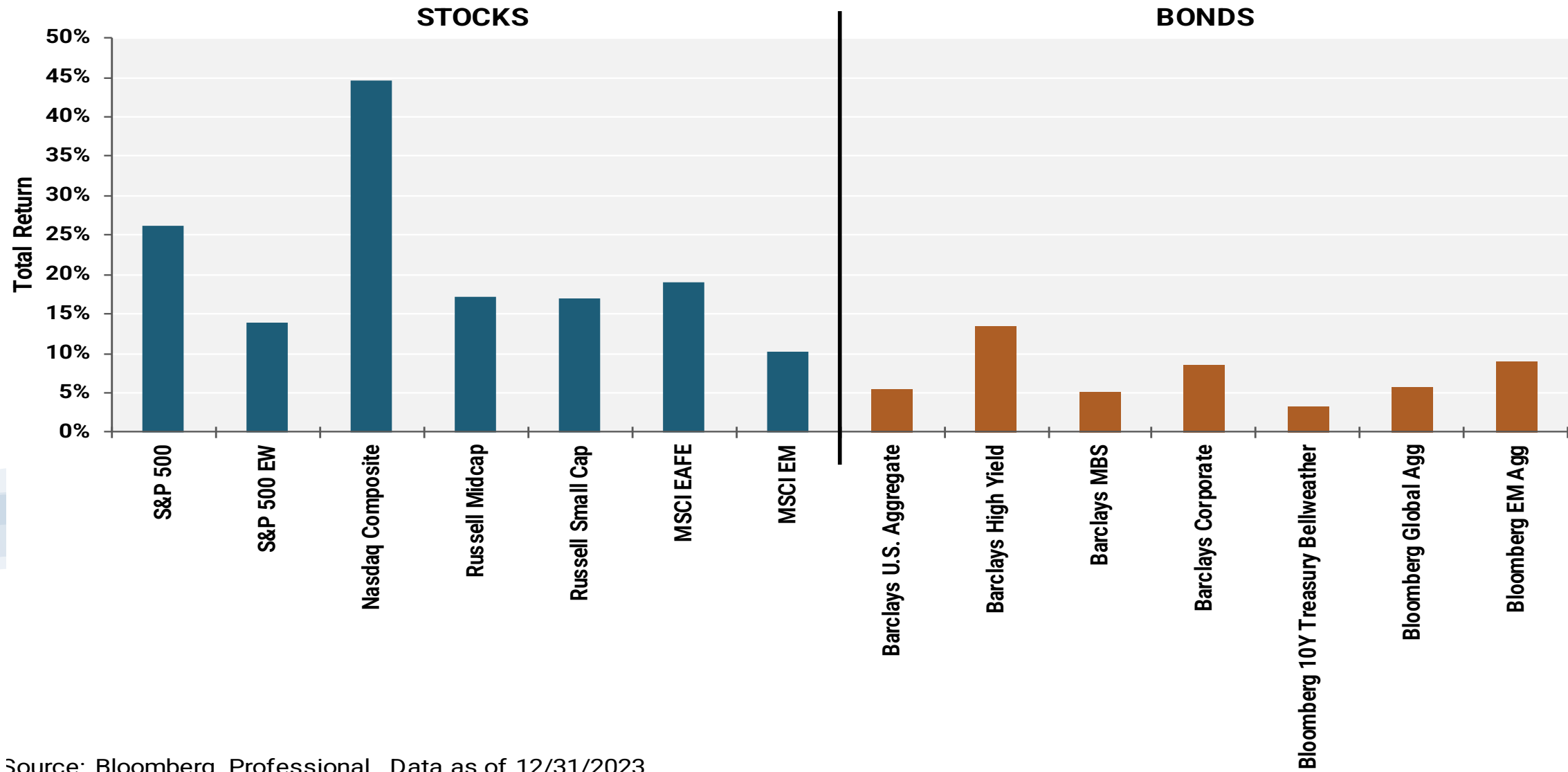
Source: Bureau of Economic Analysis and Fed Board of Governors.  
 COVID Cushion is Personal Savings less 4-Year Pre-COVID trend.

# I Thought We Were Supposed to Have a Recession in 2023...?

Fiscal Budget as % of GDP vs. Growth & Unemployment Predicted Level



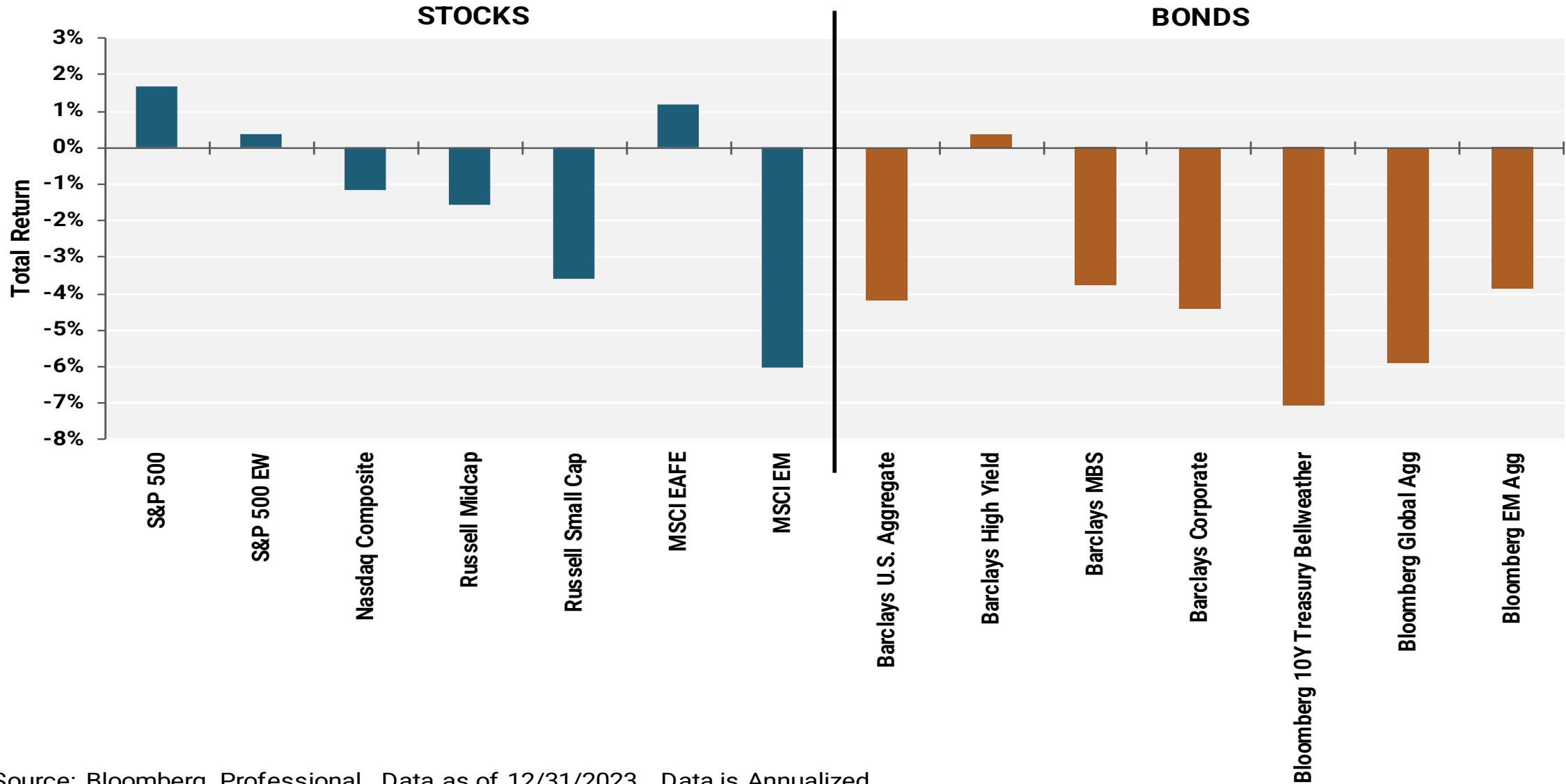
# Markets Forgot the Recession Too...Especially in November & December



Source: Bloomberg Professional. Data as of 12/31/2023.

# But We Really Only Made Up for 2022

2022-2023 Total Returns, Annualized



Source: Bloomberg Professional. Data as of 12/31/2023. Data is Annualized

# Some Local Companies in 2023

Company	Year End Market Cap (mil.)	2023 Total Return
Nike Inc.	\$164,701	-6.0%
Lithia Motors, Inc.	\$9,088	62.0%
Zoominfo Technologies, Inc.	\$7,272	-38.6%
Columbia Sportswear Company	\$4,814	-7.8%
Portland General Electric Company	\$4,383	-7.8%
Northwest Natural Holding Co.	\$1,424	-14.5%
Greenbrier Companies, Inc.	\$1,374	36.4%
Barrett Business Services, Inc.	\$766	25.8%

Source: FactSet Research Systems

The securities identified above do not represent all of the securities purchased, sold or recommended for client accounts. Any mention of a particular security is not a recommendation to buy or sell that security. The reader should not assume that an investment in the securities identified was or will be profitable.



# 2024 Outlook: Great Expectations

## **Economy** – *All About the Consumer*

- Consumer will drive outcomes
- Federal Reserve in focus even as inflation moderates

## **Earnings** – *What Landing?*

- Above average expectations for the year, especially in the last quarter of the year.

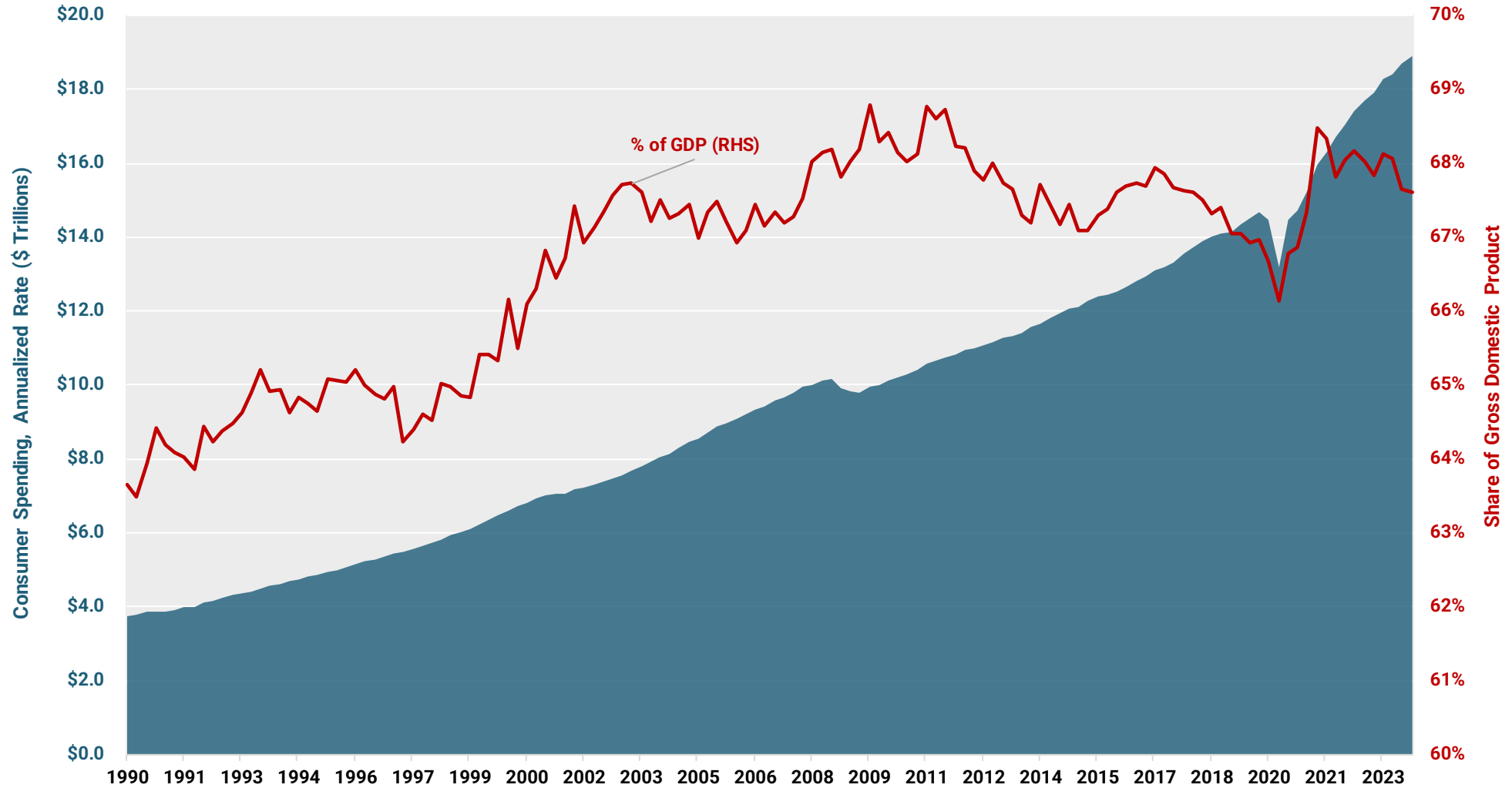
## **Exhaustion** – *Something's Gotta Give*

- Why do we have elections in leap years?
- How long can forecasters stay cautious?
- Can't the Fed just give it a rest?



# 2024 Outlook: Great Expectations

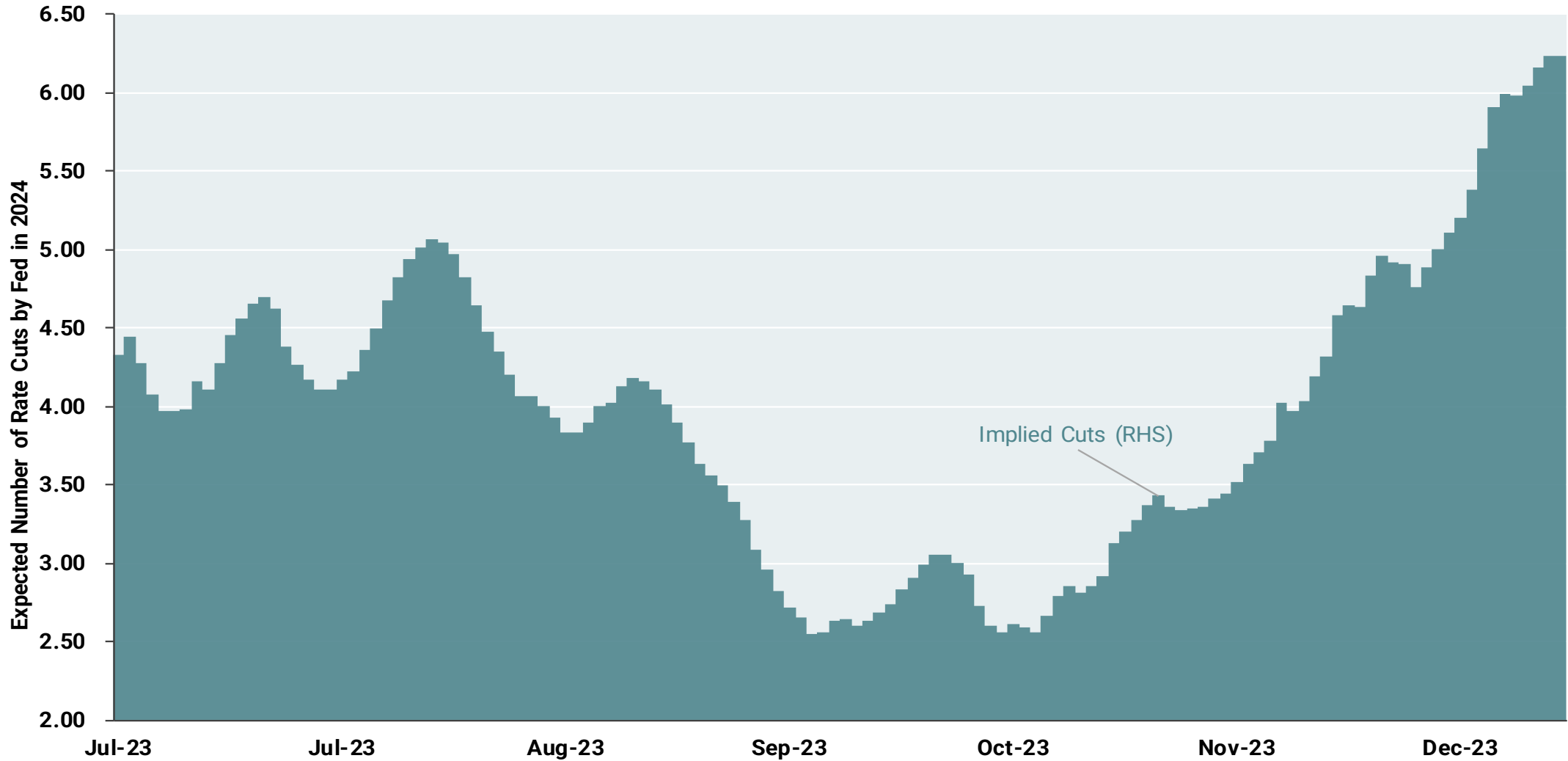
## Consumer Spending and Share of GDP



Source: St. Louis Fed

# 2024 Outlook: Great Expectations

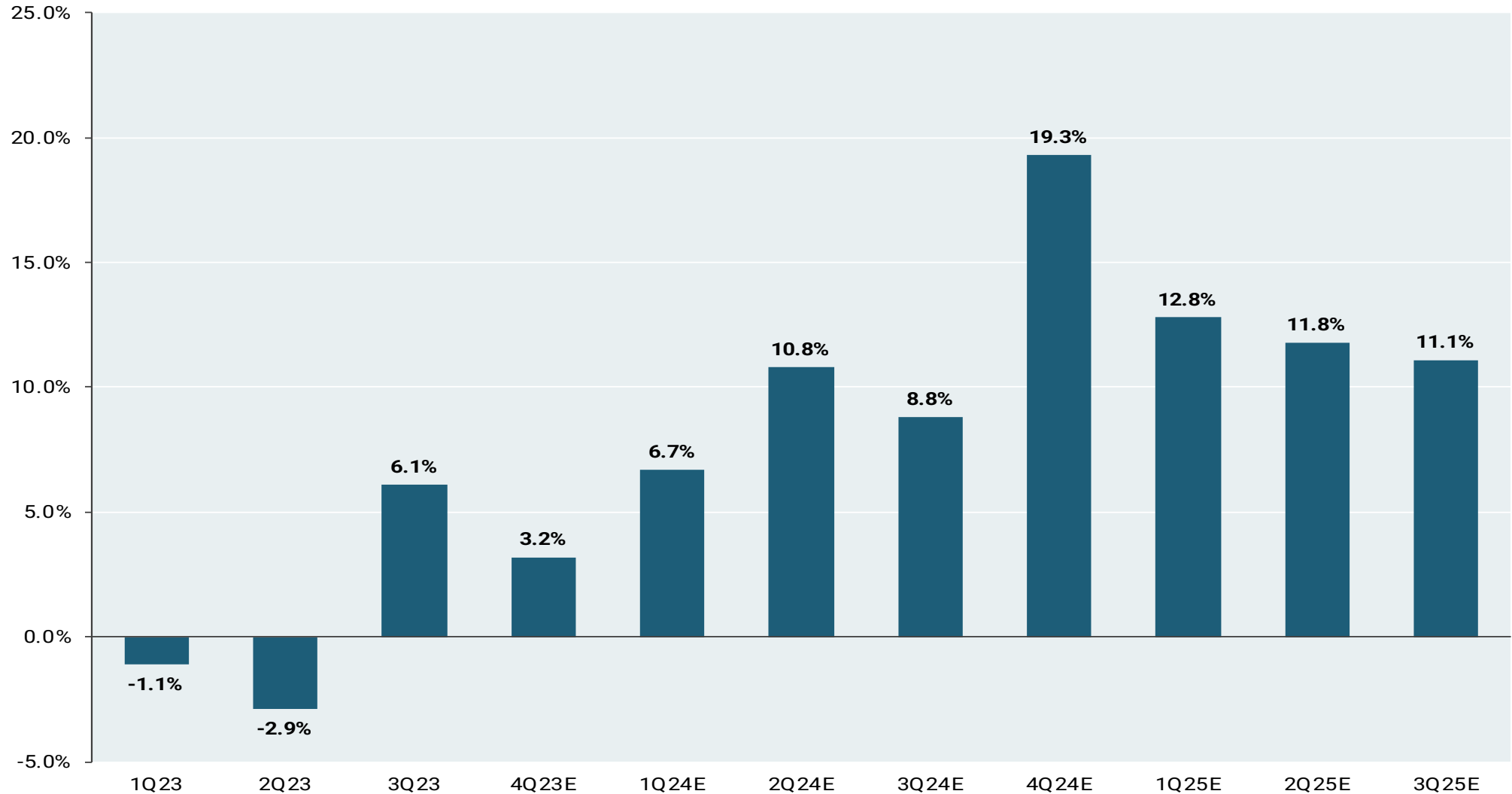
December 2024 Fed Funds Futures - Expected (25-bps) Cuts



Source: Bloomberg Professional and St. Louis Fed. Data shown is 7-day Moving Average of both data series from July 2023 - December 2023.

# 2024 Outlook: Great Expectations

**S&P 500: Actual and Estimated Quarterly EPS Y/Y Growth**



Source: Factset. As of 12/29/2023

The information contained in this presentation represents the opinions of Becker Capital Management, Inc. and should not be construed as personalized or individualized investment advice. This commentary does not provide information reasonably sufficient upon which to base an investment decision, and is not intended to be a forecast of future events or a guarantee of future results. The information discussed herein, including specific securities, is solely intended for illustration purposes and do not represent all of the securities purchased or sold in client accounts. Furthermore, this should not be considered an offer or recommendation to buy or sell any security. Investing involves risks including possible loss of principal. References to markets, asset classes, and sectors are generally regarding the corresponding market index. Indexes are unmanaged statistical composites and cannot be invested into directly. Index performance is not indicative of the performance of any investment and do not reflect fees, expenses, or sales charges. All performance referenced is historical and is no guarantee of future results. All index and market data from FactSet, and all information is believed to be from reliable sources; however, Becker Capital Management, Inc. makes no representation as to its completeness or accuracy.