

LPL RESEARCH
PRESENTS:



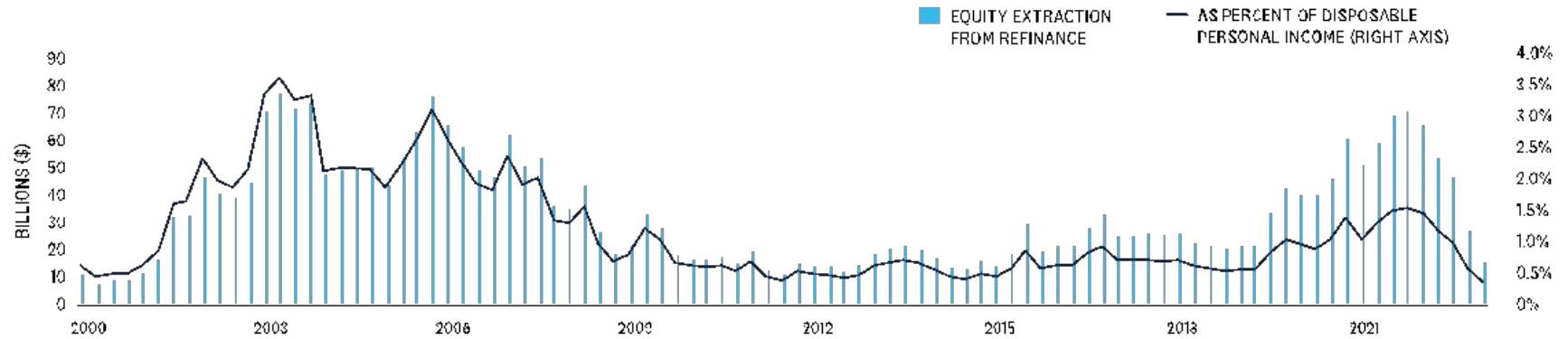
2024 MIDYEAR
OUTLOOK
Still Waiting for the Turn

 LPL Financial

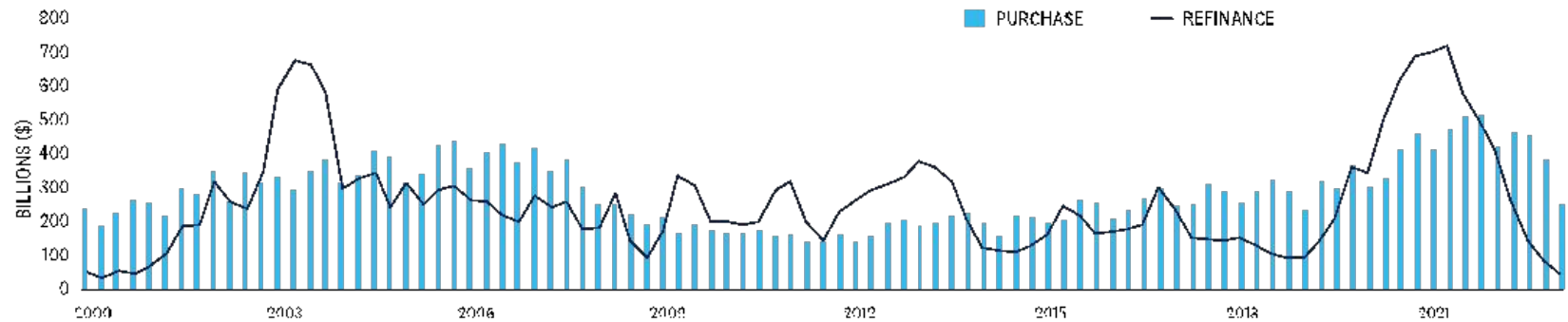


ECONOMY:
EXPECTED TO
SLOW DOWN

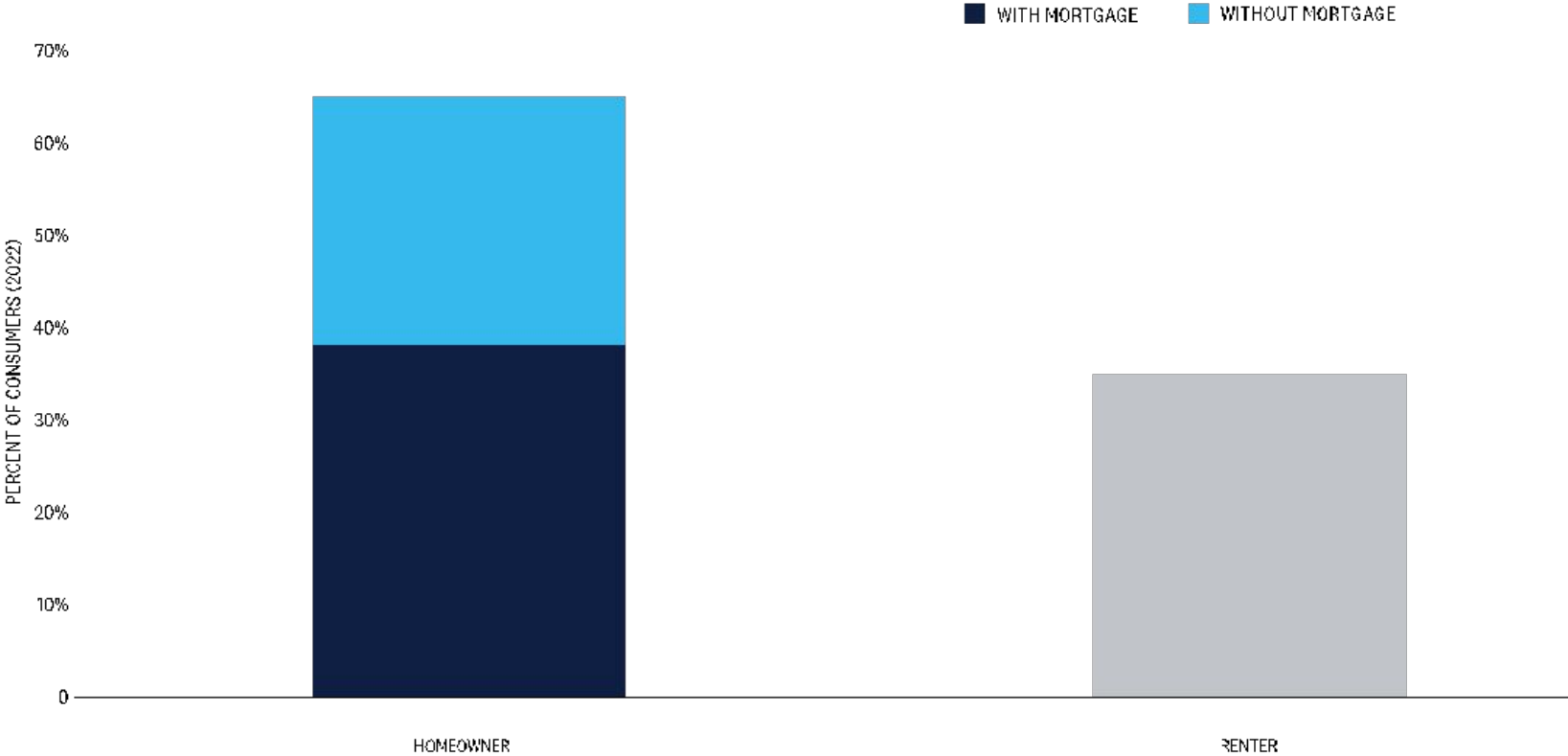
Billions in Tapped Home Equity Spurred Spending



Refinancing Activity Reached a Record High in 2021



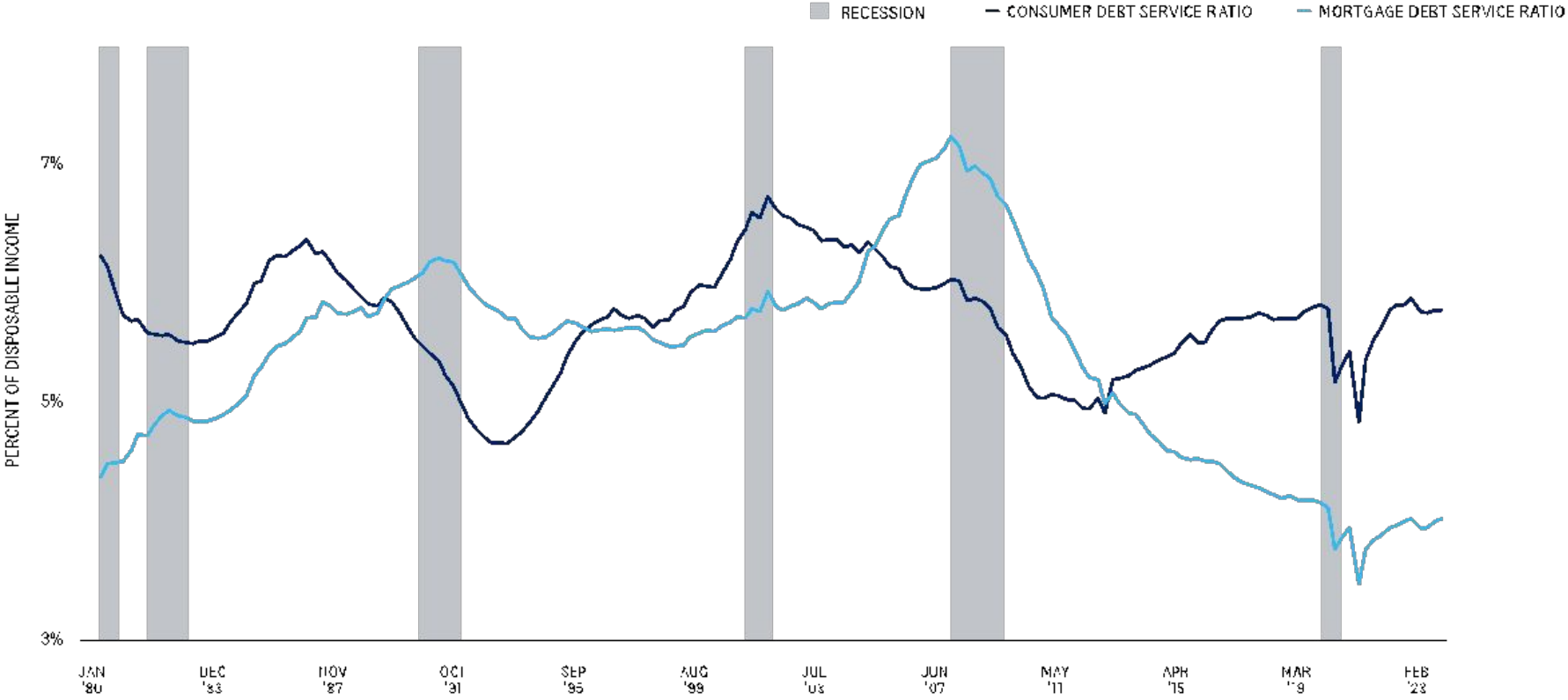
More Consumers Without Mortgages Make the Economy Less Interest Rate Sensitive



Source: LPL Research, Bureau of Labor Statistics 06/24/24

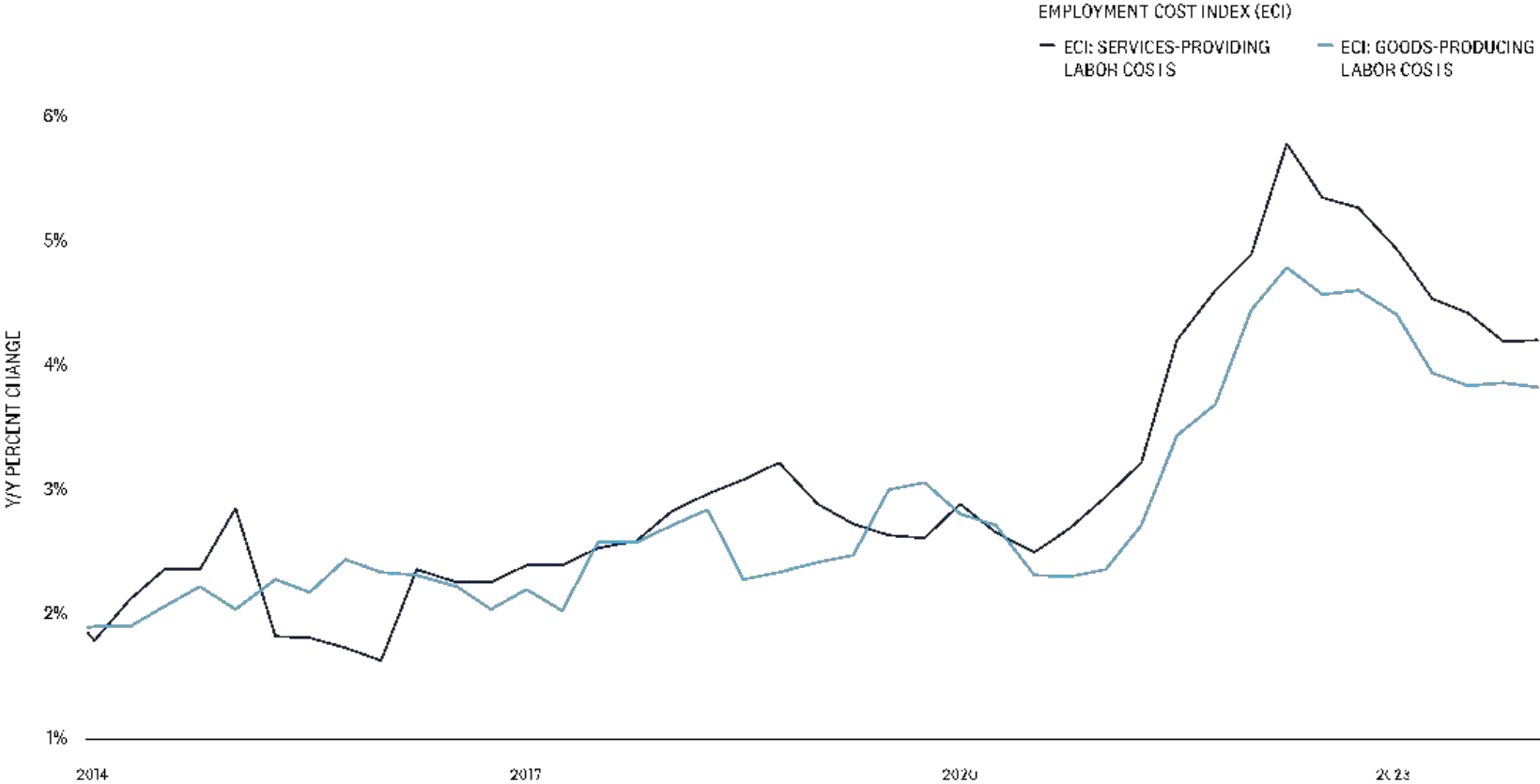
Refinancing Provided a Huge Lift for Homeowners

Consumers Benefitted from Lower Mortgage Payments



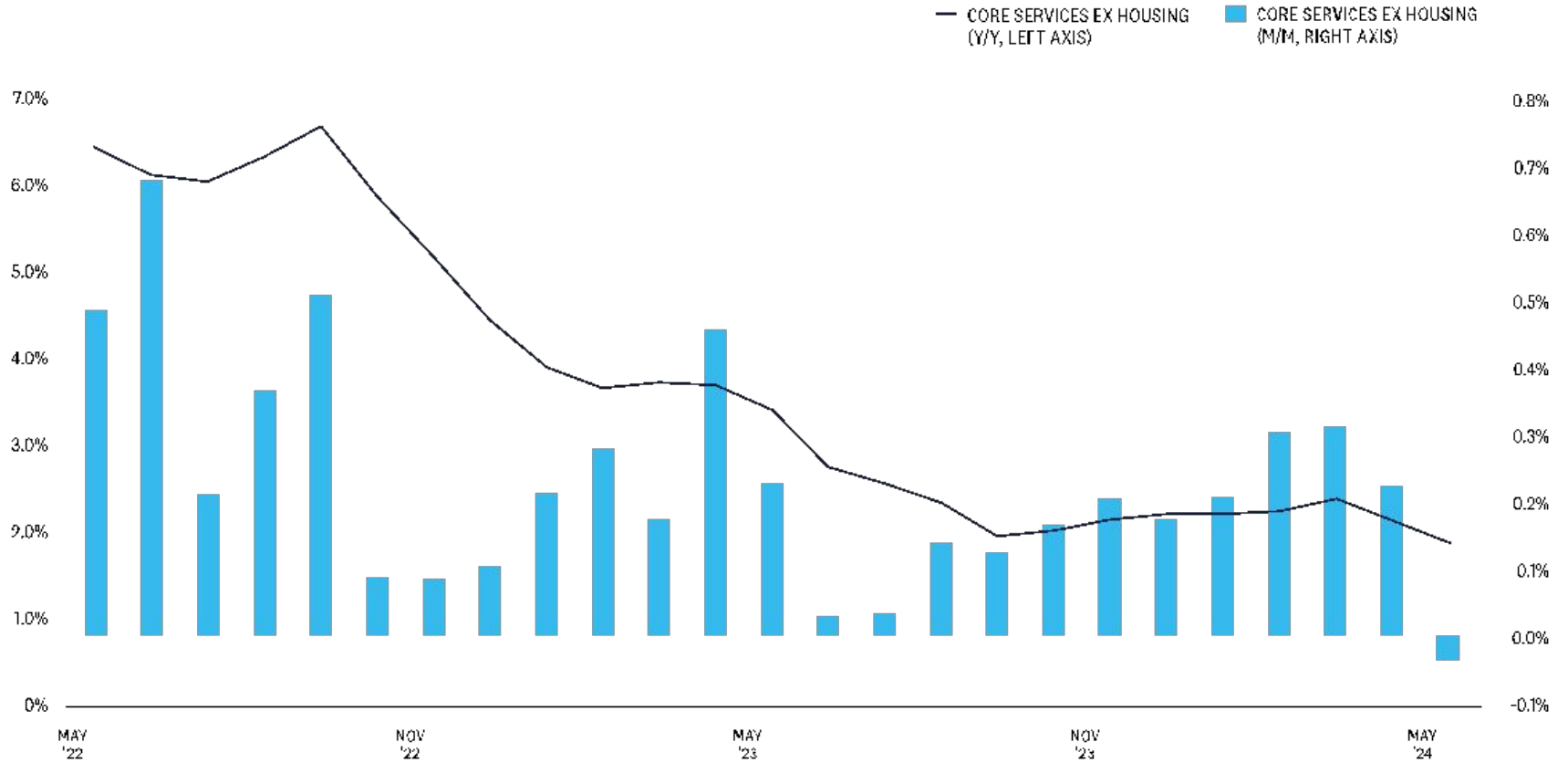
Source: LPL Research, Federal Reserve Board 06/24/24

Easing Labor Costs Will Dampen Services Inflation



Source: LPL Research, Bureau of Labor Statistics 06/24/24

Sticky Services Inflation Turned a Corner



2024 Annual Forecasts

Key Variables	Quarterly							Annual			
	Q2-23	Q3-23	Q4-23	Q1-24	Q2-24*	Q3-24*	Q4-24*	2021	2022	2023	2024*
Real GDP (Q/Q annualized)	2.1%	4.9%	3.4%	1.3%	2.2%	1.4%	1.0%	5.8%	1.9%	2.5%	1.8%
Unemployment Rate[^]	3.6%	3.7%	3.7%	3.8%	4.0%	4.1%	4.2%	5.4%	3.6%	3.6%	4.0%
CPI (YoY)	4.0%	3.5%	3.2%	3.2%	3.1%	3.0%	2.9%	4.7%	8.0%	4.1%	2.9%
PCE (YoY)	3.9%	3.3%	2.8%	2.5%	2.5%	2.6%	2.6%	3.6%	5.2%	4.1%	2.6%
Core PCE (YoY)	4.6%	3.8%	3.2%	2.8%	2.8%	2.8%	2.7%	4.1%	4.9%	4.4%	2.8%
Fed Funds (Upper Bound)[^]	5.25%	5.50%	5.50%	5.50%	5.50%	5.25%	5.00%	0.25%	4.50%	5.50%	5.00%
Prime Rate[^]	8.25%	8.50%	8.50%	8.50%	8.50%	8.25%	8.00%	3.25%	7.50%	8.50%	8.00%

Source: LPL Research. The economic forecasts in this material may not develop as predicted.

* Forecast as of June 2024

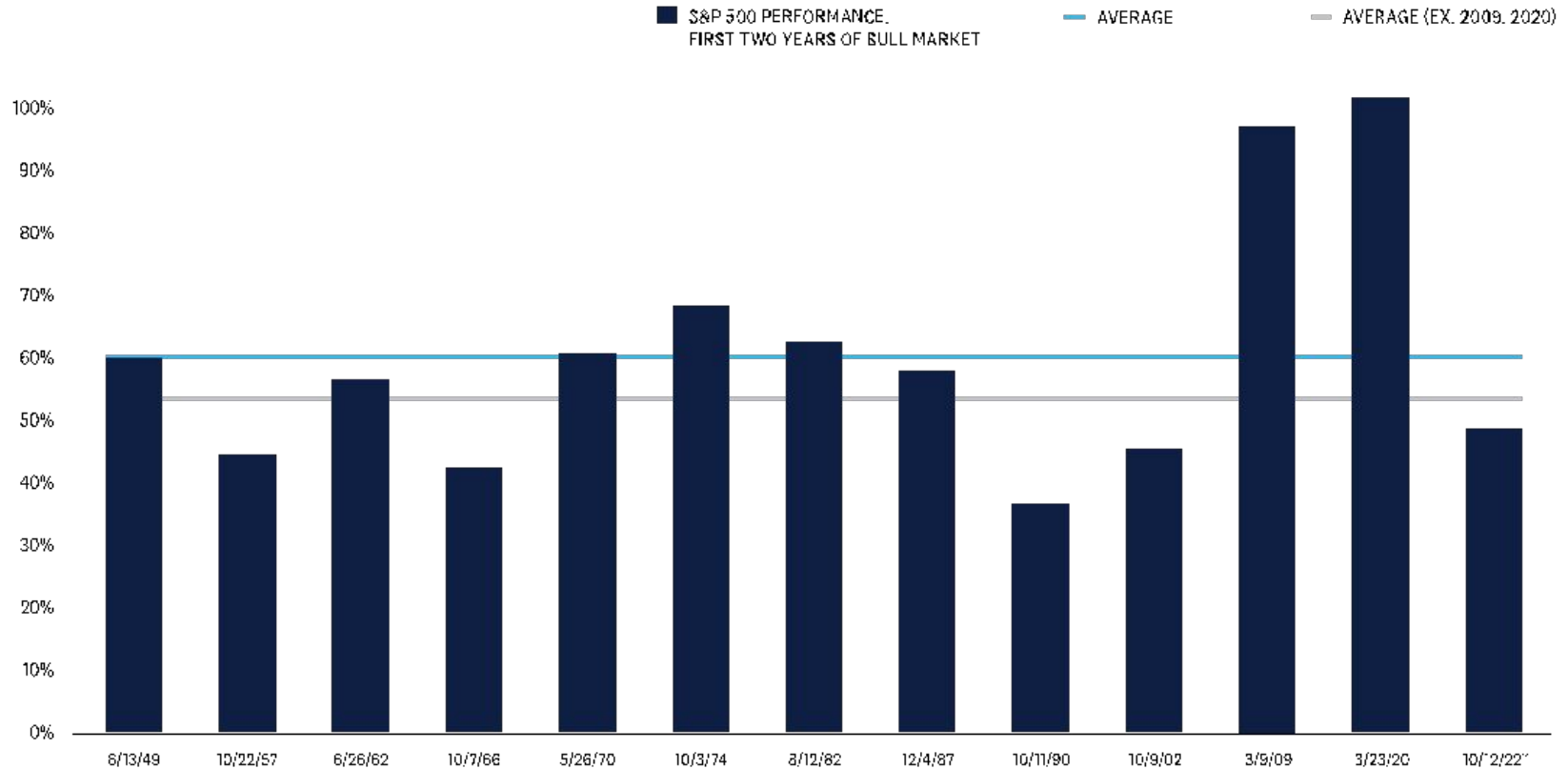
[^] End of period



STOCKS:

**GAINS HAVE BEEN
PULLED FORWARD**

Current Bull Market Approaching Its Second Anniversary



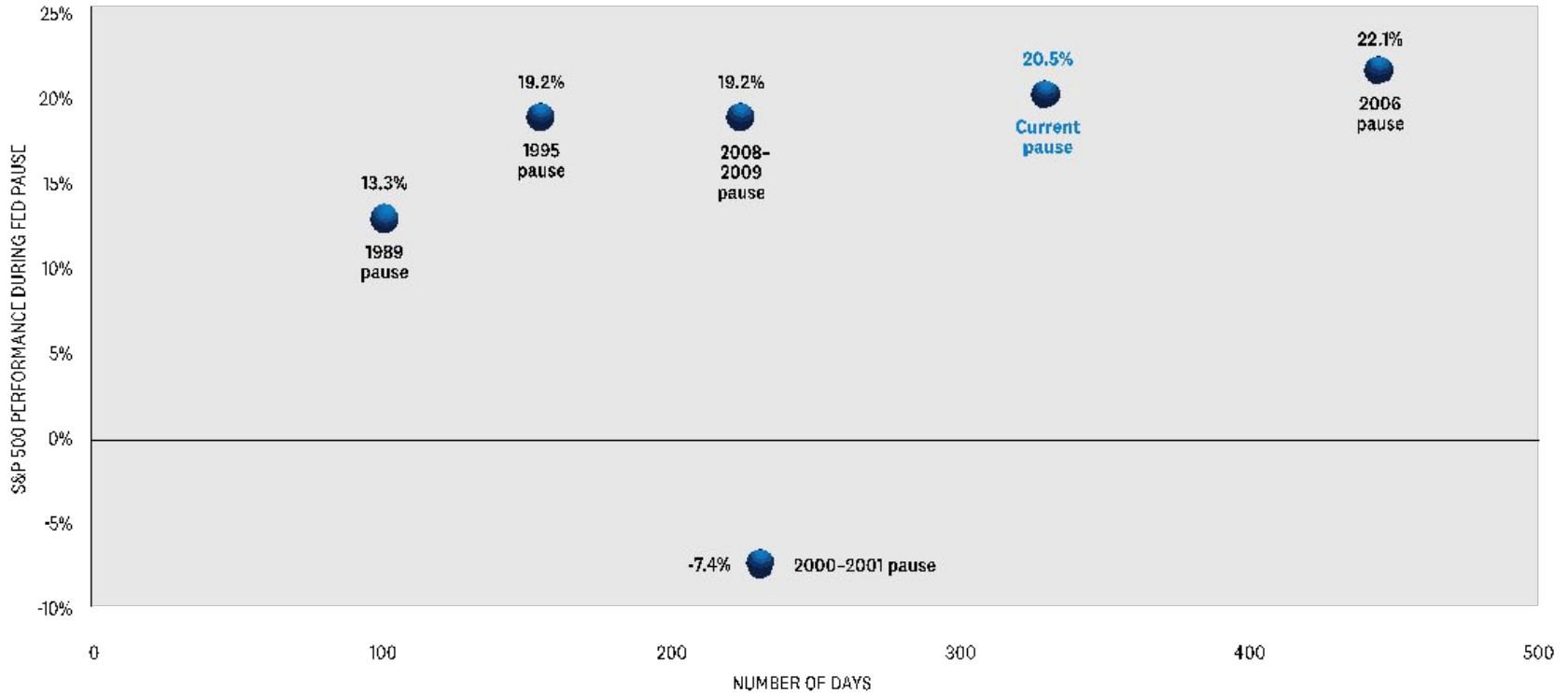
Source: LPL Research, FactSet 06/24/24

*The current bull market began on 10/12/22 has not yet reached its two-year anniversary as of 6/21/24.

All indexes are unmanaged and cannot be invested into directly. Past performance is no guarantee of future results.

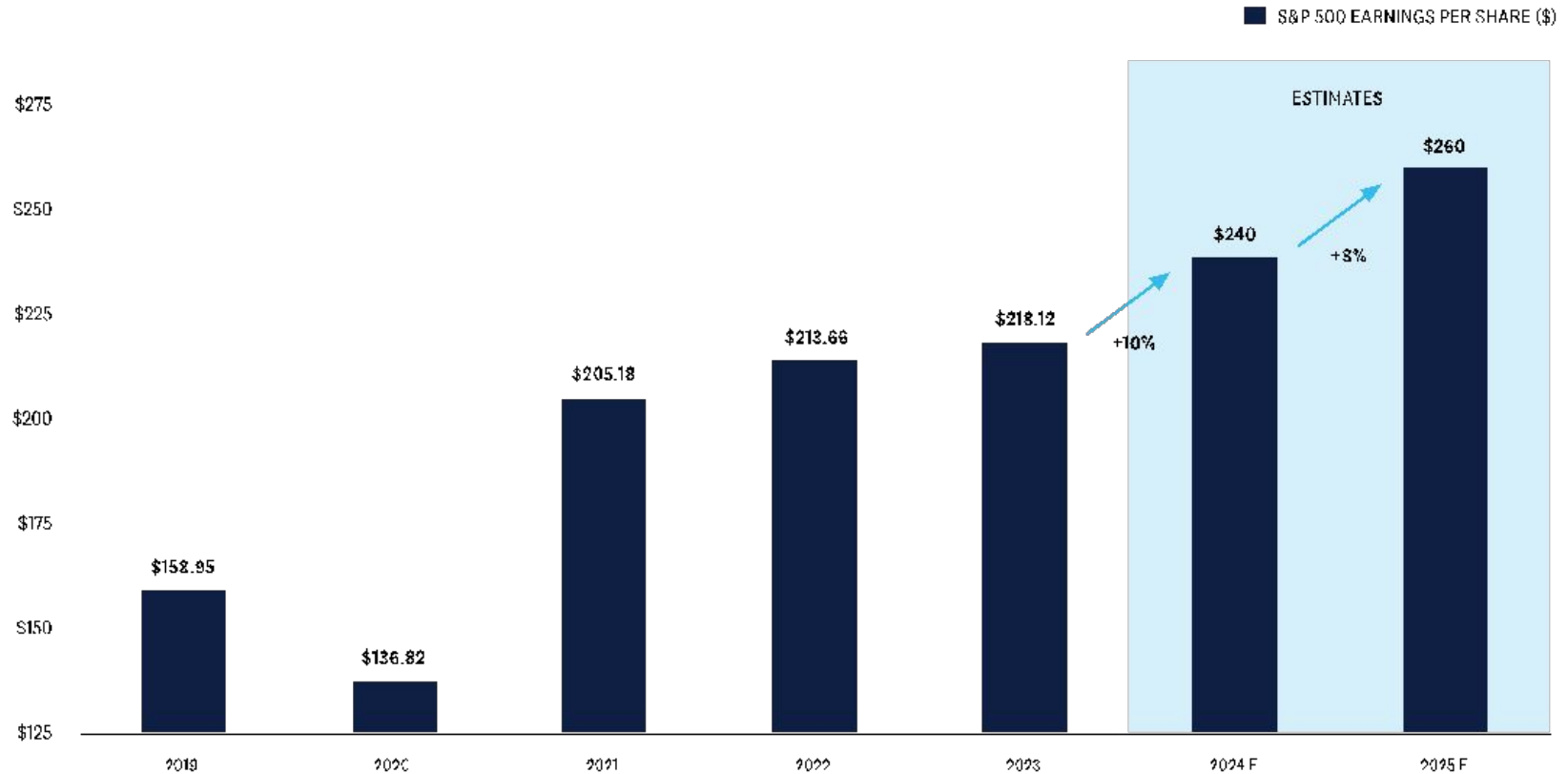
The modern design of the S&P 500 Index was first launched in 1957. Performance before then incorporates the performance of its predecessor index, the S&P 90.

Stocks Tend to Perform Well During Fed Pauses



Source: LPL Research, Strategas, Bloomberg 06/24/24. All indexes are unmanaged and cannot be invested in directly. Past performance is no guarantee of future results.

Earnings Growth Acceleration Holds the Key to Further Gains for Stocks



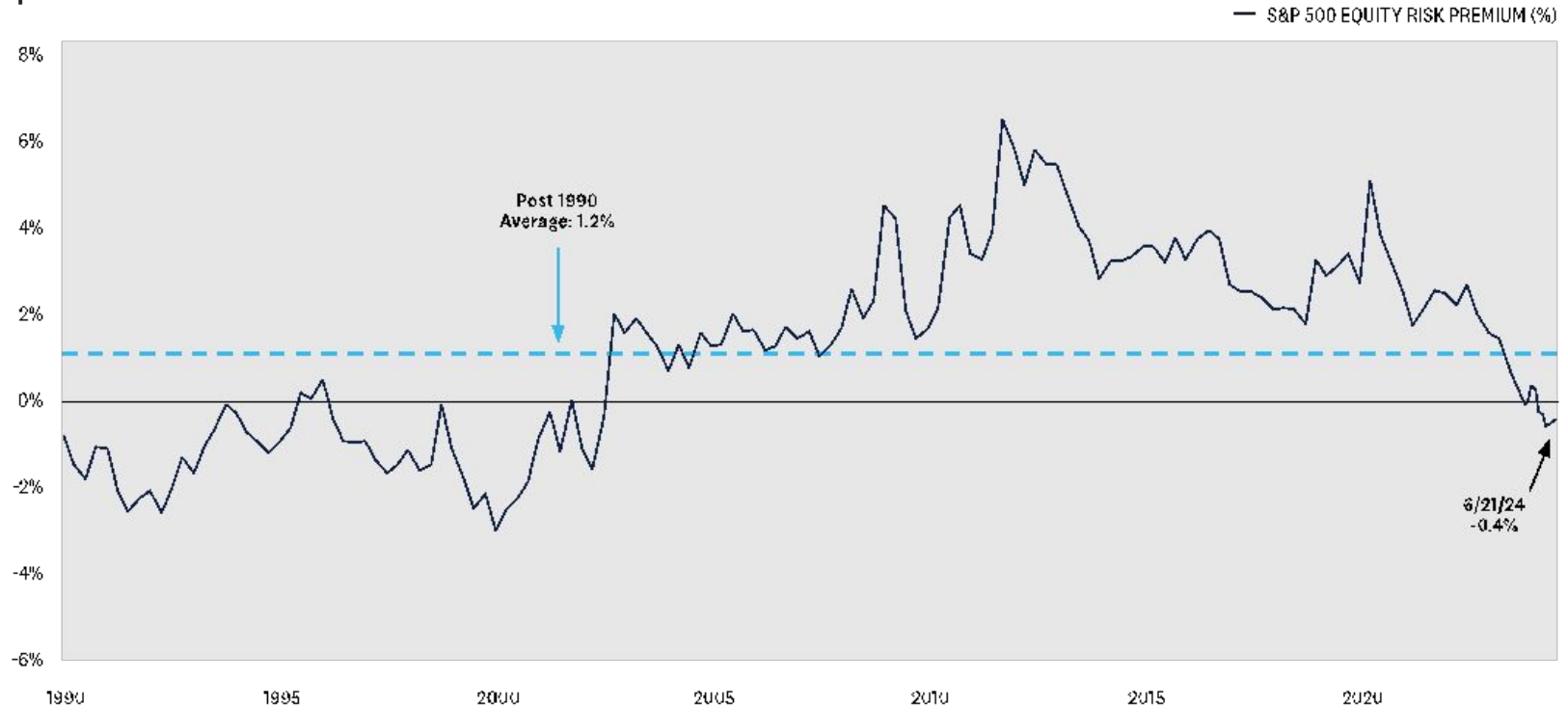
Source: LPL Research, FactSet 06/21/24

Past performance is no guarantee of future results.

Estimates may not materialize as predicted and are subject to change.

Stock Valuations Are Elevated Relative to Bonds

Equity Risk Premium Offers Investors No Compensation for Assuming Risk in Equities



Source: LPL Research, FactSet, Refinitiv, Bloomberg 06/24/24

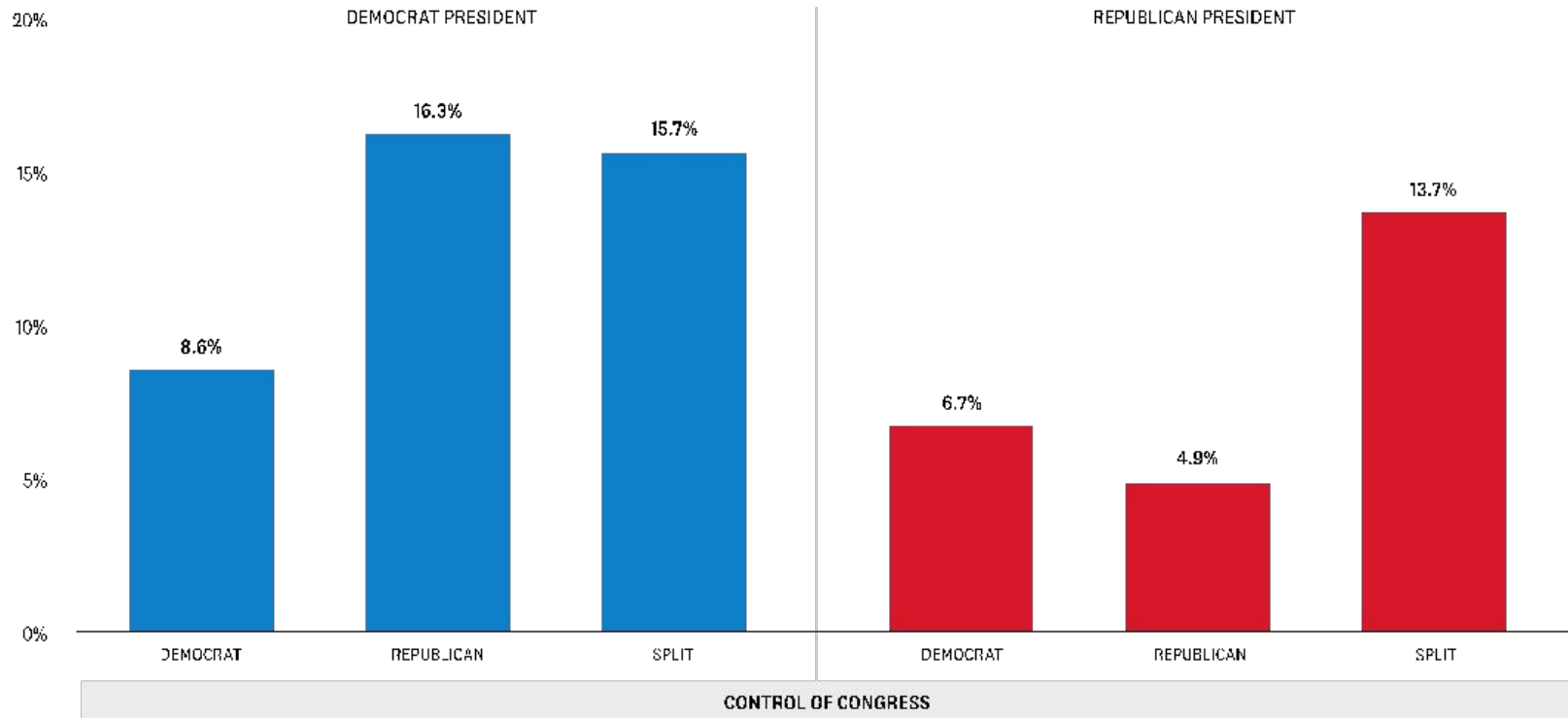
S&P 500 equity risk premium is the S&P 500 earnings yield (earnings divided by price) minus the US 10-year Treasury yield. All indexes are unmanaged and cannot be invested into directly. Past performance is no guarantee of future results.



U.S. ELECTION: DISTINGUISHING FACT FROM OPINION

Stock Performance Based on Congressional Composition

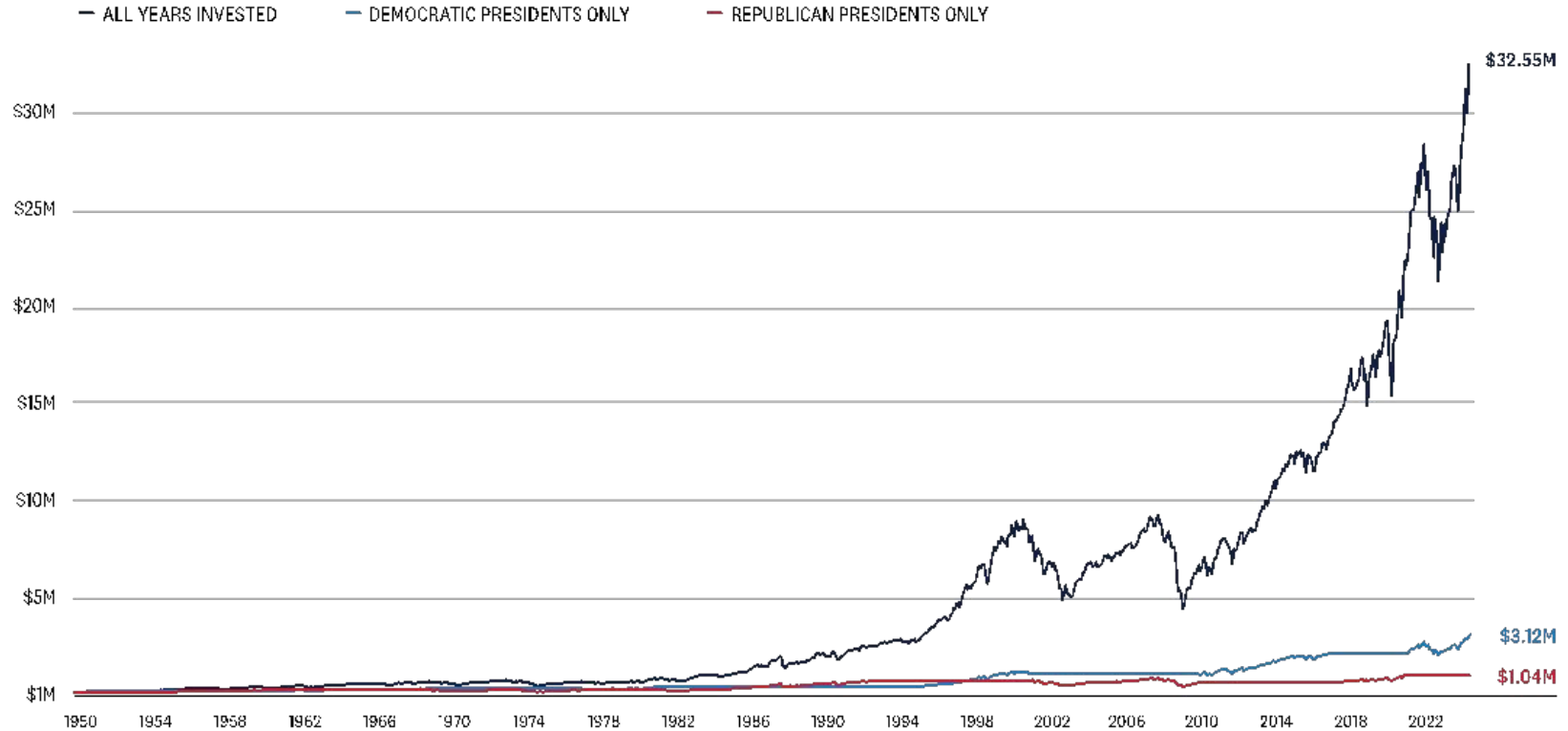
Average S&P 500 Annual Price Return (1950–2023)



Source: LPL Research, Bloomberg 06/24/24

All indexes are unmanaged and cannot be invested into directly. Past performance is no guarantee of future results. The modern design of the S&P 500 stock index was first launched in 1957. Performance back to 1950 incorporates the performance of predecessor index, the S&P 90.

S&P 500 vs. Political Party Portfolios (1950–YTD)



Source: LPL Research, Bloomberg 06/24/24

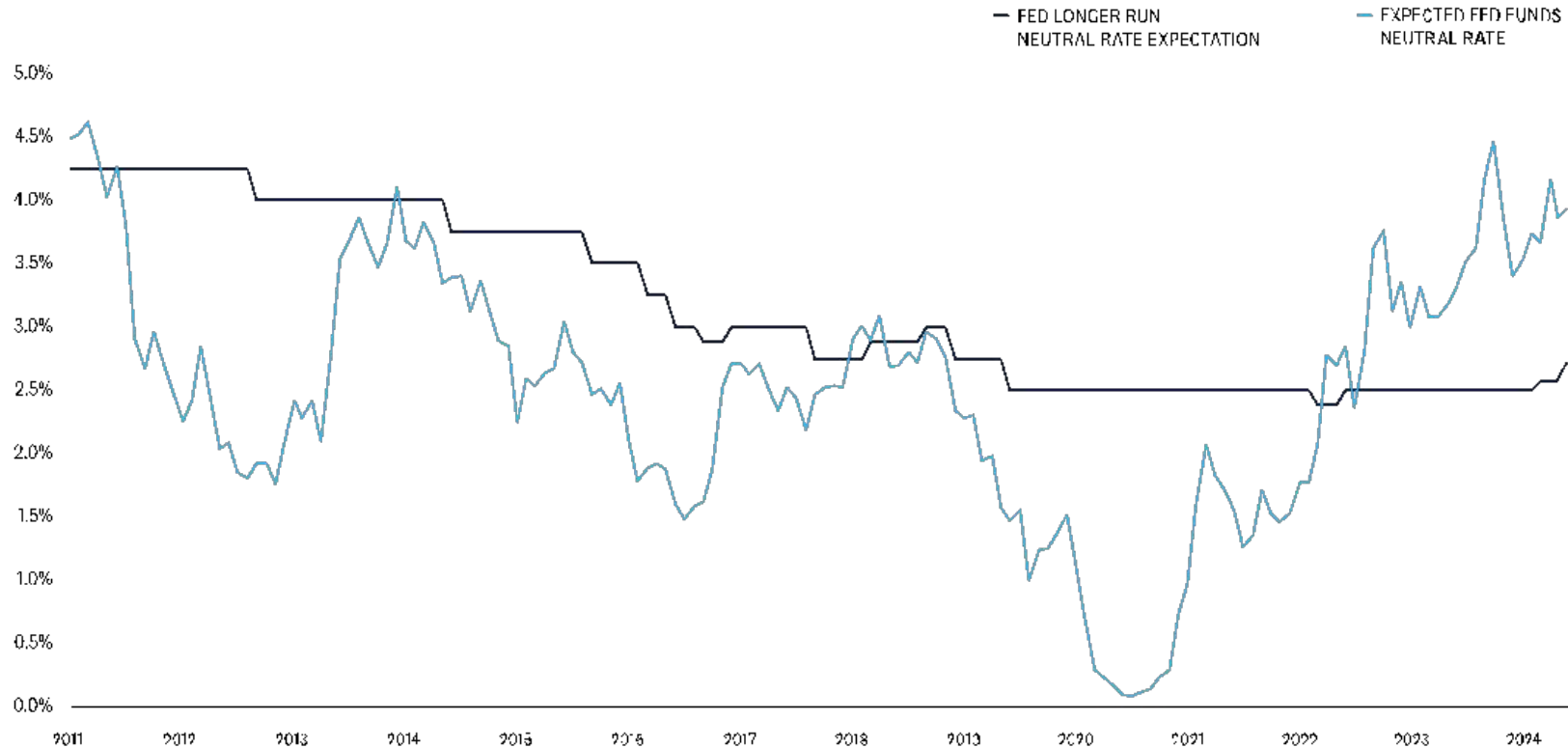
Past performance is no guarantee of future results. All indexes are unmanaged and can't be invested in directly. The modern design of the S&P 500 stock index was first launched in 1957. Performance back to 1950 incorporates the performance of the predecessor index, the S&P 90.



BONDS: PROVIDING INCOME AGAIN

Markets Are Pricing in a Higher Neutral Rate

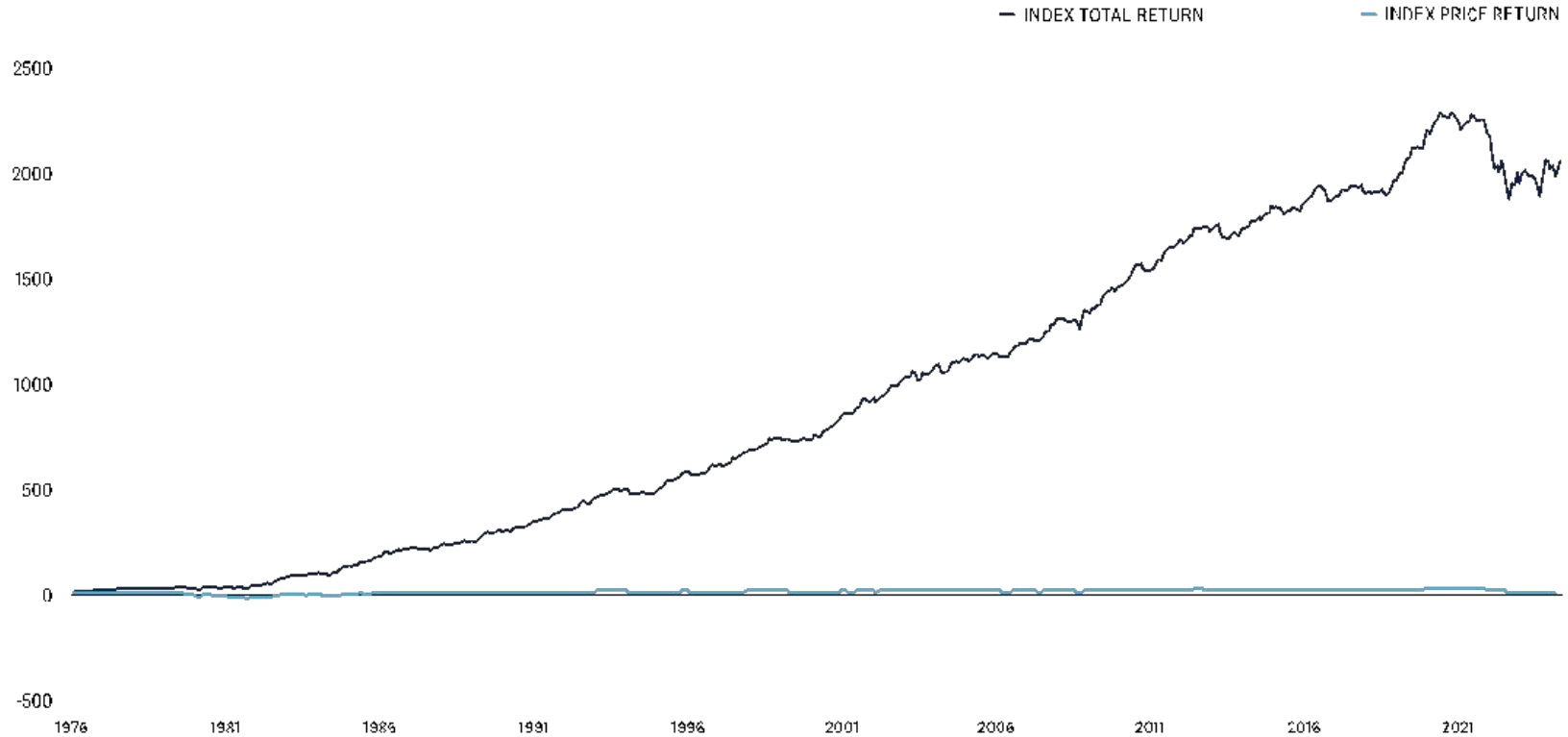
If Markets Are Right, Yields May Not Fall Much From Current Levels



Source: LPL Research, Bloomberg 06/24/24.
All indexes are unmanaged and cannot be invested into directly. Past performance is no guarantee of future results.

Income Has Been the Largest Contributor to Total Returns Over Time

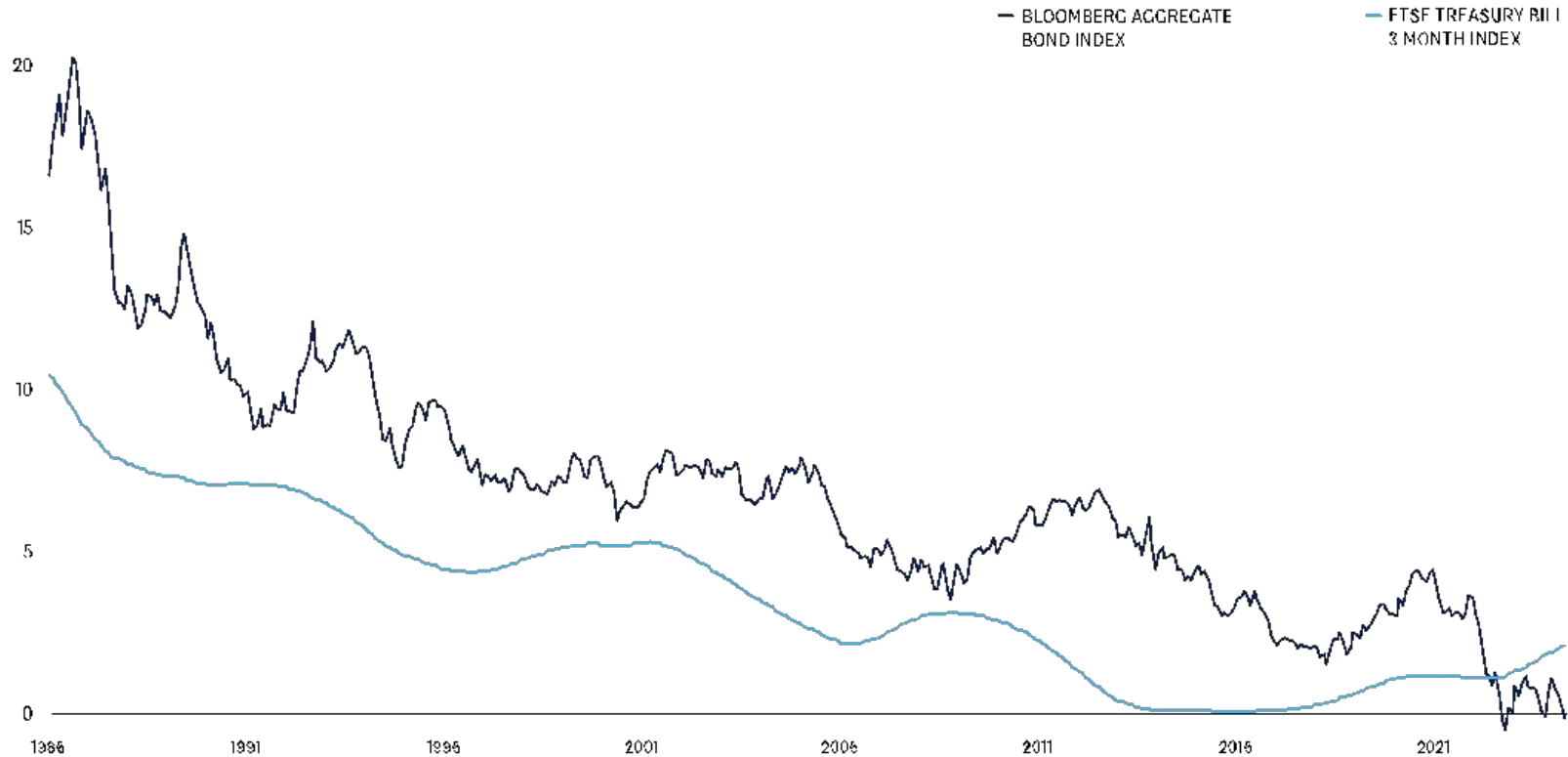
Bloomberg Aggregate Bond Index Returns Since Inception



Source: LPL Research, Bloomberg 06/24/24.
All indexes are unmanaged and cannot be invested into directly. Past performance is no guarantee of future results.

Bonds Tend to Outperform Cash Over Time

Trailing 5-Year Annualized Total Returns



Source: LPL Research, Bloomberg 06/24/24.
All indexes are unmanaged and cannot be invested into directly. Past performance is no guarantee of future results.

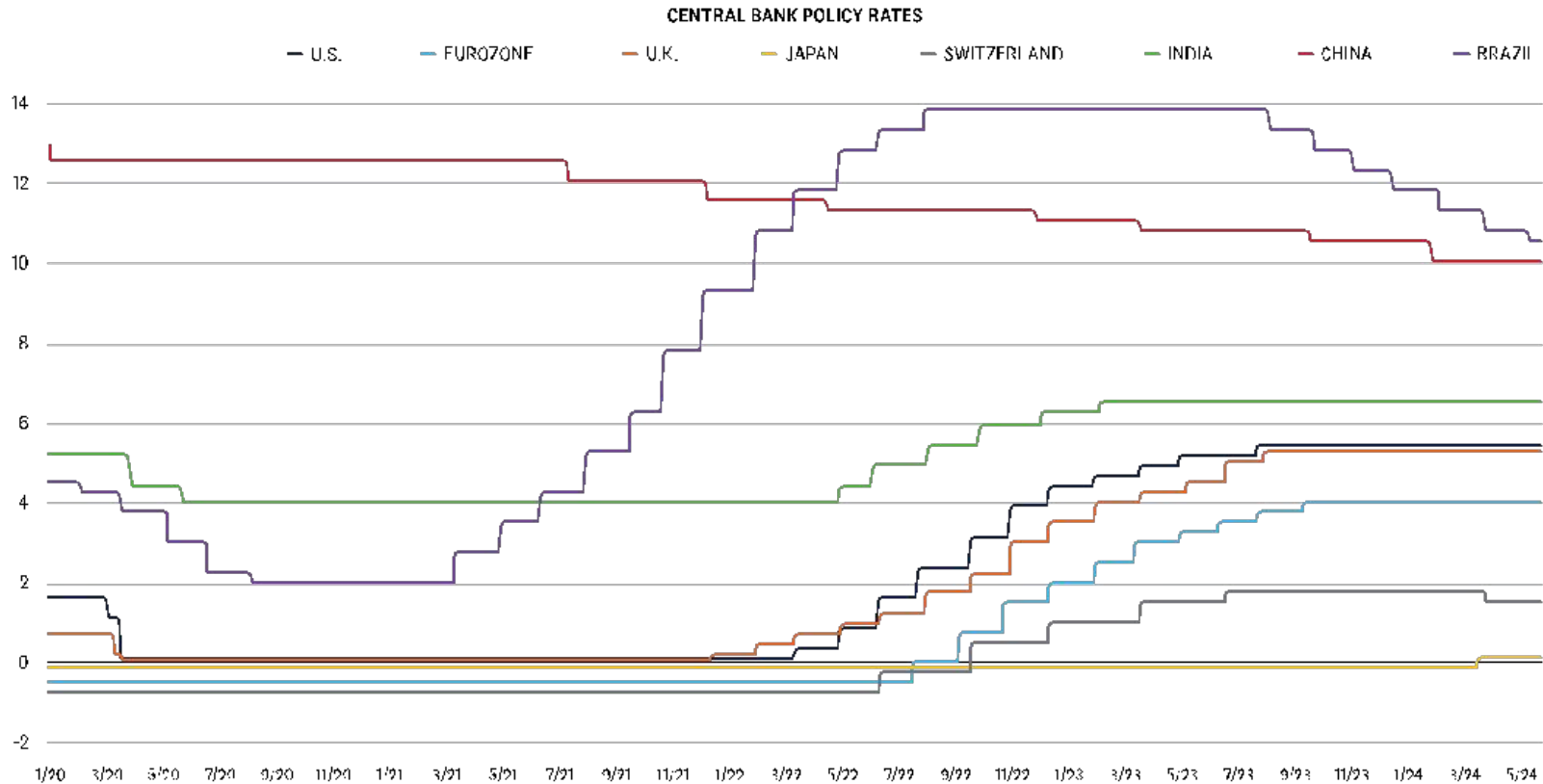


ALTERNATIVE INVESTMENTS

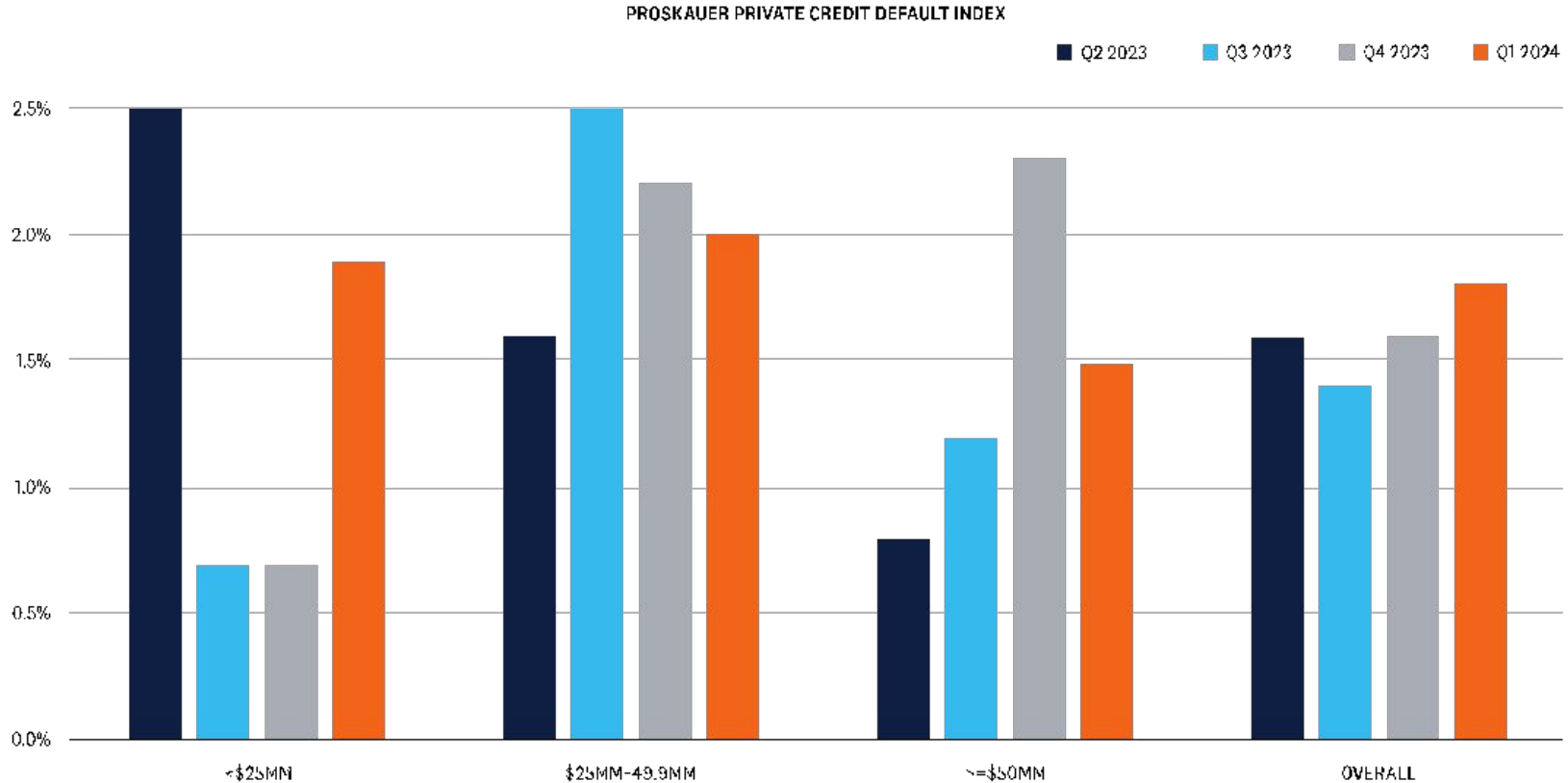
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EMBRACING AGILITY
IN A VOLATILE MARKET

Furthering Policy Dispersion Lends Opportunities for Global Macro



Small Pickup in Private Credit Defaults, Although Still Below Historical Average



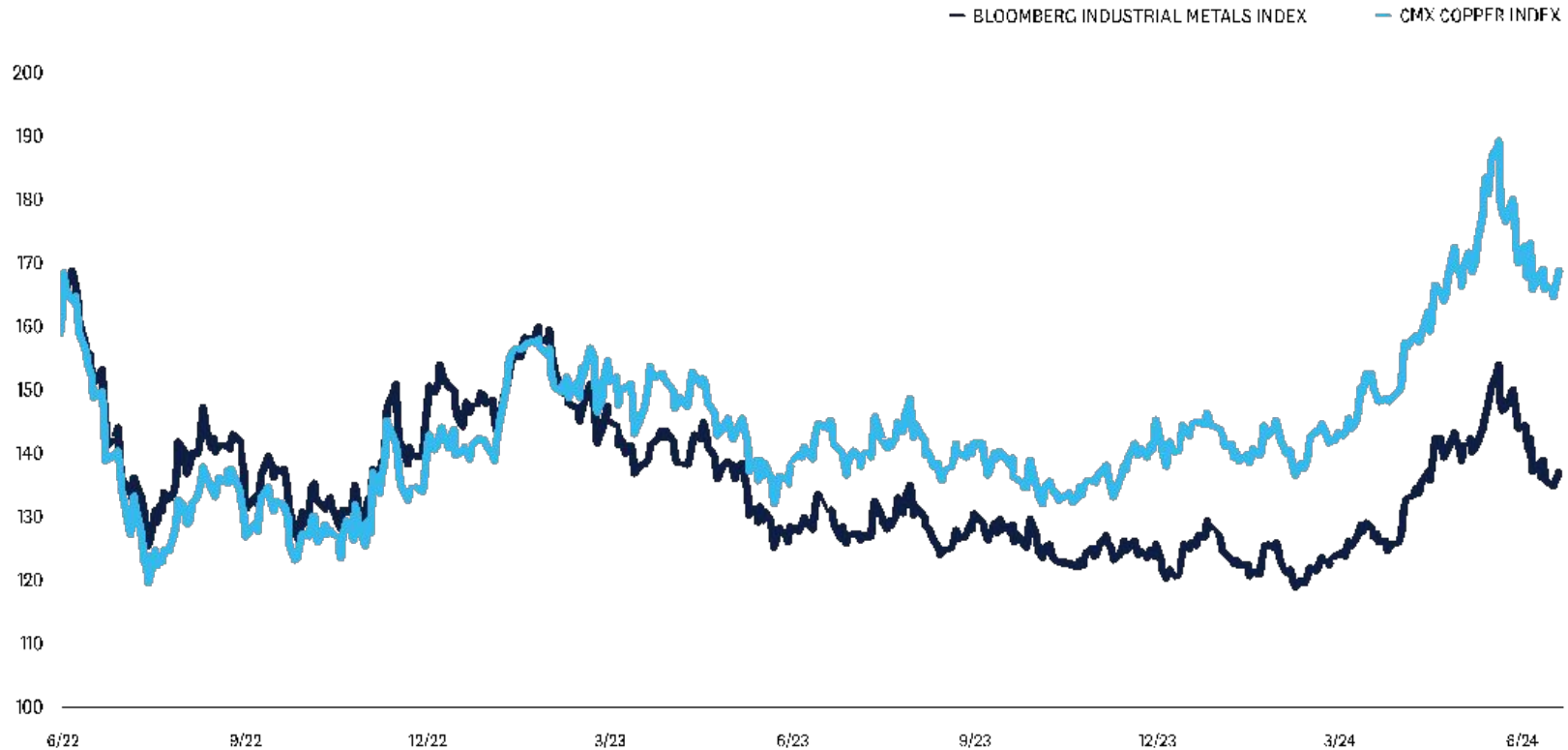
Source: Proskauer, LPL Financial 06/24/24

Indexes are unmanaged statistical composites and cannot be invested into directly. Past performance is no guarantee of future results. The Proskauer Private Credit Default Index includes 576 active loans in the United States, representing USD95 billion in original principal amount. The Index includes companies across all major industry groups with EBITDA (earnings) from USD0 to more than USD1 billion.



COMMODITIES: CLIMBING HIGHER

Industrial Metals Continue Their Recovery, Copper Pulls Away



Source: LPL Research, Bloomberg 06/24/24 (Data series indexed to 100 on 06/24/19)
Indexes are unmanaged and cannot be invested in directly. Past Performance is no guarantee of future results.



CURRENCIES:

**THE STRONG DOLLAR
PREVAILS AS “HIGHER
FOR LONGER”
PERSISTS**

The U.S. Dollar Rises Slightly as Fed Signals Higher for Longer



Source: LPL Research, Bloomberg 06/24/24. Indexes are unmanaged and cannot be invested in directly. Past performance is no guarantee of future results. The Bloomberg Dollar Spot Index (BBDYX) tracks the performance of a basket of leading global currencies versus the U.S. dollar.

GENERAL DISCLOSURES

The opinions, statements and forecasts presented herein are general information only and are not intended to provide specific investment advice or recommendations for any individual. It does not take into account the specific investment objectives, tax and financial condition, or particular needs of any specific person. There is no assurance that the strategies or techniques discussed are suitable for all investors or will be successful. To determine which investment(s) may be appropriate for you, please consult your financial professional prior to investing.

Any forward-looking statements including the economic forecasts herein may not develop as predicted and are subject to change based on future market and other conditions. All performance referenced is historical and is no guarantee of future results.

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 does not reflect fees, expenses, or sales charges. All performance referenced is historical and is no guarantee of future results.

GENERAL RISK DISCLOSURES

Investing involves risk including the potential loss of principal.

Alternative investments may not be suitable for all investors and should be considered as an investment for the risk capital portion of the investor's portfolio. The strategies employed in the management of alternative investments may accelerate the velocity of potential losses.

Investing in stock includes numerous specific risks including the fluctuation of dividend, loss of principal and potential illiquidity of the investment in a falling market. Because of their narrow focus, sector investing will be subject to greater volatility than investing more broadly across many sectors and companies. Value investments can perform differently from the market as a whole. They can remain undervalued by the market for long periods of time. The prices of small and mid-cap stocks are generally more volatile than large cap stocks.

Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise and bonds are subject to availability and change in price. Bond yields are subject to change. Certain call or special redemption features may exist which could impact yield. Government bonds and Treasury bills are guaranteed by the U.S. government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value. Corporate bonds are considered higher risk than government bonds but normally offer a higher yield and are subject to market, interest rate, and credit risk, as well as additional risks based on the quality of issuer coupon rate, price, yield, maturity, and redemption features. Mortgage-backed securities are subject to credit, default, prepayment, extension, market and interest rate risk. Floating rate bank loans are loans issued by below investment grade companies for short term funding purposes with higher yield than short term debt and involve risk.

Preferred stock dividends are paid at the discretion of the issuing company. Preferred stocks are subject to interest rate and credit risk. As interest rates rise, the price of the preferred falls (and vice versa). They may be subject to a call feature with changing interest rates or credit ratings. The majority of preferred stocks outstanding are concentrated in the financial sector.

International debt securities involve special additional risks. These risks include, but are not limited to, currency risk, geopolitical and regulatory risk, and risk associated with varying settlement standards. These risks are often heightened for investments in emerging markets.

High yield/junk bonds (grade BB or below) are not investment grade securities, and are subject to higher interest rate, credit, and liquidity risks than those graded BBB and above. They generally should be part of a diversified portfolio for sophisticated investors.

Municipal bonds are subject to availability and change in price. They are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise. Interest income may be subject to the alternative minimum tax. Municipal bonds are federally tax-free but other state and local taxes may apply. If sold prior to maturity, capital gains tax could apply.

GENERAL RISK DISCLOSURES

The fast price swings of commodities will result in significant volatility in an investor's holdings. Commodities include increased risks, such as political, economic, and currency instability, and may not be suitable for all investors. Precious metal investing is subject to substantial fluctuation and potential for loss.

Any company names noted herein are for educational purposes only and not an indication of trading intent or a solicitation of their products or services. LPL Financial doesn't provide research on individual equities.

All index data from FactSet. International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. These risks are often heightened for investments in emerging markets.

All information is believed to be from reliable sources; however, LPL Financial makes no representation as to its completeness or accuracy.

Investing involves risks including possible loss of principal. No investment strategy or risk management technique can guarantee return or eliminate risk in all market environments. There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk. Investing in foreign and emerging markets debt or securities involves special additional risks. These risks include, but are not limited to, currency risk, geopolitical risk, and risk associated with varying accounting standards. Investing in emerging markets may accentuate these risks.

Asset allocation does not ensure a profit or protect against a loss.

GENERAL DEFINITIONS

Gross Domestic Product (GDP) is the monetary value of all the finished goods and services produced within a country's borders in a specific time period, though GDP is usually calculated on an annual basis. It includes all of private and public consumption, government outlays, investments and exports less imports that occur within a defined territory.

The PE ratio (price-to-earnings ratio) is a measure of the price paid for a share relative to the annual net income or profit earned by the firm per share. It is a financial ratio used for valuation: a higher PE ratio means that investors are paying more for each unit of net income, so the stock is more expensive compared to one with lower PE ratio.

Earnings per share (EPS) is the portion of a company's profit allocated to each outstanding share of common stock. EPS serves as an indicator of a company's profitability. Earnings per share is generally considered to be the single most important variable in determining a share's price. It is also a major component used to calculate the price-to-earnings valuation ratio.

The Standard & Poor's 500 Index is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The Bloomberg U.S. Aggregate Bond Index is an index of the U.S. investment-grade fixed-rate bond market, including both government and corporate bonds.

The HFRI® Indices are broadly constructed indices designed to capture the breadth of hedge fund performance trends across all strategies and regions.

The HFRI Institutional Macro Index is a global, equal-weighted index of hedge funds with minimum assets under management of USD \$500MM which report to the HFR Database and are open to new investments.

A company's market capitalization is the market value of its outstanding shares. Market capitalization is calculated by multiplying the number of a company's shares outstanding by its stock price per share. Classifications such as large-cap, mid-cap and small-cap are only approximations and may change over time.

Equity Definitions

Cyclical stocks typically relate to equity securities of companies whose price is affected by ups and downs in the overall economy and that sell discretionary items that consumers may buy more of during an economic expansion but cut back on during a recession. Counter-cyclical stocks tend to move in the opposite direction from the overall economy and with consumer staples which people continue to demand even during a downturn.

A Growth stock is a share in a company that is anticipated to grow at a rate significantly above the average for the market due to capital appreciation.

A Value stock is anticipated to grow above the average for the market due to trading at a lower price relative to its fundamentals, such as dividends, earnings, or sales.

Large cap stocks are issued by corporations with a market capitalization of \$10 billion or more, and small cap stocks are issued by corporations with a market capitalization between \$250 million and \$2 billion.

GENERAL DEFINITIONS

Fixed Income Definitions

Credit Quality is one of the principal criteria for judging the investment quality of a bond or bond mutual fund. As the term implies, credit quality informs investors of a bond or bond portfolio's credit worthiness, or risk of default. Credit ratings are published rankings based on detailed financial analyses by a credit bureau specifically as it relates to the bond issue's ability to meet debt obligations. The highest rating is AAA, and the lowest is D. Securities with credit ratings of BBB and above are considered investment grade.

The credit spread is the yield the corporate bonds less the yield on comparable maturity Treasury debt. This is a market-based estimate of the amount of fear in the bond market. Base-rated bonds are the lowest quality bonds that are considered investment-grade, rather than high-yield.

They best reflect the stresses across the quality spectrum.

The Bloomberg Aggregate U.S. Bond Index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment- grade fixed rate bond market, with index components for government and corporate securities, mortgage pass- through securities, and asset-backed securities.

This research material has been prepared by LPL Financial LLC.

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Not Insured by FDIC/NCUA or Any Other Government Agency	Not Bank/Credit Union Guaranteed	Not Bank/Credit Union Deposits or Obligations	May Lose Value
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